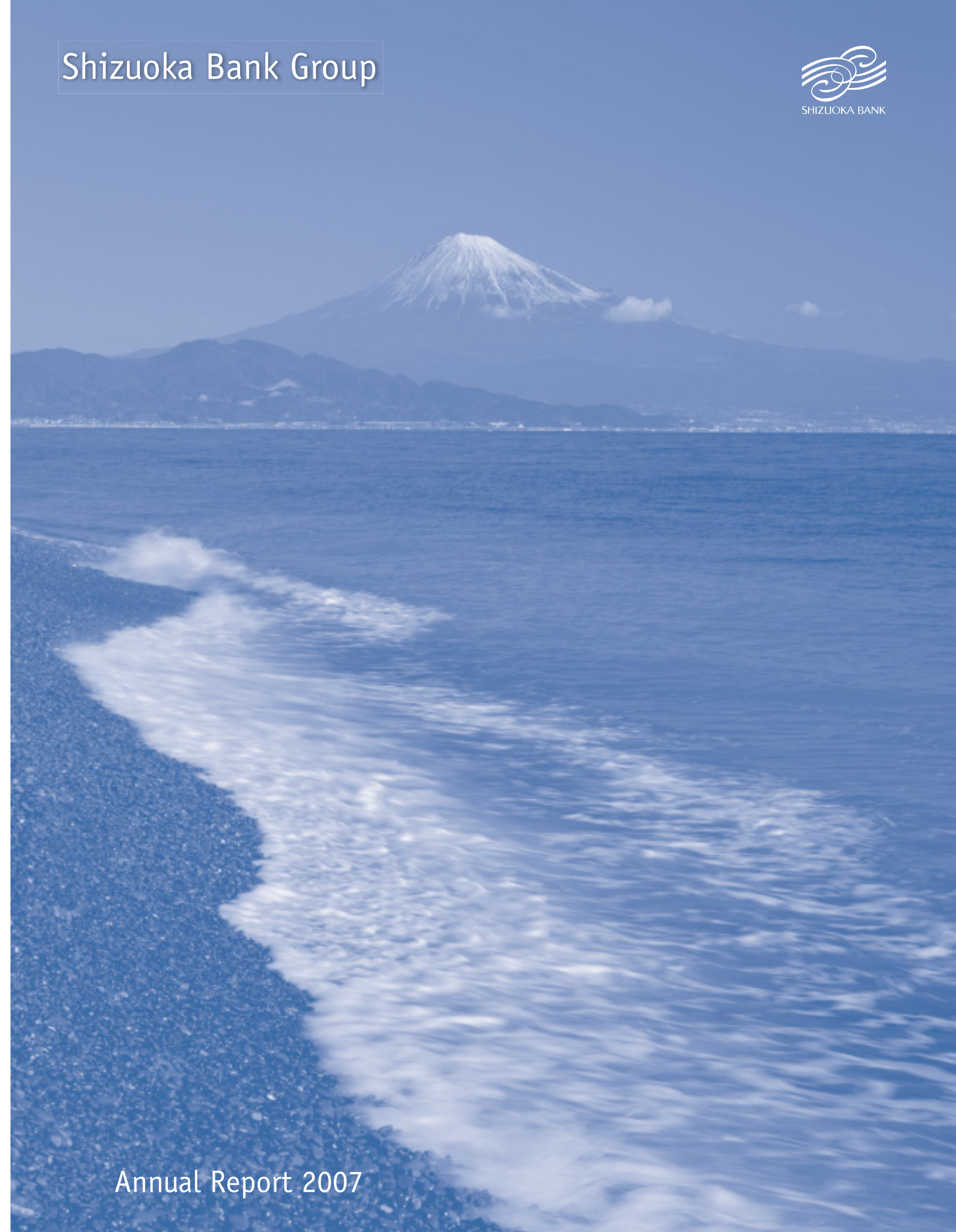


THE SHIZUOKA BANK, LTD.

Shizuoka Bank Group



Shizuoka Bank Group at a Glance

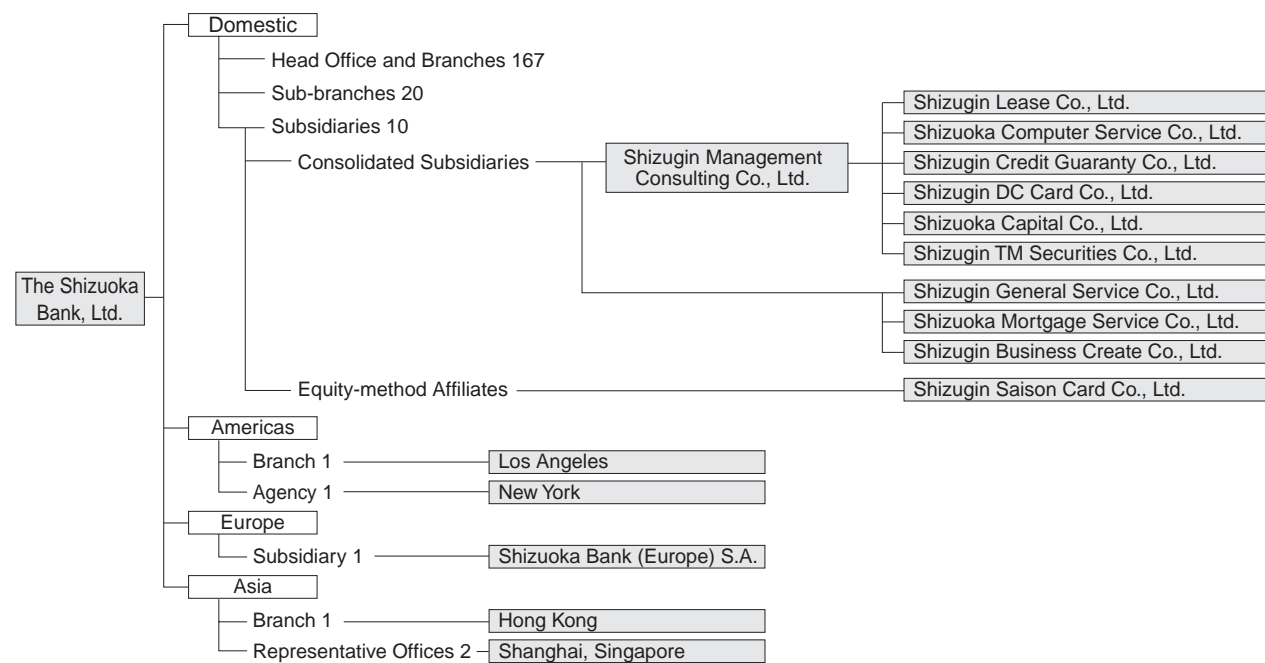
NURTURING THE VISION OF A PROSPEROUS COMMUNITY

True to a corporate philosophy whose aim is to “expand dreams and affluence with our community,” the Shizuoka Bank Group makes an ongoing contribution to the development of Shizuoka Prefecture, which forms the core of its business base. This corporate philosophy incorporates not only an economic dimension but also a cultural one: living in harmony with the local communities and the people we serve, and sharing prosperity with them as a home-grown local banking group and a member of the regional community, and also helping local people to live more fulfilling lives.

A FIRST-CLASS REGIONAL BANK GROUP

The Shizuoka Bank Group comprises Shizuoka Bank and 12 Group companies, and is one of Japan’s largest regional banking groups. Centered on Shizuoka Bank, with its 167 branches and 20 sub-branches, the Group serves the needs of customers not only within Shizuoka Prefecture, its home region, but also in Japan’s three major economic centers, namely Tokyo, Osaka and Nagoya, all of which are comparatively nearby. Overseas, the Bank operates in New York, Los Angeles, Brussels, Hong Kong, Shanghai, and Singapore.

The Structure of the Shizuoka Bank Group (As of July 1, 2007)



Contents

Shizuoka Bank Group at a Glance	1	Independent Auditors' Report	19
Consolidated Financial Highlights	2	Consolidated Balance Sheets	20
To Our Stakeholders	3	Consolidated Statements of Income	21
Message from the President	4	Consolidated Statements of Changes in Equity	22
Shizuoka Prefecture	8	Consolidated Statements of Cash Flows	23
Management Systems	11	Notes to Consolidated Financial Statements	24
Compliance and Risk Management Systems	13	Key Consolidated Financial Indicators	34
Soundness of Financial Position	17	Corporate Data	37
Business Performance in Fiscal 2006 (Consolidated)	18		

A SOLID FINANCIAL STRUCTURE

As of March 31, 2007, Shizuoka Bank’s total assets stood at ¥8,725.8 billion (US\$73,916 million) on a consolidated basis, together with loans and bills discounted of ¥5,694.0 billion (US\$48,234 million), and deposits of ¥6,996.2 billion (US\$59,265 million). The Bank’s capital adequacy ratio was 14.55% on a consolidated basis, one of the highest ratios among Japanese banks, and its Tier I ratio was 12.16%, substantially higher than the BIS standard of 8% for banks engaging in international operations.

Consolidated Financial Highlights

THE SHIZUOKA BANK, LTD. and Subsidiaries
(Notes 1, 2)

Years ended March 31	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Income before income taxes and minority interests	¥71,944	¥57,376	\$609,437
Net income	37,815	33,060	320,338

	Yen		U.S. Dollars
Net income per share	¥53.39	¥46.60	\$0.45
PER (Times, Non-consolidated)	24.51	26.85	
PBR (Times, Non-consolidated)	1.16	1.16	

March 31	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Total assets	¥8,725,859	¥8,691,612	\$73,916,644
Deposits	6,996,299	6,973,847	59,265,565
Loans and bills discounted	5,694,075	5,341,282	48,234,440
Securities	2,288,124	2,388,746	19,382,675
Common stock	90,845	90,845	769,553
Total equity	784,200	725,685	6,642,948
ROE (%)	5.05	4.90	
Capital adequacy ratio (BIS) (%) (Note 3)	14.55	13.64	
Tier I ratio (%) (Note 3)	12.16	10.69	

Notes: 1. Translation into U.S. dollars has been made solely for the convenience of readers outside Japan at the exchange rate of ¥118.05 to \$1, the approximate rate of exchange at March 31, 2007.
2. In this annual report, dollar figures are rounded off, but Japanese yen figures have been truncated in the process of calculation.
3. From the fiscal year ended March 31, 2007, Basel II methodology has been adopted to calculate capital ratios. For credit risk, the Foundation Internal Ratings Based Approach (F-IRB) has been applied. For operational risk, the Standardized Approach (TSA) has been adopted and the Internal Model Method has been used for market risk.

INTERNATIONAL CONFIDENCE

Shizuoka Bank, the core company of the Group, stands in the foremost rank of Japanese banks in terms of financial soundness. This is reflected in the fact that the Bank has received among the highest credit ratings received by any Japanese financial institution from four major credit rating agencies: three overseas and one Japanese.

(As of July 1, 2007)

	Long-Term	Short-Term	Financial Strength
Standard & Poor's	A+/Positive	A-1	B+*
Moody's	Aa 3	P-1	C+
Fitch Ratings	—	F1	B
Rating and Investment Information, Inc.	AA	—	—

* Bank Fundamental Strength Rating

Cautionary Statements with Respect to Forward-Looking Statements

Statements made in this annual report with respect to the current plans, estimates, strategies and beliefs, and other statements of the Shizuoka Bank Group that are not historical facts, are forward-looking statements about the future performance of the Group. These statements are based on management’s assumptions and beliefs in light of the information currently available to it, and therefore readers should not place undue

reliance on them. Shizuoka Bank Group cautions readers that a number of important factors could cause actual results to differ materially from those discussed in the forward-looking statements. Such factors include, but are not limited to, (1) general economic conditions in Shizuoka Bank Group’s market (particularly Shizuoka Prefecture) and (2) fluctuations in market interest rates and exchange rates.

To Our Stakeholders



Yasuo Matsuura,
Chairman

Katsunori Nakanishi,
President & Chief Executive Officer

The business environment for Japanese banks is changing significantly, with the entry of new players into the financial services field as a result of the revision of the rules governing the banking agency system, and a number of impending factors, including: the privatization of the Postal Savings System; the introduction of the Basel II capital adequacy requirements; the need for banks to adopt strict internal control systems in response to the so-called Japanese version of the Sarbanes-Oxley Act, based on the stipulations of the upcoming Financial Instruments and Exchange Law; and the legislation of new rules for the protection of banks' customers. Bank managements thus face a host of challenging issues.

At the Shizuoka Bank Group, we are leveraging the comprehensive strengths and varied fields of expertise of the entire group to address these issues with speed and boldness. By implementing a range of measures that effectively contribute to the development of the regional economy, most notably the provision of financial services specifically tailored to the needs of customers in our home region, we plan to raise stakeholder satisfaction and ensure sustainable, long-term growth.

The management and staff of the Shizuoka Bank Group will continue to work together to maintain our reputation as a comprehensive financial group providing the most reliable and efficient services in our home region. We hope that our stakeholders will continue to support us in our ongoing efforts.

Yasuo Matsuura
Chairman

Katsunori Nakanishi
President & Chief Executive Officer

Message from the President

The region's most reliable and respected comprehensive financial services group

Buoyed by strong corporate earnings leading to improved employment conditions and higher disposable income, the Japanese economy maintained its upward trend in fiscal 2006 to record the country's longest period of sustained growth since the so-called Izanagi Boom (1965-1970). Shizuoka Prefecture was no exception to this trend, with the prefectural economy being supported by high-level corporate earnings on the back of firm export demand, which, in turn, led to a steadily rising trend in capital investment. The economic expansion in the prefecture — centered on private-sector demand — widened to encompass a larger section of the community.

In response to the steady improvement of the national economy, in July of 2006 the Bank of Japan ended the zero interest rate policy it had maintained for five years and four months, and began to direct its monetary policies toward restoring the original functions of Japan's financial sector.

Amid this operating environment, the management of the Shizuoka Bank Group reaffirmed their belief that the fulfillment of corporate social responsibility is the prime precondition for all the business activities of a company. To this end, they took steps to transform the Group into a provider of truly comprehensive financial services. This was done to achieve the twin goals of carrying out its social mission of contributing to the economic development of the region in which it operates, and precisely meeting the needs of its customers.

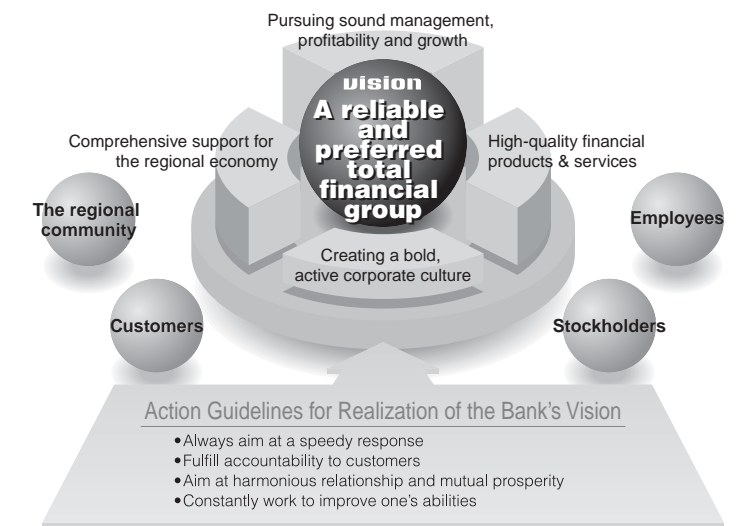
In fiscal 2006 the Group's management pursued an active investment policy to realize a balanced asset portfolio as the basis for growth. As a result of our efforts, ordinary profit and net income both registered historic highs on a consolidated and non-consolidated basis.

Results of 9th Medium-Term Management Plan

The Shizuoka Bank Group is currently in the midst of implementing its 9th medium-term management plan, covering the three years FY2005-2007. In this plan, under the motto of "Challenge to Creation and Change," all the management and staff of the Bank are working together to realize the Bank's management vision of becoming a first-choice provider of comprehensive financial services that enjoys the trust of the markets and the public.

In fiscal 2006, the second year of the current medium-term

plan, we succeeded in providing superior comprehensive financial services in both the corporate and retail banking fields by leveraging synergies across the entire width of the Group.

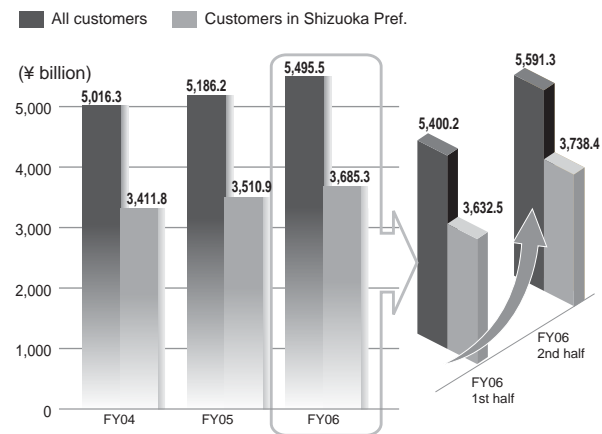


Achievement in Services for Corporate Customers Loans

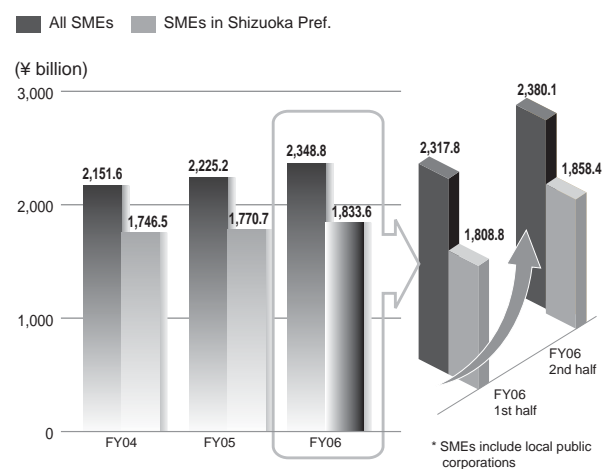
During the reporting period, we introduced a small-lot financial product without requirement for collateral or a third-party guarantee. This product has been made possible by the use of a new credit screening method that utilizes a scoring system. For small-to-medium-sized corporate customers especially in our home region, we actively marketed our loan products on a case-by-case basis, taking careful account of the business performance and financial position of each individual company. This is just one of the ways in which the Bank has sought to fulfill its social obligation to ensure a smooth supply of funds to the regional economy.

As a result, the average balance of total loans during the fiscal 2006 term was ¥5,495.5 billion (US\$46,552 million), while the average balance of loans to SMEs was ¥2,348.8 billion (US\$19,897 million). Both these figures represent increases for the fourth consecutive year. Loans to customers in Shizuoka Prefecture, our home region, also recorded steady growth in line with our projections.

Balance of Total Loans (average; non-consolidated)



Balance of Loans to SMEs (average; non-consolidated)



Management Consultancy and Corporate Support Services

To contribute to the revitalization of the economy of our home region and ensure its ability to realize sustainable growth, we offer each of our corporate customers a service that follows their progress through the various stages of the company's "life," from start-up through growth, as well as the company's rehabilitation where that is necessary. This service encompasses not merely the provision of funds, but also comprehensive support including management consulting and technological assistance.

The New Business Support Team, set up within the Corporate Banking Department, takes the lead in directing these support services, while the front-line marketing responsibility rests with designated staff members at each of the Bank's branches. These members liaise with each other, as well as with other companies in the Shizuoka Bank Group, to provide a total customer service. Currently, efforts are being particularly directed at information businesses, such as business matching services. For example, Shizuoka Bank and its customer companies recently opened a joint booth at the

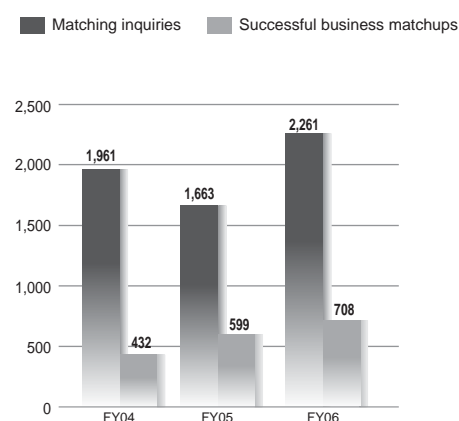
Tokyo Business Summit, furthermore, in response to the recent upsurge in interest in farming ventures, we have also been holding business conferences to support business matching service between representatives of agricultural distributors and farmers. This is just one of the ways in which we have been providing support for our customer companies in the conclusion of business deals. As a result of these efforts, we successfully supported 708 cases of business matching during the reporting period.

We have been widening our range of financial products and services, including support for M&As and IPOs, to meet all the conceivable needs of our corporate customers. In this, we make full use of the consulting expertise of Group companies to facilitate the design of optimal solutions to customers' business issues.

In addition, at our newly started Shizuginship Management Training Course for aspiring managers of the next generation, we provide a forum for brainstorming and the exchange of views among young management staff and entrepreneurs destined to succeed to the leadership of private companies — the very people who will be guiding the regional economy in the future. This forum allows the members to access a wide variety of management-related information and also to form personal relationships with other members, as well as discover promising opportunities for business matching. In these ways, the Shizuginship Management Training Course gives invaluable support to the members, helping to raise their companies' enterprise value and even to make an important contribution to the future economic development of Shizuoka Prefecture.

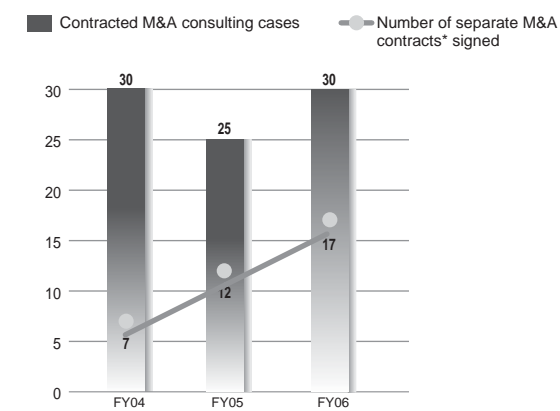
Regarding corporate rehabilitation and management improvements, we provide individually tailored support services for borrowers' issues, such as advice on the improvement of management systems and procedures, or financial support for business revitalization. We are working to assist each company so as to pave the way for the revitalization of the entire regional economy.

Business Matching Performance



M&A Consulting Performance

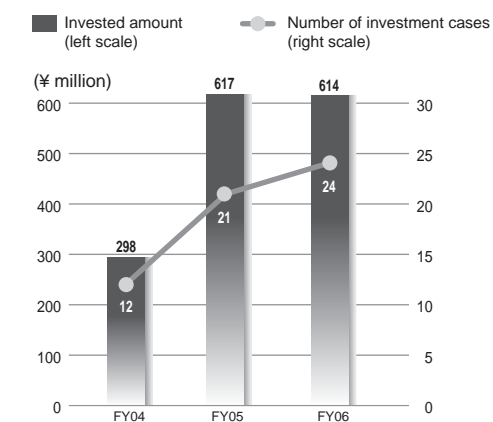
Collaboration with Shizugin Management Consulting Co., Ltd.



* In the "number of separate M&A contracts signed," where separate contracts are concluded with both the acquiring company or the company being acquired, these are counted as two separate contracts.

Support for (investment in capital) IPOs

Collaboration with Shizuoka Capital Co., Ltd.



Achievement in Services for Individual Customers

Deposits
The corporate mission of Shizuoka Bank is to contribute to the economic development of its home region, primarily through lending, which it finances from the funds deposited with it by its customers. Under the Bank's current medium-term plan for the three-year period from fiscal 2005 to fiscal 2007, we have identified our customers' deposits as the major source of funding for loans, as well as for the management of customers' assets in custody. As securing a sufficient level of deposits is thus a crucial issue, we are tackling this task on a priority basis.

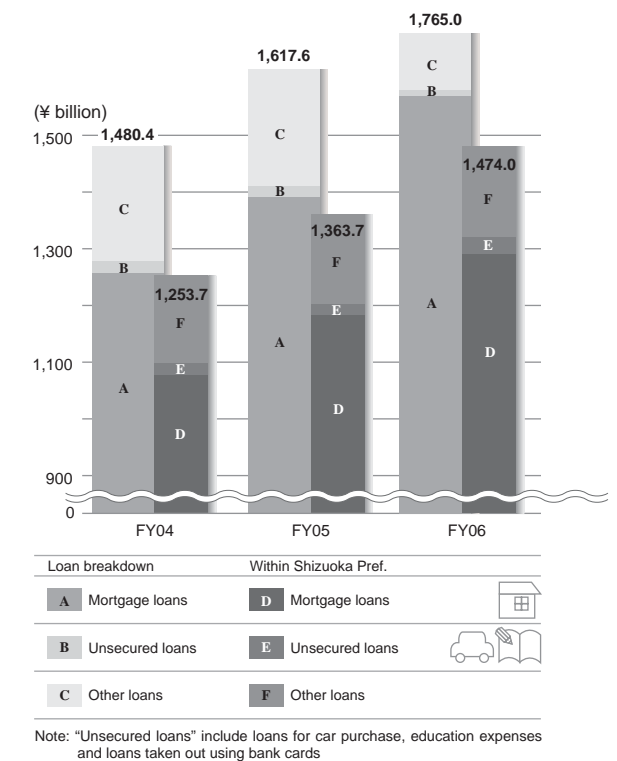
Retail Banking Loans (loans to individuals)

During the reporting period, in response to the impending entry into the "home-buying" age bracket of the so-called Junior Baby Boomers, we put considerable effort into expanding our business volume in the field of mortgages and other housing-related loans, such as by encouraging customers to refinance their loans from other banks by using our strategic products such as unsecured housing loans (guaranteed by guarantee

associations with whom we have tie-ups), and by stationing dedicated marketing staff at branches of strategic importance outside our home prefecture in major markets such as neighboring Aichi and Kanagawa prefectures. We employed state-of-the-art marketing techniques in vigorous sales promotion campaigns for our unsecured loans.

As a result of these efforts, the balance of loans to individuals at the end of fiscal 2006 by the whole Bank increased by ¥147.4 billion to ¥1,765.0 billion (US\$14,952 million), of which loans to customers in Shizuoka Prefecture rose by ¥110.3 billion year-on-year, to ¥1,474.0 billion (US\$12,487 million).

Balance of Individual Loans (at term-end; non-consolidated)



Finding New Earnings Drivers to Replace Mortgage Loans

Because of the ongoing demographic changes taking place in Japan, the trend in the value of mortgage loans handled is expected to turn downward from 2010. Shizuoka Bank is working to develop a new business model to replace mortgage loans as the Bank's main source of earnings, with efforts focused on the application of advanced marketing techniques to unsecured loans and the credit card business.

In the field of loan products, we have introduced a special overdraft loan called NextOne for borrowers who have taken out a mortgage loan with the Bank, and another overdraft loan called Upgrade, among other new products. In the credit card field, our joyca card, initially issued directly by the Bank itself in March 2006, has already racked up over 140,000 loan contracts as of July 1, 2007. As this indicates, the volume of the Bank's credit card business has been expanding steadily.

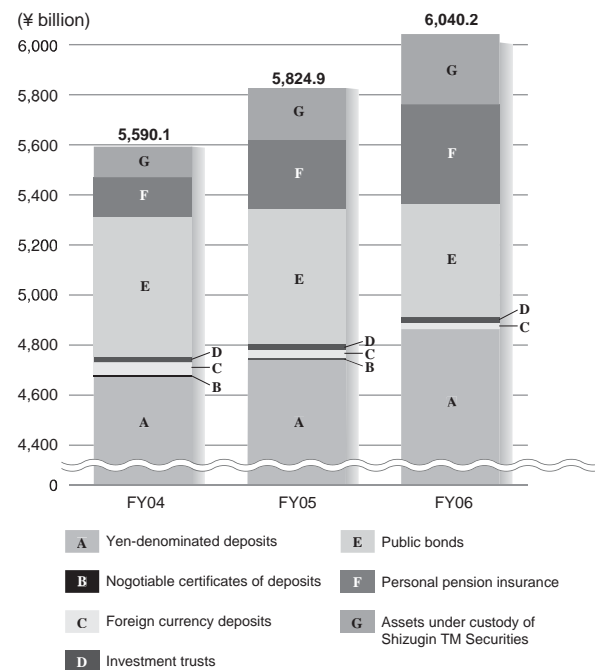
In a joint venture with the credit card company Credit Saison Co., Ltd., we established Shizugin Saison Card Co., Ltd. The company has already issued the ALL-S, a new type of credit card with a “regional shared points program” that it hopes will be accepted by retailers all over Shizuoka Prefecture. This is one of the initiatives we have launched with the aim of expanding our services to customer segments hitherto not specifically targeted.

Assets in Custody

Shizuoka Bank, together with its subsidiary Shizugin TM Securities, offers customers a wide range of attractive financial products selected according to the customer’s specified level of risk tolerance. These include deposits denominated in foreign currencies, government bonds (JGBs), investment trust products, and pension insurance premiums. Our staff design personally customized asset portfolios that provide the optimal solution to the particular needs of each customer.

In line with the “financial one-stop-shop” concept for enhancing customer convenience, the Bank and Shizugin TM Securities are redesigning their branch offices into combined-use branches. The Bank also engages in securities intermediary services, enabling its customers to access Shizugin TM Securities’ products and services at these outlets, too.

Balance of Individual Assets under Custody (at term-end; Shizuoka Bank and Shizugin TM Securities)



Marketing Channels, Administrative Operations, and IT Strategy

We have begun opening new branches in neighboring prefectures with good market growth prospects, as well as upgrading the functions of our existing branches, as a means of expanding the number of our marketing channels so as to increase our share of the regional banking market. In July 2007 we began operating a “virtual branch” on our Internet website. This service offers online transactions, products and service, targeted at those customers who have difficulty visiting our branches during normal opening hours, and those who live a long way from the nearest branch. This addition to our existing array of marketing channels is being paralleled by the introduction of a new computer system for the management of branch operations — aimed at cutting personnel costs and raising efficiency — as well as by the centralization of intra-Group administrative work and the increased use of outsourced service providers. We are in the process of transforming our branches from offices engaged in both marketing (customer service) and administrative work to offices dedicated solely to interacting with customers. In addition, we are continuing to invest in the upgrading of the Shizuoka Bank Group’s IT infrastructure, shifting the emphasis from computer systems whose primary purpose is to increase efficiency to next-generation systems aimed principally at strengthening the Group’s capabilities in marketing by the effective use of databases, and corporate governance. This is one of the steps we are taking toward the creation of a new business model.

Note: Due to reclassification, recurring profit does not appear on the income statement.

In Closing

In line with the current medium-term management plan (from fiscal 2005 to fiscal 2007), the Shizuoka Bank Group will continue leveraging its close relationships with its many customers and business partners in the home region to assist in the development of the communities in which it is based, and through these activities, to achieve growth on a groupwide scale.

Under the banner of our motto “Challenge to Creation and Change,” we will endeavor to design and establish a unique new business model that meets the needs of the new financial environment that is coming into being around us. While our core function will continue to be that of a regional financial institution, we aim to open up new possibilities so that whatever further changes the passage of time may bring, we will maintain our reputation as a comprehensive financial group providing the most reliable and efficient services in our home region.

I look forward to the continued support and encouragement of our shareholders and all other stakeholders as we work toward the achievement of a brighter and more prosperous future.

Shizuoka Prefecture — Our Operational Base

Financial Institutions in Shizuoka Prefecture

Japan’s megabanks and other money-center banks operating on a nationwide scale are now active in the principal cities of Shizuoka Prefecture. Moreover, in addition to Shizuoka Bank, there are three other regional banks operating in the prefecture, as well as 14 shinkin banks (large-scale credit unions) and various government-run financial institutions and agricultural cooperatives. Shizuoka Prefecture is thus one of the most hotly contested financial markets in Japan.

Over the sixty years since its establishment, Shizuoka Bank has built up a solid base of loyal customers. Approximately 80% of the population of Shizuoka Prefecture over the age of 20 (i.e., about three million persons), have accounts with the Bank. For this reason, we are confident of retaining our firm position as the prefecture’s leading bank, even amid a fiercely competitive business environment.

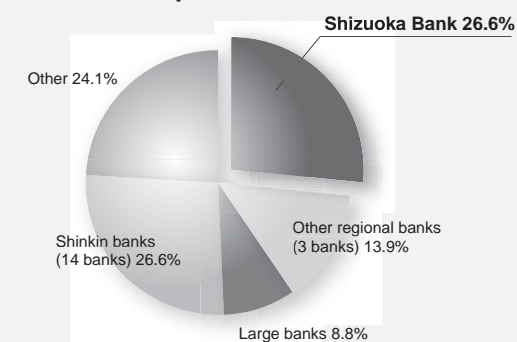
In line with the policies laid down in our 9th medium-term management plan, and in response to the authorities’ calls for enhanced support for the revitalization of failing companies, we are working to facilitate the smooth supply of funds to the regional economy, particularly to SMEs, as well as to improve the convenience of our customer services.

Shizuoka Outlook

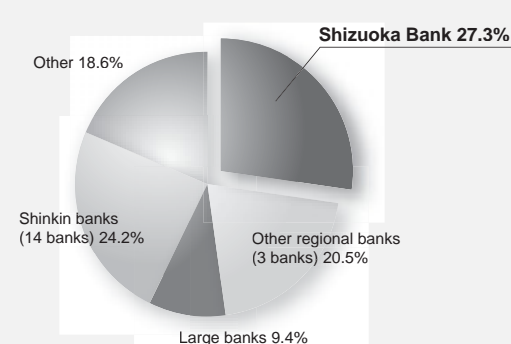
Shizuoka Prefecture, on the Pacific coast of Japan’s main island of Honshu, is situated midway between the two major consumer markets and industrial centers of Japan — the Nagoya region plus the Kobe-Osaka-Kyoto region to the west, and the Yokohama-Kawasaki-Tokyo region to the northeast. Because of this location at a busy “crossroads” of the nation, it has historically developed into a significant center of manufacturing industry. With a high proportion of financially sound companies racking up good business performance, the economy of the prefecture as a whole was among the strongest in Japan in fiscal 2006.

In terms of population and gross domestic product, among a large number of other economic indicators, Shizuoka Prefecture has a share of the national economy amounting to roughly 3%, putting it at around 10th place among the country’s 47 prefectures. For this reason, it is sometimes called “the 3% economy.” As a result of the heavy concentration of industry in the prefecture, recent years have seen considerable growth in the amount of research into new products and services being jointly conducted by private enterprises in corporation with universities and other research institutions, with support from government. These efforts are likely to lead to still further growth and development in Shizuoka’s economy.

Shares of Deposits in Shizuoka



Shares of Loans in Shizuoka



Land and Population

With a total land area of 7,780 km², Shizuoka Prefecture ranks 13th in size among Japan’s 47 prefectures, and its population of 3.79 million (as of October 2006) makes it the 10th most populous. The population has increased by 0.4% over the past five years.

Economic Scale

With a nominal annual economic output of ¥16.0 trillion (US\$136.12 billion; GDP basis) in fiscal 2004, Shizuoka Prefecture would rank 37th in economic scale if it were compared with the countries/economies of the world. Its gross domestic product comes after the GDP of Hong Kong, Thailand and Argentina. This comparison highlights the considerable economic importance of the prefecture.

There were approximately 188,000 private-sector business premises in Shizuoka as of June 2004. Wholesaling and retailing accounted for 27.2% of the total number of business premises, followed by other services, eating and drinking establishments, and the hotel sector. Taken together, these three categories account for 66.4% of all business premises.

► **Main Economic and Business Indicators for Shizuoka Prefecture**

Item	Figure	Share of National Total	Nationwide Rank	Date of Survey
Area	7,780 km ²	2.0%	13th	October 2005
Population	3.79 million	2.9%	10th	October 2006
Households	1.38 million	2.7%	10th	March 2006
Gross product (nominal)	¥16,068.8 billion	3.1%	10th	FY2004
Business premises	188 thousand	3.2%	9th	June 2004
Value of farm output	¥251.6 billion	2.8%	12th	2005
Fishery catch	203 thousand tons	3.7%	8th	2006
Manufactured goods shipments (by factories with four employees or more)	¥17,322.7 billion	5.8%	3rd	2005
Annual revenue of wholesaling industry	¥6,790.0 billion	1.6%	11th	2004
New housing starts	38,686	2.9%	10th	2006
Information service sales	¥114.4 billion	0.7%	13th	2005

Industrial Characteristics

The three main areas into which Shizuoka Prefecture is divided – Eastern, Central, and Western – have all achieved economic development in different ways.

In recent years, projects have been initiated to promote the concentration of specific industries in particular areas. These include the Shizuoka Triangle Research Cluster Promotion Project, conducted by a mixed industry-academia group. This program aims to make the most of the business know-how and technical expertise possessed by existing companies to concentrate leading-edge research and development facilities in all of these three parts of the prefecture.

► **Shipments of Manufactured Products in which Shizuoka Holds 1st Place (2004)**

Item	Value of Shipments (¥ billion) Shizuoka Pref.	Share of Nationwide Total	Nationwide Rank
Pulp & paper	915.9	12.7%	1st
Cell phones and PHSs	392.8	17.3%	1st
Air conditioners	123.5	35.1%	1st
Green tea	199.0	61.9%	1st
Tea beverages	183.2	34.0%	1st
Piano	43.9	100.0%	1st
Motorcycles (in kit form)	106.1	49.0%	1st
Canned tuna	42.8	92.8%	1st
Aluminum foil	35.5	38.6%	1st

Features of Industry in Shizuoka Prefecture

Industry-concentration projects

Central Shizuoka

The central part of the prefecture is dominated by the prefectural capital, Shizuoka City, which attained the status of seirei shitei toshi (a specially designated city with an expanded scope of autonomy approximately on the same level as the nation's prefectures) in April 2005. The city holds a large concentration of commercial facilities and service sector companies. It is also known for traditional handicraft-making industries, including traditional furniture, as well as plastic models, tea-making, and food canning. The port towns of Yaizu and Shimizu have facilities for handling international cargo transport vessels, and are also renowned as fishing ports.

The "Food-Science Hills" project aims to gather together a large number of companies in the foodstuffs, pharmaceuticals, and chemical industries.

Western Shizuoka

In April 2007 the government conferred the status of seirei shitei toshi on Hamamatsu City, the principal city in the western part of the prefecture. This part has a high concentration of manufacturing companies, such as makers of motorcycles and musical instruments, among which are many world-renowned companies. This is one of the main reasons why Shizuoka Prefecture ranks third among Japan's 47 prefectures in terms of the value of manufactured goods shipments, accounting for 5.8% of the value of nation's total manufacturing output in 2005. It is to this area that Shizuoka Prefecture owes its reputation as a heavily industrialized prefecture with a high proportion of export-oriented companies.

The "Photon Valley" project aims to gather together companies engaged in the optical technology and electronics industries.

► **An Outline of Shizuoka Prefecture**

Total land area 7,780 km²
23 cities
19 towns



Eastern Shizuoka

This part of the prefecture is characterized by the traditional paper and pulp industry, which developed to take advantage of the abundant underground water resources near Mt. Fuji, as well as a number of plants and research facilities that have more recently relocated to the area from Tokyo and its vicinity. The Izu Peninsula boasts wonderful natural scenery that is magically transformed with the changing seasons, as well as a wealth of hot springs. For these reasons, it is one of the most popular year-round holiday resort areas in Japan.

The "Pharma Valley" project aims to gather together companies engaged in the production of pharmaceuticals and other health-related activities.

Local governments throughout Shizuoka Prefecture are pursuing initiatives aimed at revitalizing their tourism-based economies, or at invigorating the local multimedia contents creation sector by nurturing talented creators. Work is also

underway on major infrastructure projects, including the Mt. Fuji Shizuoka Airport (scheduled to open in 2009) and the No. 2 Tokyo-Nagoya Expressway. These projects are expected to exert major ripple effects on the prefectural economy.

Management Systems

Having always prioritized corporate ethics at the management level, the Shizuoka Bank Group has taken steps to strengthen its corporate governance and compliance structure through establishment of an Ethical Charter and related policies.

We will continue to tirelessly strengthen our management structure, the cornerstone of our efforts to fulfil our corporate social responsibilities, and increase Group enterprise value.

Corporate Governance System

Based on our corporate philosophy, the Board of Directors is the Shizuoka Bank's main organization responsible for management-level decision-making and supervision. As such, it decides on important management strategy and basic policies relating to risk management and compliance, and monitors the conduct of operations.

Shizuoka Bank has adopted the corporate auditor-led system of governance, and an outside executive, a lawyer and a university professor serve as outside auditors to ensure greater management transparency and strengthen monitoring functions.

Management of everyday operations is carried out by the President, the Senior Vice Presidents, and executive officers appointed by the Bank's Board of Directors. Decisions on important matters that arise in the course of these day-to-day operations are taken by Major Committees, including the Executive Committee, dedicated to particular fields of operation and specially appointed by the Board of Directors. This approach is aimed at creating a system that can respond with precision and flexibility to changes in the management environment, while clearly delineating authority and responsibility.

We have also established an Office of the Chairman headed by the chairman and deputy chairman, to conduct audits into executive functions, enabling us to clearly distinguish the monitoring and executive roles of management, thereby strengthening our governance framework.

In addition, we have also established a Compensation Committee and a Nominating Committee as advisory bodies to the President, both consisting mainly of executives from outside the Company, to enable involvement of outside viewpoints. The Compensation Committee decides executive compensation and the Nominating Committee offers outside opinions on the candidate selection process for executive positions.

Prompt and Appropriate Disclosure

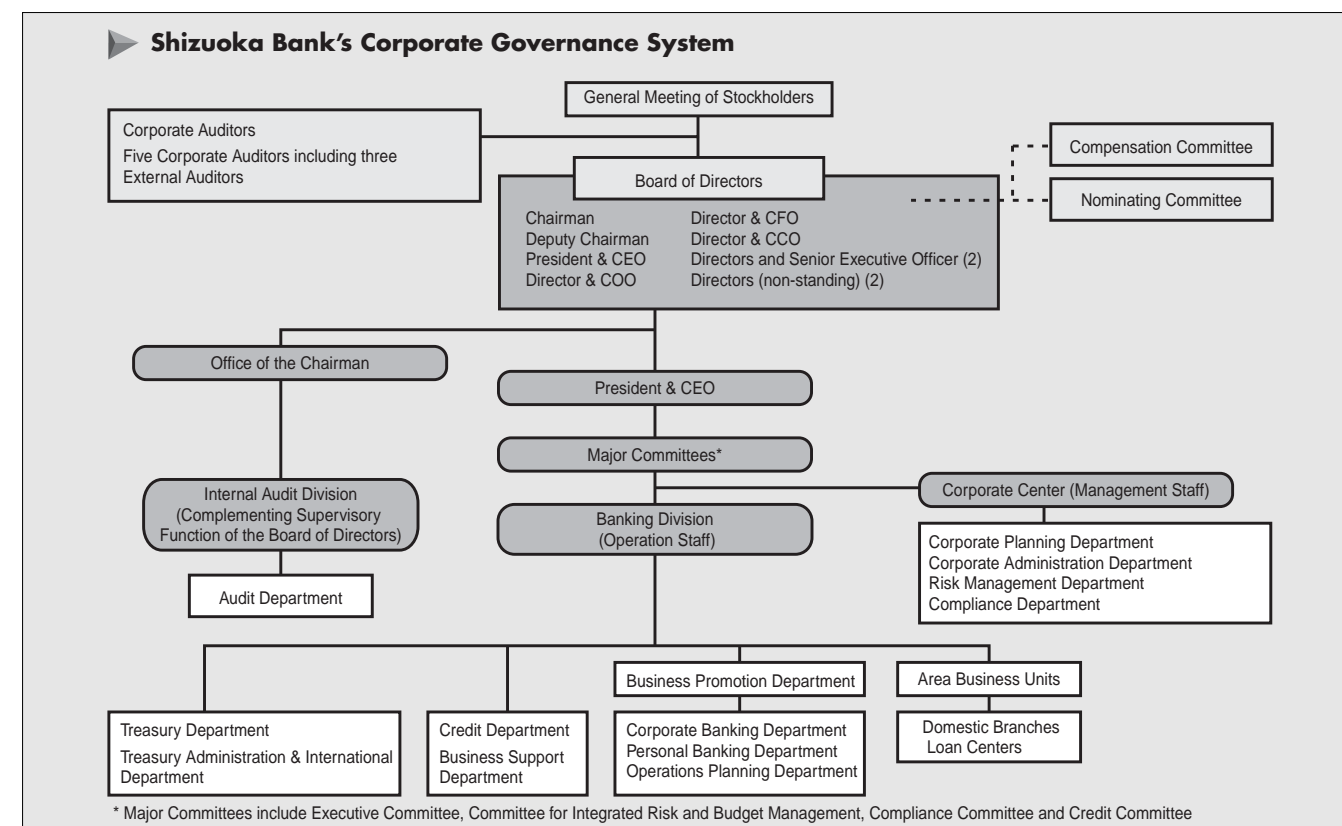
To ensure the prompt and appropriate provision of corporate information to the Bank's stakeholders, the Corporate Planning Department has been charged with responsibility for disclosure in accordance with the Bank's Information Disclosure Regulations. The Bank will not only disclose information in accordance with the stipulations of the Banking Law, the Securities and Exchange Law, and any other relevant legislation, as well as in line with the disclosure regulations of the Japanese stock exchanges, it will also carry out proactive disclosure, will always maintain management transparency, and will consistently observe the principles of impartiality in its provision of corporate information.

Creation of an Internal Monitoring System

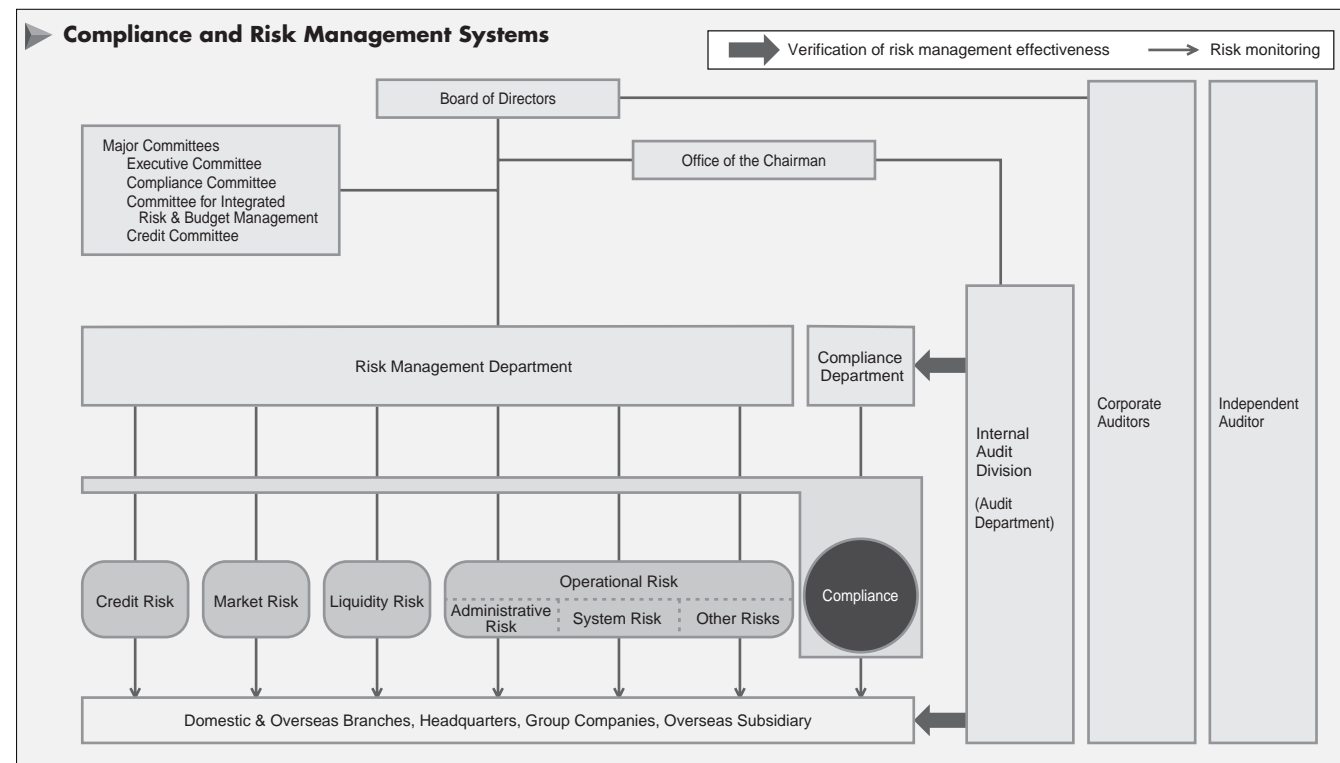
The Bank has classified the organization into three arms, based on function – the Banking Division, handling front office business operations; the Corporate Center, with managers for corporate planning, administration and risk management; and the Internal Audit Division, conducting internal auditing. It has also strengthened cross-checking among these three arms.

We are also strengthening internal controls based on our "Basic Policy relating to Establishment of Internal Control Systems," established at a Board of Directors meeting in May 2006.

With effect from the fiscal year starting April 1, 2008, the effectiveness of a company's internal controls on its financial reporting must, by law, be assessed by its president, and audited by a certified public accountant. In January 2007 a J-SOX Project Team was set up within the Corporate Planning Department of Shizuoka Bank. The team, composed of 10 members including two full-time members, is charged with ensuring that the Shizuoka Bank Group is fully in compliance with the Japanese version of the Sarbanes-Oxley Act, which is scheduled to come into effect on reporting for fiscal years beginning April 1, 2008 and after.



Compliance and Risk Management Systems



Basic Compliance Policy and Organizational Structure

The Shizuoka Bank Group has always regarded ethical and legal compliance as a priority issue for management, and is taking measures to consolidate and strengthen its compliance structure under its Ethical Charter, which sets out the Bank's basic policy. These measures are governed by the Compliance Program, a specific set of compliance measures drawn up by the Board of Directors each fiscal year.

Meetings of the Compliance Committee, chaired by the Bank's president and composed of directors and other top executives, are held monthly to deliberate on important compliance-related matters and assess the operation of the compliance system across the whole Shizuoka Bank Group —

including progress being made in achieving the goals of the Compliance Program. The system is revised when deemed necessary.

In addition to acting as the central body for the unified management of compliance-related information throughout the Group, the Compliance Group of the Compliance Department takes prime responsibility for monitoring the functioning of the compliance system, devises preventive measures against possible compliance violations, and works to improve the whole compliance system. In addition, Compliance Officers assigned to the Compliance Group carry out on-site spot checks of the Bank's branches to strengthen our monitoring systems at the branch level.

Creating a Compliance-Centered Corporate Culture

The Shizuoka Bank is taking measures to foster greater awareness of compliance issues from the executive level down. In addition to distributing the Shizuoka Bank Compliance Manual, which explains laws and business ethics, we have appointed managers with responsibility for compliance (and their assistant staff) at head office and branches in Japan and abroad, headquarters departments, Group companies in Japan, and overseas subsidiaries. We check that laws are rigidly observed in daily operations, based on study sessions held at branches and a completion of compliance checklists for daily operations. We have also set up a whistleblower function enabling all employees of the Bank group to inform executives in charge, Compliance Group, or The Legal Office of legal violations occurring within the Bank group.

Basic Risk Management Policy and Organizational Structure

Increases in the categories of banking, the emergence of new kinds of banking business and other changes in our operating environment are making our sector more diversified and complex. Moreover, the adoption with effect from the end of March 2007 of the new Basel II capital adequacy requirements is forcing financial institutions to implement even more advanced and effective systems of risk management.

At the Shizuoka Bank Group, we have drawn up a set of Risk Management Regulations that specify the Group's policies regarding business risks and lay down the organizational structure for dealing with risks. Risk management is based on these regulations, which stipulate procedures to be followed in the case of each separate category of risk, including credit risk, market risk, liquidity risk, and operational risk. The Risk Management Department acts as the central authority for all categories of risk management, and includes risk management sections responsible for particular risk categories. Risks that affect or may affect the business operations of the Bank's group are analyzed and assessed by a risk management system that enables integrated monitoring and management of risk across the entire Group. Additionally, the Audit Department, which is organizationally independent of the

departments and sections subject to its audits, conducts regular verifications of the appropriateness and effectiveness of the Group's internal controls relating to risk management across the entire breadth of the Group's business operations.

With the coming into force of the Basel II capital adequacy requirements, we have taken the opportunity to clarify the Group's risk management policies with the publication of the Risk Management Regulations. These regulations clearly spell out the methods by which comprehensive risk management should be conducted within the financial scope allowed by the Bank's risk-based regulatory capital, based on as thorough an evaluation as possible of each risk category. In June 2007 the management laid down as a basic policy requirement that regulatory capital must always be maintained at a level sufficient to cover the possible losses that the Bank and its group companies may suffer as a result of the materialization of the risks attendant on its business operations.

Integrated Risk Management System

The Bank allocates regulatory risk capital to the extent deemed to be required to cover losses that may arise from the materialization of the risks (particularly market and credit risks) attendant on the conduct of the Bank's normal business operations. By setting aside an amount of regulatory capital sufficient to cover any such losses, we can avoid becoming insolvent, and thereby ensure the ability to continue business operations.

Risk capital is defined as core capital (Tier I minus an amount equivalent to net deferred tax assets), and specific amounts are allocated to each operational department or section by the Board of Directors. Each department for business execution must conduct its business so that the maximum losses arising from risk materialization do not exceed the amount of risk capital allocated to cover them. The amounts at risk are estimated by the appropriate risk management section, and the Risk Management Group constantly monitors the situation to ensure that the amount at risk does not exceed the allocated risk capital amount. Through this system, the Bank ensures objective and accurate risk management.

Risk capital allocation does not imply that the entire amount of core capital is allocated: a certain amount of the

core capital is kept as a buffer against the losses likely to be incurred in the event of a natural disaster such as a major earthquake. This enables the Bank to carry out its business operations with a reasonable degree of assurance that its financial position will remain sound.

Credit Risk Management

Shizuoka Bank manages credit risk across the full range of its operations, to enhance the soundness of its loan asset portfolio. In April 2006, we set up the Credit Risk Management Group under the Risk Management Department as a credit risk management office functioning separately from the lending departments. In this way, we strengthened our credit risk management system.

In April 2007 the Bank's borrower credit rating system, which is the foundation stone of its credit risk management, together with other internal rating systems, was reorganized into a new system in which responsibility for the design of the system and the supervision of its functioning lies with the Credit Risk Management Group of the Risk Management Department (which is independent from the front-line marketing units that actually make loans); responsibility for the day-to-day operation of the system lies with the Ratings Assessment Group of the Credit Department; and responsibility for verification of the correct functioning of the system lies with the Risk Management Group within the Risk Management Department. These three units exercise a mutual limitation and checking function with respect to one another, thereby facilitating greater precision and more advanced functions in the Bank's internal ratings system. In addition, the self-assessment process — overseen by the Asset Auditing Group of the Audit Department, which is organizationally independent of the front-line marketing and loan units — is used to verify that the rules of credit risk management are being properly observed.

The Credit Risk Management Group uses statistical methods to quantify latent credit risk across the Bank's entire loan portfolio. In this way, the Bank accurately assesses the scale of potential risk, monitors the concentration of loans to

particular large-scale borrowers or particular industries, and has in place risk control mechanisms to eliminate excessive credit risk.

Borrowers' Credit Rating System

The Bank employs a borrowers' credit rating system to form an accurate picture of the creditworthiness of corporate borrowers and ensure meticulous credit risk management. Borrowers are rated on a scale of 1 to 12 according to financial indicators, including the asset portfolio and cash flows. To make the ratings objective, quantitative information is given more weight in this system.

Borrowers' credit ratings form the basis of self-assessment, which is preparatory to the calculation of capital ratios. They are also used in calculating the general reserve for possible loan losses, and are widely used as criteria for determining credit-approval limits and management of problem credits. They are thus fundamental to credit risk management.

Market Risk Management

At Shizuoka Bank, the amount of market risk (including the market risk of Shizuoka Bank Europe S.A.) is kept within a fixed range as a percentage of risk capital, and we ensure that an appropriate level of profitability is maintained, with due consideration to degree of risk. Regarding the market risk faced by our other major subsidiaries, we are also taking a unified approach to market risk management.

To ensure an effective system of checks and balances at Shizuoka Bank, market risk management (middle office) departments and administrative (back office) departments are kept strictly separate from departments involved in market transactions (front office). In addition, the Audit Department monitors the system of mutual checking among the front, middle, and back offices.

Earnings performance and risk level data assessed by middle offices are used in management evaluations through an intranet which enables monitoring at all times.

Liquidity Risk Management

Liquidity risk consists mainly of market liquidity risk and cash flow risk. Staff are assigned to the management of cash flow risk on a daily, weekly, and monthly basis, and cash flow risk is controlled across the whole Bank, including overseas branches. Four levels of emergency scenario have been established to help us formulate rapid and appropriate responses to unforeseeable events, and we have in place for each contingency the officials, offices, and measures needed to ensure immediate remedial action.

Position limits are set for each financial product and maturity period to control market liquidity risk. In addition, the Audit Department monitors the execution of liquidity risk management.

Operational Risk Management

The Shizuoka Bank Group uses the term "operational risk" to refer to a set of eight risk categories, i.e. administrative risk, system risk, data management and clerical work outsourcing risk, legal risk, risk of damage to tangible fixed assets, personnel risk, reputational risk, and miscellaneous operational risks. Each risk category is managed by a dedicated unit of the Bank, while the Operational Risk Management Group within the Risk Management Department is the central unit responsible for overseeing and managing operational risk throughout the entire Shizuoka Bank Group. In line with our basic policies on operational risk management, we are taking measures to construct a failsafe system for the appropriate identification, assessment, detailed analysis, monitoring, and minimization of this category of risk through the application of self-assessment based on the rigorous compilation and analysis of data. The effectiveness of this risk management system is being verified by on-site audits conducted by the Audit Department, which is organizationally independent from any of the units that it audits.

Business Continuity Plan

Japan is one of the countries most vulnerable to earthquakes. Shizuoka Bank Group has drawn up a contingency plan in the event of a large-scale earthquake in the Tokai region or under metropolitan area, since it is said that there is a significant likelihood of such an earthquake in the near future. We have strengthened our ability to deal with such disasters through a contingency plan, so that we can continue our operations even during emergencies or re-open operations at an early date after such events.

In addition to quakeproofing Bank structures, firmly attaching safe-deposit boxes, ATMs and other equipment to walls/floors, establishing backup computing systems, and using more earthquake resistant materials at each branch, including for emergency communications equipment, we also undertake twice-yearly earthquake training sessions based on our emergency procedures.

Soundness of Financial Position

The Shizuoka Bank Group is always conscious of the strong public-service character and corporate social responsibility (CSR) inherent in its business of taking custody of the important assets of its numerous customers and providing companies and individuals with funds and financial services, thereby contributing to the sound development of the regional community.

Capital Ratios

The adoption of the new Basel II capital adequacy requirements with effect from the end of March 2007 will produce changes in the method of calculating banks' capital ratios. As a result, the relative reputations of banks for financial soundness will change depending on the degree of risk involved in their operations and their success in managing risk. At Shizuoka Bank, with the aim of using the most accurate method feasible of estimating risk, we have pushed forward with reforms to our internal systems, and with effect from the fiscal 2007 term-end, we will apply the "Foundation IRB (FIRB) approach" to the calculation of credit risk and the "standardized approach" to the calculation of operational risk.

As of the end of March 2007, the Bank's capital ratio according to the new standard was 14.55% on a consolidated basis. The fundamental Tier I capital ratio stood at 12.16%, and the core capital ratio (Tier I capital minus an amount equivalent to net deferred tax assets as the numerator) was 11.39%, which was substantially higher than the BIS minimum capital adequacy requirement of 8% for banks engaging in international operations.

Credit Ratings

A credit rating is an indicator of a bank's ability to repay the principal of and interest on deposits. Credit ratings are widely accepted as reliable indicators of a bank's creditworthiness

and financial safety. Shizuoka Bank has been rated by one Japanese and three overseas ratings agencies, and these ratings are in each case among the highest of any Japanese financial institution.

Non-Performing Loans

The balance of risk-managed loans, under the Banking Law, totaled ¥200.2 billion (US\$1,696 million) on a consolidated basis, representing 3.5% of the total balance of loans outstanding at the end of the term. This figure reflects our success in curbing new occurrences of bad debt by supporting business rehabilitation at struggling customers, and our efforts to move bad debt off the balance sheet.

With regard to non-performing loans on which payments of principal or interest are in arrears, Shizuoka Bank aims to remove them from its balance sheets by such means as the rapid disposal of collateral or sale of receivables. However, not all loans classified as risk-managed loans are treated in the same way, because the greater part of the Bank's risk-managed loans are performing loans, with the payment of principal and interest being kept up. For such loans, working in collaboration with Group companies and others, the Bank endeavors to bring about the revitalization of the debtor companies and their business activities, even if it takes some time to do so. In this way, we seek to maintain the soundness of the Bank's assets and at the same time revitalize the regional economy.

Shizuoka Bank's total credit costs also continue to be held at a low level, thanks to the Bank's high coverage ratio on its risk-managed loans. (The term "coverage ratio," as used here, refers to the ratio of the combined value of loan loss reserves, and collateral and guaranteed amounts, to the value of total loans outstanding.)

Business Performance in Fiscal 2006 (Consolidated)

Earnings

Total income of the Shizuoka Bank Group increased ¥22.7 billion from the previous term to ¥226.5 billion (US\$1,919 million), attributable mainly to higher interest income from increases in interest on loans and discounts.

Total expenses increased ¥8.1 billion year-on-year, to ¥154.5 billion (US\$1,309 million), principally as a result of an increase in interest on deposit.

As a result, net income increased ¥4.8 billion from the previous term, to ¥37.8 billion (US\$320 million).

Loans

As our prosperity depends on the economic health of our home region, during the reporting period we continued to focus on providing loans to meet the diverse funding needs of our customers. Mortgage loans and other loans to individual customers, and loans to SMEs both showed steady increases, with the result that the balance of loans and bills discounted at the end of the term rose by ¥352.8 billion year-on-year, to ¥5,694.0 billion (US\$48,234 million).

Deposits

Total deposits increased ¥22.4 billion at the end of the term, to ¥6,996.2 billion (US\$59,266 million), thanks mainly to increases in time deposits.

To meet customers' increasingly diverse asset management needs, the Bank put efforts into marketing, and increased its balance of assets in custody such as JGBs, investment trusts, foreign-currency deposits, and pension insurance premiums held by individuals. As a result, the total of such personal assets under custody (including yen deposits and NCDs) increased by ¥215.2 billion to ¥6,040.1 billion (US\$51,166 million).

Securities

The Bank endeavored to construct a portfolio yielding sound and steady earnings by tailoring its position flexibly to market trends. Following the Bank of Japan's raising of its key policy rate in July 2006, Shizuoka Bank adopted a cautious stance on the purchase of yen-denominated bonds amid fears of a further interest rate hike. As a result, the total balance of securities at the end of the term decreased by ¥100.6 billion from the previous term-end, to ¥2,288.1 billion (US\$19,383 million).

Cash Flows

Net cash used in operating activities amounted to ¥210.6 billion (US\$1,785 million), due mainly to an increase in loans. Net cash provided by investing activities totaled ¥102.7 billion (US\$870 million), reflecting the redemption and sale of securities. Net cash used in financing activities totaled ¥7.5 billion (US\$64 million), the principal factor being dividend payments. As a result, cash and cash equivalents decreased by ¥115.5 billion at the term-end, to ¥131.3 billion (US\$1,113 million).

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Shizuoka Bank, Ltd.:

We have audited the accompanying consolidated balance sheets of The Shizuoka Bank, Ltd. (the "Bank") and consolidated subsidiaries as of March 31, 2007 and 2006, and the related consolidated statements of income, changes equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Shizuoka Bank, Ltd. and consolidated subsidiaries as of March 31, 2007 and 2006, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 2. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.



June 27, 2007

Consolidated Balance Sheets

THE SHIZUOKA BANK, LTD. and Subsidiaries March 31, 2007 and 2006

	Millions of Yen		Thousands of
	2007	2006	U.S. Dollars (Note 2)
Assets:			2007
Cash and due from banks (Note 11)	¥ 199,250	¥ 385,348	\$ 1,687,846
Call loans and bills bought	118,440	3,061	1,003,308
Monetary claims bought	138,273	253,923	1,171,313
Trading assets (Notes 4, 5)	71,098	86,043	602,272
Securities (Notes 5, 11)	2,288,124	2,388,746	19,382,675
Loans and bills discounted (Notes 6, 11, 12)	5,694,075	5,341,282	48,234,440
Foreign exchanges (Note 7)	4,404	5,077	37,311
Other assets (Notes 8, 11)	69,404	55,237	587,926
Tangible fixed assets (Note 9)	96,958	97,171	821,334
Intangible fixed assets (Note 9)	15,371	12,081	130,210
Deferred tax assets (Note 25)	2,938	3,012	24,888
Customers' liabilities for acceptances and guarantees (Note 10)	88,938	130,750	753,398
Reserve for possible loan losses	(61,316)	(69,986)	(519,409)
Reserve for possible investment losses	(102)	(138)	(868)
Total Assets	¥8,725,859	¥8,691,612	\$73,916,644
Liabilities, Minority Interests and Equity:			
Liabilities:			
Deposits (Notes 11, 13)	6,996,299	¥6,973,847	59,265,565
Call money and bills sold (Note 11)	234,294	310,512	1,984,709
Collateral money for securities lending / borrowing transactions (Note 11)	90,415	106,253	765,909
Trading liabilities (Note 4)	30,922	32,672	261,945
Borrowed money (Notes 11, 14)	79,931	18,105	677,100
Foreign exchanges (Note 7)	301	124	2,555
Corporate bonds (Note 15)	180,824	200,482	1,531,764
Other liabilities (Notes 11, 16)	130,150	83,366	1,102,501
Reserve for bonus for directors and corporate auditors	69		593
Reserve for employees' retirement benefits (Note 17)	23,484	24,138	198,934
Reserve under specific law	9	8	83
Deferred tax liabilities (Note 25)	86,015	72,321	728,640
Acceptances and guarantees (Note 10)	88,938	130,750	753,398
Total Liabilities	7,941,659	7,952,582	67,273,696
Minority Interests		13,344	
Equity (Notes 18, 20, 31)			
Common stock, authorized, 2,414,596 thousand shares: issued, 720,129 thousand shares in 2007 and 2006	90,845	90,845	769,553
Capital surplus	54,940	54,898	465,402
Retained earnings	444,100	413,951	3,761,972
Net unrealized gain on available-for-sale securities	188,727	175,996	1,598,705
Net deferred gains on derivatives under hedge accounting	153		1,304
Foreign currency translation adjustments	(72)	(589)	(617)
Treasury stock-at cost 11,806 thousand shares in 2007 and 11,885 thousand shares in 2006	(9,439)	(9,417)	(79,964)
Total	769,255	725,685	6,516,355
Minority interests	14,944		126,593
Total Equity	784,200	725,685	6,642,948
Total Liabilities and Equity	¥8,725,859	¥8,691,612	\$73,916,644

Consolidated Statements of Income

THE SHIZUOKA BANK, LTD. and Subsidiaries Years ended March 31, 2007 and 2006

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2007	2006	2007
Income:			
Interest Income:			
Interest on loans and discounts	¥ 106,234	¥ 95,328	\$ 899,907
Interest and dividends on securities	39,802	37,909	337,164
Other interest income	3,392	2,861	28,742
Subtotal	149,429	136,099	1,265,813
Fees and Commissions	49,555	48,032	419,788
Trading Income	1,965	2,002	16,650
Other Operating Income (Note 21)	4,385	2,282	37,146
Other Income (Note 22)	21,173	15,442	179,357
Total Income	226,508	203,860	1,918,754
Expenses:			
Interest Expenses:			
Interest on deposits	19,745	13,701	167,265
Interest on borrowings and rediscounts	6,641	2,013	56,256
Other interest expenses	10,782	11,417	91,340
Subtotal	37,169	27,132	314,861
Fees and Commissions	21,652	20,739	183,416
Trading Expenses		422	
Other Operating Expenses (Note 23)	2,238	5,731	18,961
General and Administrative Expenses	80,720	81,076	683,780
Other Expenses (Note 24)	12,784	11,380	108,299
Total Expenses	154,564	146,483	1,309,317
Income before Income Taxes and Minority Interests	71,944	57,376	609,437
Income Taxes: (Note 25)			
Current	21,355	17,193	180,902
Deferred	10,790	5,041	91,407
Minority Interests in Net Income of Consolidated Subsidiaries	1,982	2,080	16,790
Net Income	¥ 37,815	¥ 33,060	\$ 320,338

	Yen		U.S. Dollars (Note 2)
	2007	2006	2007
Per Share: (Note 30)			
Net income	¥53.39	¥ 46.60	\$0.45
Cash dividends applicable to the year	13.00	10.00	0.11

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

THE SHIZUOKA BANK, LTD. and Subsidiaries Years ended March 31, 2007 and 2006

	Thousands		Millions of Yen							Minority Interests	Total Equity	
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Net Deferred Gains on Derivatives Under Hedge Accounting	Foreign Currency Translation Adjustments	Treasury Stock	Total			
BALANCE at April 1, 2005	720,129	¥90,845	¥54,892	¥387,491	¥99,353		¥(727)	¥(9,248)	¥622,606		¥622,606	
Change of items during the period												
Cash dividends, ¥5.00 per share (1)				(3,541)					(3,541)		(3,541)	
Cash dividends, ¥4.25 per share				(3,010)					(3,010)		(3,010)	
Bonuses to directors and corporate auditors (1)				(49)					(49)		(49)	
Net income				33,060					33,060		33,060	
Repurchase of treasury stock (178 thousand shares)								(193)	(193)		(193)	
Disposal of treasury stock (31 thousand shares)			6					24	31		31	
Net changes of items other than owners' equity					76,643		138		76,781		76,781	
Total changes of items during the period			6	26,459	76,643		138	(168)	103,079		103,079	
Balance at March 31, 2006	720,129	¥90,845	¥54,898	¥413,951	¥175,996		¥(589)	¥(9,417)	¥725,685		¥725,685	
Balance at April 1, 2006	720,129	¥90,845	¥54,898	¥413,951	¥175,996		¥(589)	¥(9,417)	¥725,685	¥13,344	¥739,029	
Change of items during the period												
Cash dividends, ¥5.75 per share (2)				(4,072)					(4,072)		(4,072)	
Cash dividends, ¥5.00 per share				(3,541)					(3,541)		(3,541)	
Bonuses to directors and corporate auditors (2)				(52)					(52)		(52)	
Net income				37,815					37,815		37,815	
Repurchase of treasury stock (250 thousand shares)								(314)	(314)		(314)	
Disposal of treasury stock (329 thousand shares)			41					292	334		334	
Net changes of items other than owners' equity					12,730		153	516	13,401	1,600	15,001	
Total changes of items during the period			41	30,149	12,730		153	516	(22)	43,570	1,600	45,170
Balance at March 31, 2007	720,129	¥90,845	¥54,940	¥444,100	¥188,727		¥153	¥(72)	¥(9,439)	¥769,255	¥14,944	¥784,200

	Thousands		Thousand of U.S. Dollars (Note 2)							Minority Interests	Total Equity	
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Net Deferred Gains on Derivatives Under Hedge Accounting	Foreign Currency Translation Adjustments	Treasury Stock	Total			
BALANCE at April 1, 2006	\$769,553	\$465,048	\$3,506,576	\$1,490,867			\$(4,996)	\$(79,775)	\$6,147,273	\$113,037	\$6,260,310	
Change of items during the period												
Cash dividends, \$0.05 per share (2)				(34,495)					(34,495)		(34,495)	
Cash dividends, \$0.04 per share				(30,002)					(30,002)		(30,002)	
Bonuses to directors and corporate auditors (2)				(445)					(445)		(445)	
Net income				320,338					320,338		320,338	
Repurchase of treasury stock								(2,667)	(2,667)		(2,667)	
Disposal of treasury stock			354					2,478	2,832		2,832	
Net changes of items other than owners' equity					107,838		1,304	4,379	113,521	13,556	127,077	
Total changes of items during the period			354	255,396	107,838		1,304	4,379	(189)	369,082	13,556	382,638
Balance at March 31, 2007	\$769,553	\$465,402	\$3,761,972	\$1,598,705			\$1,304	\$(617)	\$(79,964)	\$6,516,355	\$126,593	\$6,642,948

Note (1): The profit appropriation of the meeting of shareholders conducted on June, 2005.

(2): The profit appropriation of the meeting of shareholders conducted on June, 2006.

Consolidated Statements of Cash Flows

THE SHIZUOKA BANK, LTD. and Subsidiaries Years ended March 31, 2007 and 2006

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2007	2006	2007
I. Operating Activities:			
Income before income taxes and minority interests	¥ 71,944	¥ 57,376	\$ 609,437
Adjustments for:			
Income taxes-paid	(17,719)	(15,870)	(150,106)
Depreciation and amortization	19,927	19,669	168,809
Loss on impairment of fixed assets	48	322	414
Equity in loss of affiliates	52		446
Decrease in reserve for possible loan losses	(8,670)	(8,681)	(73,446)
Decrease in reserve for possible investment losses	(36)	(20)	(308)
Increase in reserve for bonus for directors and corporate auditors	69		593
(Decrease) increase in reserve for employees' retirement benefits	(654)	111	(5,542)
Bonuses to directors and corporate auditors	(67)	(65)	(572)
Gains on securities	(7,227)	(6,382)	(61,224)
Losses on sale of premises and equipment		469	
Losses on sale of fixed assets	765		6,481
Changes in assets and liabilities			
Decrease in trading assets	14,945	32,976	126,601
(Decrease) increase in trading liabilities	(1,750)	27,019	(14,824)
Increase in loans and bills discounted	(349,030)	(293,821)	(2,956,631)
Increase in deposits	17,187	518	145,594
Increase (decrease) in borrowed money	61,824	(7,049)	523,715
Decrease in due from banks			
(excluding demand deposits with the Bank of Japan)	72,001	234,532	609,924
(Increase) decrease in call loans	(115,308)	36,878	(976,778)
Decrease in monetary claims bought	115,650	63,647	979,670
(Decrease) increase in call money	(76,659)	93,626	(649,380)
Decrease in Collateral money for securities lending / borrowing transactions	(20,256)	(69,724)	(171,596)
Decrease (increase) in foreign exchanges (assets)	675	(347)	5,720
Increase (decrease) in foreign exchanges (liabilities)	176	(64)	1,497
Decrease in corporate bonds	(20,000)	(10,000)	(169,420)
(Increase) decrease in interest and dividends receivable	(980)	2,184	(8,308)
Increase in interest payable	2,604	387	22,059
Other net	29,820	(9,400)	252,607
Total Adjustments	(282,612)	90,918	(2,394,005)
Net Cash (Used in) Provided by Operating Activities	(210,668)	148,294	(1,784,568)
II. Investing Activities:			
Purchase of securities	(622,938)	(876,859)	(5,276,906)
Proceeds from sale of securities	287,960	491,164	2,439,308
Proceeds from redemption of securities	461,986	395,046	3,913,485
Purchase of premises and equipment		(17,354)	
Purchase of tangible fixed assets	(20,298)		(171,946)
Purchase of intangible fixed assets	(7,094)		(60,098)
Proceeds from sale of premises and equipment		976	
Proceeds from sale of tangible fixed assets	3,084		26,129
Net Cash Provided (Used in) by Investing Activities	102,700	(7,025)	869,972
III. Financing Activities:			
Dividends paid	(7,607)	(6,544)	(64,447)
Dividends paid to minority interests	(21)	(21)	(183)
Repurchases of treasury stock	(314)	(193)	(2,667)
Proceeds from sales of treasury stock	360	36	3,057
Net Cash Used in Financing Activities	(7,583)	(6,723)	(64,240)
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	9	53	83
V. Net (Decrease) Increase in Cash and Cash Equivalents	(115,541)	134,599	(978,753)
VI. Cash and Cash Equivalents, Beginning of Year	246,926	112,327	2,091,713
VII. Cash and Cash Equivalents, End of Year (1)	¥ 131,384	¥246,926	\$ 1,112,960

See notes to consolidated financial statements.

Note (1): For the purpose of the consolidated statements of cash flows, cash and cash equivalents consist of cash and demand deposits with the Bank of Japan.

Cash and due from banks on the consolidated balance sheets at March 31, 2007 and 2006 are reconciled with cash and cash equivalents on the consolidated statements of cash flows as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2007	2006	2007
Cash and Cash due from banks	¥199,250	¥385,348	\$1,687,846
Other due from banks	(67,865)	(138,422)	(574,886)
Cash and cash equivalents, end of year	¥131,384	¥246,926	\$1,112,960

Notes to Consolidated Financial Statements

THE SHIZUOKA BANK, LTD. and Subsidiaries Years ended March 31, 2007 and 2006

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared from the accounts maintained by The Shizuoka Bank, Ltd. (the "Bank") and its subsidiaries (the "Group") in accordance with the provisions set forth in the "Corporate Law", the Securities and Exchange Law of Japan, the Bank Law of Japan and the Uniform Accounting Standards for Banks in Japan stated by the Japanese Bankers' Association and accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

On December 27, 2005, the Accounting Standards Board of Japan (the "ASBJ") published a new accounting standard for the statement of changes in equity, which is effective for fiscal years ending on or after May 1, 2006. The statement of shareholders' equity, which was previously voluntarily prepared in line with the international accounting practices, is now required under generally accepted accounting principles in Japan and has been renamed "the statement of changes in equity" in the current fiscal year.

In order to facilitate an understanding by readers outside Japan, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically.

In addition, certain reclassifications and rearrangements have been made in the 2006 consolidated financial statements to conform to classifications and presentations used in 2007.

2. YEN AND U.S. DOLLAR AMOUNTS

In accordance with the Bank Law of Japan and the Uniform Accounting Standards for Banks in Japan, yen amounts less than one million have been omitted. As a result, the totals in yen shown in the accompanying consolidated financial statements and the notes thereto do not necessarily agree with the sum of the individual account balances.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and operates. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and have been made at the rate of ¥118.05 to \$1, the approximate rate of exchange at March 31, 2007. Such translation should not be construed as representation that Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation:

The accompanying consolidated financial statements as of March 31, 2007 include the accounts of the Bank, 11 subsidiaries and 1 company accounted by the equity method and March 31, 2006 include the accounts of the Bank and 12 subsidiaries.

Under the control or influence concept, those companies in which the Bank, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in associated companies are accounted for by the equity method.

Investments in the remaining unconsolidated subsidiaries and associated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The excess of the cost of an acquisition over the fair value of net

assets of the acquired subsidiary at the date of acquisition is charged to income when incurred.

All significant intercompany accounts and transactions have been eliminated in consolidation. All material unrealized profits resulting from intercompany transactions are eliminated.

Trading purpose transactions:

"Transactions for trading purposes" (the purpose of seeking to capture gains arising from short-term fluctuations in interest rates, currency exchange rates or market prices of securities and other market-related indices or from gaps among markets) are included in "Trading assets" and "Trading liabilities" on a trade-date basis. Trading securities and monetary claims purchased for trading purposes recorded in these accounts are stated at market value, and trading-related financial derivatives are stated at the amounts that would be settled if they were terminated at the end of the fiscal year.

Profits and losses on transactions for trading purposes are shown as "Trading income (losses)" on a trade-date basis.

Securities:

Held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are stated at amortized cost computed by straight-line method and available-for-sale securities, which are not classified as either trading account securities or held-to-maturity debt securities, are stated at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average method.

For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

Tangible fixed assets:

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation of tangible fixed assets owned by the Bank is computed using the declining-balance method over the estimated useful lives.

The range of useful lives is principally from 3 to 38 years for buildings, and from 2 to 20 years for equipment.

Depreciation of tangible fixed assets owned by consolidated subsidiaries is principally computed using the declining-balance method over the estimated useful lives of the assets. Depreciation of leased property and equipment is provided on the straight-line method over lease periods.

Impairment of fixed-lived assets:

The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

Software:

The Bank and its subsidiaries in Japan amortize internal-use software development costs by the straight-line method over the useful life (five years).

Reserve for possible loan losses:

The amount of the reserve for possible loan losses is determined based on management's judgement and assessment of future losses based on the self-assessment system. This system reflects past experience of credit losses, possible credit losses, business and economic conditions, the character, quality and performance of the portfolio and other pertinent indicators.

The Bank implemented a self-assessment system for its asset quality. The quality of all loans is assessed by branches and the Credit Supervision Department with a subsequent audit by the Credit Examination Department, in accordance with the Bank's policy and rules for self-assessment of asset quality.

The Bank has established a credit rating system under which its customers are classified into five categories. The credit rating system is used for self-assessment of asset quality. All loans are classified into five categories for self-assessment purposes — "normal," "caution," "possible bankruptcy," "virtual bankruptcy" and "legal bankruptcy."

The reserve for possible loan losses is calculated based on the specific past actual loss ratio for normal and caution categories, and the fair value of collateral for collateral-dependent loans and other factors of solvency, including the value of future cash flows for other self-assessment categories.

The consolidated subsidiaries provide the "Reserve for possible loan losses" at the amount deemed necessary to cover such losses, principally based on past experience.

Reserve for possible investment losses:

The reserve for possible investment losses is provided at a necessary amount based on the estimated possible losses on investments.

Bonuses to directors and corporate auditors:

Prior to the fiscal year ended March 31, 2005, bonuses to directors and corporate auditors were accounted for as a reduction of retained earnings in the fiscal year following approval at the general shareholders meeting. The ASBJ issued ASBJ Practical Issues Task Force (PITF) No.13, "Accounting Treatment for Bonuses to Directors and Corporate Auditors," which encouraged companies to record bonuses to directors and corporate auditors on the accrual basis with a related charge to income, but still permitted the direct reduction of such bonuses from retained earnings after approval of the appropriation of retained earnings.

The ASBJ replaced the above accounting pronouncement by issuing a new accounting standard for bonuses to directors and corporate auditors on November 29, 2005. Under the new accounting standard, bonuses to directors and corporate auditors must be expensed and are no longer allowed to be directly charged to retained earnings. This accounting standard is effective for fiscal year ending on or after May 1, 2006. The companies must accrue bonuses to directors and corporate auditors at the year end to which such bonuses are attributable.

The Bank adopted the new accounting standard for bonuses to directors and corporate auditors from the year ended March 31, 2007. The effect of adoption of this accounting standard was to decrease income before income taxes and minority interests for the year ended March 31, 2007 by ¥69 million (\$593 thousand).

Reserve for employees' retirement benefits:

The Bank and domestic consolidated subsidiaries have lump-sum retirement benefit plans, a contributory funded pension plan and a non-contributory funded pension plan.

The Bank and its subsidiaries accounted for the liability for employees' retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date.

Leases:

All leases are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that do not transfer ownership of the leased property to the lessee are permitted to be accounted for as rental transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements.

Presentation of equity:

On December 9, 2005, the ASBJ published a new accounting standard for presentation of equity. Under this accounting standard, certain items which were previously presented as liabilities are now presented as components of equity. Such items include stock acquisition rights, minority interests, and any deferred gain or loss on derivatives accounted for under hedge accounting. This standard is effective for fiscal years ending on or after May 1, 2006. The consolidated balance sheet as of March 31, 2007 is presented in line with this new accounting standard.

Translation of foreign currencies:

Assets and liabilities which are payable or receivable in foreign currencies are converted into Japanese yen at the rates prevailing at each balance sheet date.

The financial statements of the consolidated subsidiaries outside Japan are translated into Japanese yen at the current exchange rate at each balance sheet date, except for equity, which is translated at the historical exchange rate.

Differences arising from such translation are shown as "Foreign currency translation adjustments" in a separate component of equity.

Income taxes:

The Bank and its subsidiaries in Japan allocate income taxes based on the asset and liability method.

Deferred income taxes are recorded to reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. These deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

Derivatives and hedging activities:

(a) Transactions to hedge against interest rate risk

Transactions to hedge against interest rate risk affecting the financial assets and liabilities of the Bank are accounted for using deferral hedge accounting as stipulated in "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in the Banking Industry" (Japanese Institute of Certified Public Accountant Industry Audit Committee Report No.24). Regarding the effectiveness of a hedging relationship under fair value hedging, a portfolio of hedged items such as deposits or loans with common maturities is matched with a group of hedging instruments such as interest rate swaps which offset the effect of fair value fluctuations of the hedged items by identified maturities, and are designated as a hedge of the portfolio. The effectiveness of the fair value hedge is assessed by each group. Also, the effectiveness of a cash flow hedge is assessed on the basis of the correlation between the base interest rate index of the hedged cash flow and that of the hedging instrument.

Special hedging treatment is applied for interest rate swaps.

Methods similar to that utilized by the Bank are applied to hedge transactions conducted by the subsidiaries of the Bank.

(b) Transactions to hedge against foreign exchange fluctuation risk

Deferral hedge accounting is applied to hedges against foreign exchange fluctuation risks associated with foreign currency denominated monetary assets and liabilities, stipulated in JICPA Industry Audit Committee Report No. 25.

The effectiveness of currency-swap transactions, exchange swap transactions and similar transactions hedging foreign exchange risks of monetary assets and liabilities denominated in foreign currencies is assessed by comparison of the foreign currency position of the hedged monetary assets and liabilities and the hedging instruments.

In order to hedge the foreign exchange risk of foreign-currency-denominated Available-for-sale securities (except bonds), the Bank applies the "general method" using market-value hedges in accordance with certain conditions, namely the stipulation in advance of which foreign-currency-denominated securities are to be hedged, and the existence in foreign currency of a spot-forward liability in excess of the acquisition cost of the relevant foreign-currency-denominated securities.

The method of hedge accounting for consolidated subsidiaries corresponds with the Bank's method.

Statement of cash flows:

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash and due from the Bank of Japan.

Per share information:

Basic net income per share is computed by dividing net income available to common stockholders, by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits. The average number of common shares used in the computation was 708,287,876 shares for 2007 and 708,323,018 shares for 2006.

Diluted net income per share reflects the potential dilution that could occur if the outstanding stock options were exercised. Diluted net income per share assumes full exercise of the outstanding stock options at the beginning of the year (or at the time of grant). However, diluted net income per share is not disclosed because it is anti-dilutive.

Cash dividends per share presented in the accompanying statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

New Accounting Pronouncements

(a) Lease Accounting

On March 31, 2007, the ASBJ issued ASBJ Statement No.13, "Accounting Standard for Lease Transactions", which revised the existing accounting standard for lease transactions issued on June 17, 1993.

Under the existing accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, however, other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements.

The revised accounting standard requires that all finance lease transactions should be capitalized. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

(b) Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements

Under Japanese GAAP, a bank currently can use the financial statements of foreign subsidiaries which are prepared in accordance with generally accepted accounting principles in their respective jurisdictions for its consolidation process unless they are clearly unreasonable. On May 17, 2006, the ASBJ issued ASBJ Practical Issues Task Force (PITF) No.18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements." The new task force prescribes: 1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, 2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in

the United States tentatively may be used for the consolidation process, 3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material;

- (1) Amortization of goodwill
- (2) Actuarial gains and losses of defined benefit plans recognized outside profit or loss
- (3) Capitalization of intangible assets arising from development phases
- (4) Fair value measurement of investment properties, and the revaluation model for property, plant and equipment, and intangible assets
- (5) Retrospective application when accounting policies are changed
- (6) Accounting for net income attributable to a minority interest

The new task force is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted.

4. TRADING ASSETS AND LIABILITIES

Trading assets and liabilities at March 31, 2007 and 2006 consisted of the following:

(a) Trading assets

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Trading securities:			
National government bonds	¥ 3,046	¥ 8,902	\$ 25,810
Local government bonds	926	638	7,848
Foreign securities	427	130	3,618
Subtotal	4,400	9,670	37,276
Bond futures			
Subtotal			
Financial derivatives:			
Option premium			
Other (Note)	33,723	35,298	285,675
Subtotal	33,723	35,298	285,675
Other trading assets:			
Commercial paper	32,955	41,060	279,165
Other (Note)	18	12	156
Subtotal	32,973	41,073	279,321
Total	¥71,098	¥86,043	\$602,272

(b) Trading liabilities

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Financial derivatives:			
Other (Note)	¥30,922	¥32,672	\$261,945
Total	¥30,922	¥32,672	\$261,945

Note: Other in assets and liabilities represents unrealized gains and losses, respectively.

5. SECURITIES

Securities at March 31, 2007 and 2006 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
National government bonds	¥ 461,880	¥ 728,069	\$ 3,912,582
Local government bonds	187,781	176,314	1,590,692
Corporate debentures	545,081	460,400	4,617,376
Corporate stocks	454,863	442,259	3,853,140
Other securities	638,518	581,701	5,408,885
Total	¥2,288,124	¥2,388,746	\$19,382,675

In the following description, in addition to "Securities" in the consolidated balance sheet, also presented are trading account securities and commercial paper within the item "Trading assets," negotiable certificates of deposit within the item "Cash and due from banks," and miscellaneous monetary claims purchased within the item "Monetary claims bought."

13. DEPOSITS

Deposits at March 31, 2007 and 2006 consisted of the following:

	Millions of Yen		Thousands of
	2007	2006	U.S. Dollars
Current deposits	¥ 371,092	¥ 331,386	\$ 3,143,520
Savings deposits	3,494,475	3,476,521	29,601,652
Deposits at notice	21,976	16,728	186,161
Time deposits	2,732,138	2,624,211	23,143,909
Negotiable certificates of deposit	123,480	186,500	1,045,998
Other	253,137	338,499	2,144,325
Total	¥6,996,299	¥6,973,847	\$59,265,565

14. BORROWED MONEY

At March 31, 2007 and 2006, the weighted average annual interests rates applicable to borrowed money were 0.56% and 1.16%, respectively.

Borrowed money are borrowings from financial institutions. Annual maturities of borrowed money as of March 31, 2007, were as follows:

Years Ending March 31,	Millions of Yen	Thousands of
		U.S. Dollars
2008	¥72,481	\$613,988
2009	3,089	26,174
2010	2,007	17,003
2011	1,517	12,859
2012	699	5,921
2013 and thereafter	136	1,155
Total	¥79,931	\$677,100

15. CORPORATE BONDS

Bonds at March 31, 2007 and 2006, consisted of the following:

	rate (%)	Millions of Yen		Thousands of
		2007	2006	U.S. Dollars
Unsecured bonds, payable in Japanese yen, due May 2007	1.67	¥ 20,000	¥ 20,000	\$ 169,420
Unsecured bonds, payable in Japanese yen, due September 2010	2.22	20,000	20,000	169,420
Unsecured bonds, payable in Japanese yen, due May 2006	0.75		20,000	
Unsecured bonds, payable in Japanese yen, due May 2008	1.11	5,000	5,000	42,355
Unsecured bonds, payable in Japanese yen, due May 2011	1.65	5,000	5,000	42,355
Unsecured bonds, payable in Japanese yen, due September 2009	0.68	20,000	20,000	169,420
Unsecured bonds, payable in Japanese yen, due September 2014	1.59	10,000	10,000	84,710
Unsecured bonds, payable in Japanese yen, due June 2010	0.54	20,000	20,000	169,420
Unsecured bonds, payable in Japanese yen, due June 2015	1.37	10,000	10,000	84,710
Bond, payable in U.S. dollars, due July 2008	3.49	35,412	35,241	299,979
Bond, payable in U.S. dollars, due November 2008	3.16	35,412	35,241	299,975
Total		¥180,824	¥200,482	\$1,531,764

Annual maturities of bonds as of March 31, 2007, were as follows:

Years Ending March 31,	Millions of Yen	Thousands of
		U.S. Dollars
2008	¥ 20,000	\$ 169,420
2009	75,824	642,310
2010	20,000	169,420
2011	40,000	338,839
2012	5,000	42,355
2013 and thereafter	20,000	169,420
Total	¥180,824	\$1,531,764

16. OTHER LIABILITIES

Other liabilities at March 31, 2007 and 2006 consisted of the following:

	Millions of Yen		Thousands of
	2007	2006	U.S. Dollars
Income taxes payable	¥ 12,644	¥ 8,976	\$ 107,113
Accrued expenses	11,966	10,321	101,367
Deposits from employees	3,141	3,330	26,610
Unearned income	10,395	11,005	88,058
Derivative products	8,859	6,986	75,048
Other	83,143	42,745	704,305
Total	¥130,150	¥83,366	\$1,102,501

17. RETIREMENT AND PENSION PLANS

The Bank and its subsidiaries in Japan have severance payment plans for employees.

Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Bank or from subsidiaries in Japan and annuity payments from a trustee.

Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death, or voluntary retirement at certain specific ages prior to the mandatory retirement age.

The contributory funded defined benefit pension plan, established under the Japanese Welfare Pension Insurance Law, covers a substitutional portion of the governmental pension program managed by the Bank on behalf of the government and a corporate portion established at the discretion of the Bank.

Effective from April 1, 2006, the Bank revised its defined benefit pension plans to establish the cash balance plan and implement a defined contribution pension plan. Due to this revision, the Bank will recognize additional income of ¥5,169 million (\$43,785 thousand) for the period ended March 31, 2007.

The reserve for employees' retirement benefits at March 31, 2007 and 2006 consisted of the following:

	Millions of Yen		Thousands of
	2007	2006	U.S. Dollars
Projected benefit obligation	¥ 74,572	¥ 79,060	\$ 631,701
Fair value of plan assets	(63,936)	(56,912)	(541,607)
Unrecognized actuarial loss	3,285	(2,454)	27,835
Prepaid pension costs	9,562	4,444	81,005
Net reserve	¥ 23,484	¥ 24,138	\$ 198,934

The components of net periodic benefit costs for the year ended March 31, 2007 and 2006 were as follows:

	Millions of Yen		Thousands of
	2007	2006	U.S. Dollars
Service cost	¥ 2,057	¥ 2,419	\$ 17,425
Interest cost	1,470	1,571	12,460
Expected return on plan assets	(1,625)	(1,297)	(13,767)
Recognized actuarial losses	1,073	2,072	9,091
Other	658	269	5,575
Net periodic benefit costs	¥ 3,634	¥ 5,035	\$ 30,784

Assumptions used for the year ended March 31, 2007 and 2006 are set forth as follows:

	2007	2006
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	3.5%	3.5%
Amortization period of prior service cost	1 year	1 year
Recognition period of actuarial gain/loss	10 years	10 years

18. EQUITY

On and after May 1, 2006, Japanese companies are subject to a new corporate law of Japan (the "Corporate Law"), which reformed and replaced the Commercial Code of Japan (the "Code") with various revisions that are, for the most part, applicable to events or transactions which occur on or after May 1, 2006 and for the fiscal years ending on or after May 1, 2006. The significant changes in the Corporate Law that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Corporate Law, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria. The Corporate Law permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Corporate Law and the Banking Law provides certain limitations on the amounts available for dividends or the purchase of treasury stock.

(b) Increase / decrease and transfer of common stock, reserve and surplus

The Banking Law requires that an amount equal to 20% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 100% of the common stock.

The Corporate Law also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Corporate Law also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

Under the Corporate Law, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity.

The Corporate Law also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

19. STOCK OPTIONS

The stock option outstanding as of March 31, 2007 is as follows:

	Persons Granted	Number of Options	Date of Grant	Exercise Price	Exercise Period
2000 Stock Option	10 directors 7 executive officers	295,000 share	2000.7.31	¥ 963 (\$8.16)	From June 28, 2002 To June 27, 2007

The stock option activity is as follows:

	2000 Stock Option
For the year ended March 31, 2007	
Vested	
March 31, 2006—Outstanding	295,000
Exercised	260,000
March 31, 2007—Outstanding	35,000
Exercise price	¥ 963 (\$ 8.16)
Average stock price at exercise	¥ 1,303 (\$ 11.04)

20. NET UNREALIZED GAIN ON AVAILABLE-FOR-SALE SECURITIES

Breakdown of "Net unrealized gain on available-for-sale securities" posted in Balance Sheets is as follows:

	Millions of Yen		Thousands of
	2007	2006	U.S. Dollars
Valuation difference	¥ 308,427	¥ 293,192	\$ 2,612,685
Deferred tax liabilities	(119,401)	(116,525)	(1,011,445)
Amounts equivalent to difference on available-for-sale securities	¥ 189,026	¥ 176,667	\$ 1,601,240
Minority interests adjustment	¥ (299)	¥ (670)	\$ (2,535)
Net unrealized gain on available-for-sale securities	¥ 188,727	¥ 175,996	\$ 1,598,705

21. OTHER OPERATING INCOME

Other operating income for the years ended March 31, 2007 and 2006 consisted of the following:

	Millions of Yen		Thousands of
	2007	2006	U.S. Dollars
Gains on foreign exchange transactions	¥1,941	¥1,520	\$16,447
Gains on sales of bonds	399	706	3,381
Gains on financial derivatives	1,992	53	16,879
Other	51	1	439
Total	¥4,385	¥2,282	\$37,146

22. OTHER INCOME

Other income for the years ended March 31, 2007 and 2006 consisted of the following:

	Millions of Yen		Thousands of
	2007	2006	U.S. Dollars
Gains on sales of stocks and other securities	¥ 5,603	¥ 4,180	\$ 47,468
Other	15,569	11,262	131,889
Total	¥21,173	¥15,442	\$179,357

23. OTHER OPERATING EXPENSES

Other operating expenses for the years ended March 31, 2007 and 2006 consisted of the following:

	Millions of Yen		Thousands of
	2007	2006	U.S. Dollars
Losses on sales of bonds	¥1,964	¥5,417	\$16,642
Losses on devaluation of bonds		15	
Amortized bond issue cost	273	273	2,319
Other		25	
Total	¥2,238	¥5,731	\$18,961

24. OTHER EXPENSES

Other expenses for the years ended March 31, 2007 and 2006 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Provision for reserve for possible loan losses	¥ 2,057	¥ 3,682	\$ 17,430
Losses on written-off claims	988	249	8,376
Losses on sales of stocks and other securities	30	378	262
Losses on devaluation of stocks and other securities	907	121	7,687
Equity in loss of affiliates	52		446
Losses on disposition of fixed assets	867	651	7,350
Loss on impairment of fixed assets	48	322	414
Other	7,830	5,974	66,334
Total	¥12,784	¥11,380	\$108,299

25. INCOME TAXES

The Bank and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 39.7% for the years ended March 31, 2007 and 2006, respectively.

The tax effects of significant temporary differences, which resulted in deferred tax assets and liabilities, at March 31, 2007 and 2006 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Deferred tax assets:			
Reserve for possible loan losses	¥ 22,997	¥ 26,622	\$ 194,815
Depreciation	3,628	3,538	30,739
Reserve for employees' retirement benefits	13,412	15,719	113,617
Valuation loss on securities	7,091	8,120	60,070
Other	(2,246)	1,727	(19,034)
Deferred tax assets	44,883	55,729	380,207
Deferred tax liabilities:			
Net unrealized gain, net of taxes on available-for-sale securities	(119,401)	(116,525)	(1,011,445)
Gain on establishment of employee retirement benefit trust	(6,922)	(6,922)	(58,638)
Revaluation reserve for fixed assets	(1,530)	(1,571)	(12,967)
Other	(107)	(19)	(909)
Deferred tax liabilities	(127,961)	(125,038)	(1,083,959)
Net deferred tax liabilities	¥ (83,077)	¥ (69,309)	\$ (703,752)

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the year ended March 31, 2007 is as follows:

Normal effective statutory tax rate: 39.7%
Valuation allowance: 6.2%
Dividends exempted for income tax purpose: (1.7)%
Other: 0.4%
Actual effective tax rate: 44.6%

A reconciliation between the normal effective statutory tax rates for the year ended March 31, 2006 and the actual effective tax rates reflected in the accompanying consolidated statements of income was not required under Japanese accounting standards due to immaterial differences of tax rates.

26. LEASES

(a) Lessee

Lease payments under finance leases for the years ended March 31, 2007 and 2006 were ¥7 million (\$61 thousand) and ¥7 million, respectively.

Pro forma information of leased property, such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense and interest expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2007 and 2006 was as follows.

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Equipment			
Acquisition cost	¥ 34	¥ 34	\$ 295
Accumulated depreciation	(28)	(22)	(246)
Net leased property	¥ 5	¥ 12	\$ 49

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Equipment			
Due within one year	¥5	¥ 7	\$47
Due after one year	0	6	7
Total	¥6	¥13	\$54

Depreciation expense and interest expense under finance lease:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Depreciation expense	¥6	¥6	\$59
Interest expense	0	0	1

Depreciation expense and interest expense, which are not reflected in the accompanying statements of income, are computed by the straight-line method and the interest method, respectively.

(b) Lessor

Lease revenue under finance leases for the year ended March 31, 2007 and 2006 was ¥15,495 million (\$131,263 thousand) and ¥14,873 million, respectively.

Pro forma information of leased property, such as acquisition cost, accumulated depreciation, balance at term-end, future lease payment receivable, lease revenue and interest income of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2007 and 2006 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Equipment			
Acquisition cost	¥107,607	¥104,158	\$911,538
Accumulated depreciation	(72,010)	(66,452)	(609,999)
Net leased property	¥ 35,596	¥ 37,705	\$301,539

Future lease payment receivable:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Equipment			
Lease receivable (within one year)	¥11,388	¥12,897	\$ 96,472
Lease receivable (after one year)	22,184	24,981	187,923
Total	¥33,572	¥37,879	\$284,395

Leasing fees received under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Leasing fees received	¥12,404	¥12,079	\$105,081
Interest income	1,776		15,053

27. SEGMENT INFORMATION

Information regarding business segments of the Bank and its subsidiaries for the years ended March 31, 2007 and 2006 were as follows:

The domestic share of both total income and total assets exceeds 90%; thus, geographic segment information is not presented.

The domestic share of total income exceeds 90%; thus information on total income from overseas is not presented.

Year ended March 31, 2007	Millions of Yen					
	Bank operations	Leasing operations	Other operations	Total	Eliminations	Consolidated
Total income and income before income taxes and minority interests:						
Total income from outside customers	¥ 194,642	¥21,749	¥10,116	¥ 226,508	¥	¥ 226,508
Total income from intersegment transactions	602	1,834	10,942	13,379	(13,379)	
Total	195,245	23,583	21,059	239,888	(13,379)	226,508
Total expenses	128,919	21,805	17,179	167,905	(13,340)	154,564
Income before income taxes and minority interests	66,325	1,778	3,879	71,983	(39)	71,944
Total assets, depreciation and amortization and capital expenditure:						
Total assets	8,684,433	65,692	34,580	8,784,706	(58,846)	8,725,859
Depreciation and amortization	6,376	13,456	131	19,964	(36)	19,927
Loss on impairment of fixed assets	48			48		48
Capital expenditure	11,479	14,450	568	26,497	(71)	26,426

Year ended March 31, 2006	Millions of Yen					
	Bank operations	Leasing operations	Other operations	Total	Eliminations	Consolidated
Total income and income before income taxes and minority interests:						
Total income from outside customers	¥ 174,141	¥20,633	¥ 9,084	¥ 203,860	¥	¥ 203,860
Total income from intersegment transactions	783	1,732	9,898	12,414	(12,414)	
Total	174,924	22,366	18,982	216,274	(12,414)	203,860
Total expenses	122,643	20,268	15,961	158,873	(12,389)	146,483
Income before income taxes and minority interests	52,281	2,098	3,021	57,401	(24)	57,376
Total assets, depreciation and amortization and capital expenditure:						
Total assets	8,649,986	64,697	32,758	8,747,442	(55,830)	8,691,612
Depreciation and amortization	6,435	13,195	83	19,714	(45)	19,669
Loss on impairment of fixed assets	322			322		322
Capital expenditure	8,377	14,926	111	23,415	(46)	23,368

Year ended March 31, 2007	Thousands of U.S. Dollars					
	Bank operations	Leasing operations	Other operations	Total	Eliminations	Consolidated
Total income and income before income taxes and minority interests:						
Total income from outside customers	\$ 1,648,817	\$184,239	\$ 85,698	\$ 1,918,754	\$	\$ 1,918,754
Total income from intersegment transactions	5,101	15,540	92,698	113,339	(113,339)	
Total	1,653,918	199,779	178,396	2,032,093	(113,339)	1,918,754
Total expenses	1,092,080	184,711	145,531	1,422,322	(113,005)	1,309,317
Income before income taxes and minority interests	561,838	15,068	32,865	609,771	(334)	609,437
Total assets, depreciation and amortization and capital expenditure:						
Total assets	73,565,723	556,478	292,933	74,415,134	(498,490)	73,916,644
Depreciation and amortization	54,014	113,988	1,118	169,120	(311)	168,809
Loss on impairment of fixed assets	414			414		414
Capital expenditure	97,241	122,408	4,813	224,462	(601)	223,861

Note: Business segments:

- (1) Bank Operations
- (2) Leasing Operations
- (3) Other Operations—commissioned computer processing operations, credit card operations, etc.

28. DERIVATIVES

(1) Nature of trading

The Bank and its consolidated subsidiaries use the following derivative transactions: Interest rate-related transactions using interest futures, interest rate swaps and interest rate caps; currency related transactions using currency swaps, currency options and forward exchange contracts; bond-related transactions using bond futures and bond future options, and commodity-related transactions using commodity swap.

(2) Trading policy

In response to risk-hedging needs related to foreign exchange rates and interest rates for customers, the Bank and its consolidated subsidiaries use derivative transactions for hedging risk under

asset/liability management ("ALM") and individual transactions with the aim of appropriate market risk management. In addition, they have set certain position limits and established loss-cutting rules for short-term transactions.

The Bank and its subsidiaries do not enter into derivative transactions for speculative purposes.

(3) Purpose

Derivative transactions are used on the basis of the trading policy indicated above.

Hedge accounting is applied to certain derivative transactions.

(a) Accounting for hedging activities

The deferral method and exceptional interest rate swap accounting method were adopted for hedging activities.

(b) Hedging policy (including hedging instruments and hedged items)
In accordance with the internal rules of the Bank that comply with the "accounting standard for derivative financial instruments" and other regulations, interest rate risk and risk from price fluctuations of bonds and equities are hedged.

Hedging instruments and hedged items to which a hedging account was applied for the fiscal year under review as follows:

Hedging instruments: Interest rate swaps, currency swaps

Hedged assets and liabilities:

Yen-denominated assets: deposits (under general method), loans (under individual hedge)

Foreign-currency denominated assets: deposits, loans, corporate bonds and other securities (under individual hedge)

(c) Assessment of the effectiveness of hedging instruments

Fair Value Hedge

A portfolio of hedged items such as deposits or loans with common maturities is matched with a group of hedging instruments such as interest swaps which offset the effect of fair value fluctuations of the hedged items by identified maturities, and are designated as a hedge of the portfolio. The effectiveness of the fair value hedge is assessed by each group.

Cash Flow Hedge

The effectiveness of a cash flow is assessed based on the correlation between a base interest rate index of the hedged cash flow and that of the hedging instrument.

Others have been confirmed to meet the requirements of the exceptional interest rate swap handling method.

Market Value of Derivatives

	Millions of Yen			
	Total	More than one year	Market value	Unrealized gain (loss)
2007				
Over-the-counter:				
Interest rate swaps	¥1,213,907	¥1,153,592	¥1,035	¥1,035
Currency swaps	619,441	546,481	1,828	1,828
Exchange contract	22,877		(67)	(67)
Currency option	274,545	217,794		
Other	116,506	78,816	10	10

	Millions of Yen			
	Total	More than one year	Market value	Unrealized gain (loss)
2006				
Over-the-counter:				
Interest rate swaps	¥861,702	¥822,797	¥1,079	¥1,079
Currency swaps	454,571	403,039	1,653	1,653
Exchange contract	20,442		(27)	(27)
Currency option	221,333	168,402		
Other	135,283	101,573	(87)	(87)

Notes: 1. Forward exchange and currency option contracted amounts are reflected in the consolidated statements of income and are not subject to the disclosure of the above information.

2. The contract or notional amounts of derivatives shown in the above table do not represent the amounts exchanged by the parties and do not measure the Bank's exposure to credit or market risk.

	Thousands of U.S. Dollars			
	Total	More than one year	Market value	Unrealized gain (loss)
2007				
Over-the-counter:				
Interest rate swaps	\$10,282,992	\$9,772,064	\$ 8,769	\$ 8,769
Currency swaps	5,247,282	4,629,236	15,487	15,487
Exchange contract	193,793		(570)	(570)
Currency option	2,325,674	1,844,934		
Other	986,927	667,656	88	88

29. RELATED PARTY TRANSACTIONS

Related party transactions for the years ended March 31, 2007 and 2006 were as follows.

Related party	Category	Description of transactions	Millions of Yen		Thousands of U.S. Dollars
			2007	2006	2007
Sano Kogyo Co., Ltd. (Manufacture of machine parts)	Company in which majority voting rights are held by a close relative of a director of Shizuoka Bank	Lending operation loans	¥107	¥109	\$ 908
Masakuni Nakayama President of MTK Ltd.	Director of Shizuoka Bank	Lending operation loans	29	42	252
Yasuhiko Saito Lawyer	Corporate Auditor of Shizuoka Bank	Legal service fees	19	20	168
		Lending operation loans	15	19	133
Hiroyuki Aoshima President of Santamon Corp.	Corporate Auditor of Shizuoka Bank	Business transactions	83	78	708
		Lending operation loans	204	157	1,731

30. NET INCOME PER SHARE

Basic net income per share ("EPS") for the years ended March 31, 2007 and 2006 is computed as follows:

For the year ended March 31, 2007	Millions of Yen	Thousands of Stocks	Yen	Dollars
	Net income	Weighted average stocks	EPS	
Basic EPS				
Net income available to common stockholders	¥37,815	708,287	¥53.39	\$0.452
For the year ended March 31, 2006				
Basic EPS				
Net income available to common stockholders	¥33,008	708,323	¥46.60	\$0.397

31. SUBSEQUENT EVENTS

(a) Appropriations of Retained Earnings

The following appropriations of retained earnings were authorized at the ordinary general shareholders' meeting held on June 26, 2007:

	Millions of Yen	Thousands of U.S. Dollars
Cash dividends, ¥8 (\$0.07) per share	¥5,666	\$48,002
Total	¥5,666	\$48,002

(b) Stock option plan

At the general shareholders meeting held on June 26, 2007, the Bank's shareholders approved the following stock option plan for the Bank's directors.

The plan provides for granting options to directors to purchase up to 100 thousand shares of the Bank's common stock every year. The options will be granted at an exercise price of ¥1.

A director of the Bank to whom such stock options have been granted may exercise said options only during a 25-year period beginning on the day immediately following the day on which the said options are granted.

A director of the Bank to whom such stock options have been granted may exercise said options only during a ten-day period beginning on the day immediately following the day with effect from which he/she ceases to be a director of the Bank.

Key Consolidated Financial Indicators

Summary of Profits (Losses)

Years ended March 31	Millions of Yen			Percentage change
	2007	2006	Increase (decrease)	
Net interest income	¥112,259	¥108,966	¥ 3,293	3.0
Net fees and commissions	27,903	27,291	610	2.2
Net trading income	1,965	1,579	385	24.4
Net other operating profits	2,146	(3,448)	5,595	(162.3)
General and administrative expenses	80,720	81,076	(356)	(0.4)
Net other ordinary income	9,193	4,841	4,351	89.9
Ordinary profits	72,749	58,156	14,592	25.1
Income before income taxes and minority interests	71,944	57,376	14,567	25.4
Income taxes:				
Current	21,355	17,193	4,161	24.2
Deferred	10,790	5,041	5,749	114.0
Minority interest in net income of consolidated subsidiaries	1,982	2,080	(98)	(4.7)
Net income	37,815	33,060	4,755	14.4

Breakdown of Net Interest Margin

Year ended March 31	Billions of Yen
	2007
Interest income	¥ 149.4
Average interest-earning assets	7,883.2
Average interest rate of interest-earning assets (%)	1.89
Interest expenses (Note)	37.1
Average interest-bearing liabilities	7,530.0
Average interest rate of interest-bearing liabilities (%)	0.49
Net interest income	112.2

Note: Interest expenses here exclude interest paid in relation to investment in money held in trust.

Net Other Operating Profits

Years ended March 31	Millions of Yen		
	2007	2006	Increase (decrease)
Gain on foreign exchange transactions	¥ 1,941	¥ 1,520	¥ 420
Gain/loss on government bonds	(1,565)	(4,725)	3,160
Gain on sale	399	706	(307)
Loss on sale	(1,964)	(5,417)	3,452
Amortization		(15)	15
Amortized bond issue cost	(273)	(273)	
Provision for possible investment losses			
Gain/loss on derivatives transactions	1,992	53	1,939
Proceeds from derivatives transaction	1,992	53	1,939
Others	51	(23)	75
Gain/loss on other business	2,146	(3,448)	5,595
Other operating revenue	4,385	2,282	2,102
Other operating expenses	(2,238)	(5,731)	3,492

Loans Outstanding by Type of Borrower

March 31	Billions of Yen, % Share			
	2007		2006	
Domestic branches:				
Manufacturing	¥ 998.7	17.98%	¥ 929.0	17.77%
Agriculture	5.9	0.11	6.7	0.13
Forestry	0.0	0.00	0.0	0.00
Fishery	2.9	0.05	6.6	0.13
Mining	16.0	0.29	13.5	0.26
Construction	278.0	5.01	275.4	5.27
Utilities	46.0	0.83	43.6	0.83
Telecommunications	33.5	0.60	25.7	0.49
Transportation	204.6	3.68	188.4	3.60
Wholesale and retailing	733.9	13.21	718.0	13.73
Finance and security	347.8	6.26	319.8	6.12
Real estate	331.1	5.96	300.6	5.75
Other miscellaneous services	650.9	11.72	622.6	11.91
Local governments	118.2	2.13	118.0	2.26
Other	1,786.9	32.17	1,660.0	31.75
Subtotal	5,555.1	100.00	5,228.5	100.00
Overseas branches and offshore accounts:				
Governments and official institutions				
Banks and other financial institutions				
Other	138.8	100.00	112.7	100.00
Subtotal	138.8	100.00	112.7	100.00
Total	¥5,694.0		¥5,341.2	

Risk Management Asset Information

March 31	Millions of Yen		
	2007	2006	Increase (decrease)
Loans under bankruptcy proceedings A	¥ 7,951	¥ 5,687	¥ 2,263
% of loans and bills discounted	0.13	0.10	0.03
Past due loans B	164,414	189,313	(24,898)
% of loans and bills discounted	2.88	3.54	(0.65)
Loans past due for three months or more C	1,172	937	235
% of loans and bills discounted	0.02	0.01	0.00
Loans with relaxed conditions D (D=E+F+G)	26,667	27,618	(950)
% of loans and bills discounted	0.46	0.51	(0.04)
Restructured loans (Old category) E	41	43	(1)
% of loans and bills discounted	0.00	0.00	(0.00)
Principal repayment postponed loans F	26,402	27,574	(1,172)
% of loans and bills discounted	0.46	0.51	(0.05)
Others G	223	0	223
% of loans and bills discounted	0.00	0.00	0.00
Risk management loan total H (H=A+B+C+D)	200,206	223,556	(23,350)
% of loans and bills discounted	3.51	4.18	(0.66)
Value covered with collateral, guarantees, etc. I	171,959	186,290	(14,330)
Cover ratio (%) I/H	85.89	83.33	2.56

- Notes: 1. Risk management loans are based on Article 19-2 of the Regulations for Execution of the Bank Law. Because these loans are disclosed regardless of the presence or absence of collateral, guarantees or other coverage, the figures shown do not represent unrecoverable amounts.
2. Loans past due for three months or more include loans for which payments of principal or interest are delinquent by three months or more, as calculated from the day following the contracted payment date, but do not include loans to bankrupt borrowers or past due loans.
3. Loans with relaxed conditions include loans for which certain conditions have been relaxed for the benefit of the borrower (through such means as the reduction or elimination of interest payments, the deferral of principal repayments and the relinquishment of a portion of liabilities) with the goal of supporting the recovery of borrowers that have fallen into financial difficulties and thereby promoting the recovery of the loan.
4. Value covered with collateral, guarantees, etc., includes provisions in the specific reserve for possible loan losses. The covered value was stated on a possible disposal basis.

Reserve for Possible Loan Losses

March 31	Millions of Yen	
	2007	2006
General reserve	¥27,999	¥29,215
Specific reserve	33,316	40,771
Total	¥61,316	¥69,986
[Loans on written-off claims for the year]	¥ [988]	¥ [249]

Financial Index

Years ended March 31	Consolidated			Non-Consolidated		
	2007	2006	Increase (decrease)	2007	2006	Increase (decrease)
Per share (Yen):						
Net income	¥ 53.39	¥ 46.60	¥ 6.79	¥ 51.19	¥ 44.24	¥ 6.95
Net assets	1,086.02	1,024.55	61.47	1,077.85	1,019.15	58.70
Cash dividends	13.00	10.00	3.00	13.00	10.00	3.00
Dividend payout ratio (%)				25.39	22.60	2.79
Return on equity (ROE) (%) (Note)	5.05	4.90	0.15	6.68	6.04	0.64
Price earnings ratio (PER) (%)	23.50	25.49	(1.99)	24.51	26.85	(2.34)

Note: Net income as a percentage of average balance of stockholders' equity.

Capital Adequacy Ratio

From the fiscal year ended March 31, 2007, Basel II methodology has been adopted to calculate capital ratios. For credit risk, the Foundation Internal Ratings Based Approach (F-IRB) has been applied. For operational risk, the Standardized Approach (TSA) has been adopted and the Internal Model Method has been used for market risk.

March 31	Billions of Yen			
	Consolidated		Non-Consolidated	
	2007	2006	2007	2006
Tier I:				
Common stockholders' equity	¥ 578.4	¥ 558.2	¥ 558.0	¥ 542.1
Tier II capital included as Tier I				
Total adjusted Tier I capital	578.4	558.2	558.0	542.1
Tier II:				
45% of an aggregate amount equivalent to the balance sheet value of available for sale securities with relevant aggregate book value deducted	135.9	131.2	135.5	130.4
Reserve for possible loan losses, excluding specific reserve	0.5	29.2	0.1	27.7
Others				
Tier II capital included as Tier I				
Total adjusted Tier II capital	136.5	160.4	135.7	158.2
Tier II capital included as qualifying capital	136.5	160.4	135.7	158.2
Tier III (Note 1):				
Short-term subordinated debt (Capital for covering market risks)				
Deduction items	23.0	6.1	17.7	6.1
Total capital	691.9	712.4	676.0	694.2
Total risk-adjusted assets (Notes 1, 3)	4,754.8	5,219.9	4,660.4	5,155.1
Capital adequacy ratio (%) (Note 2)	14.55	13.64	14.50	13.46
Tier I ratio (%) (Note 2)	12.16	10.69	11.97	10.51

- Notes: 1. The ratio of capital to risk-adjusted assets is based on Ministry of Finance guidelines formulated in accordance with the BIS agreement.
2. The capital adequacy ratio and the Tier I ratio were calculated on a consolidated basis. On a non-consolidated basis, based on Article 14-2 of the Bank Law.
3. Subordinated debt with two or more years remaining to redemption may be counted as Tier III capital for covering market risks. Accompanying the January 1, 1998 introduction of BIS market risk regulations, the Bank has recorded quasi-supplementary items and amounts corresponding to market risk beginning in the fiscal year ended March 31, 2000.

Credit-Related Financial Instruments

March 31	Billions of Yen	
	Contract amount	
	2007	2006
Commitments to extend credit	¥3,044.0	¥2,813.4
Guarantees	120.1	103.2
Total	¥3,164.1	¥2,916.6

The Shizuoka Bank

Corporate Data

HEAD OFFICE

10, Gofukucho 1-chome, Aoi-ku, Shizuoka-shi, Shizuoka 420-8761, Japan

HEADQUARTERS

2-1, Kusanagi-Kita, Shimizu-ku, Shizuoka-shi, Shizuoka 424-8677, Japan
Phone: 054 (345) 5411
URL: <http://www.shizuokabank.co.jp/>

INTERNATIONAL PLANNING GROUP

Phone: 054 (345) 5411
Fax: 054 (344) 0090

INTERNATIONAL OPERATIONS CENTER

Phone: 054 (345) 5700
Fax: 054 (349) 5501
SWIFT address: SHIZJPJT

NUMBER OF EMPLOYEES

(As of March 31, 2007)
3,287

DATE OF ESTABLISHMENT

March 1, 1943

DOMESTIC NETWORK

(As of July 1, 2007)
Head Office, 167 branches,
20 sub-branches

OVERSEAS NETWORK

(As of July 1, 2007)
2 branches, 1 agency,
2 representative offices and
1 subsidiary

Overseas Service Network

Los Angeles Branch

801 South Figueroa Street, Suite 800, Los Angeles, CA 90017, U.S.A.
Phone: (1) 213-622-3233
Fax: (1) 213-623-8674

New York Agency

600 Lexington Ave, 4th Floor, New York, NY 10022, U.S.A.
Phone: (1) 212-319-6260
Fax: (1) 212-319-6270

Hong Kong Branch

Suite 1010, 10th Floor, Chater House, 8 Connaught Road, Central, Hong Kong People's Republic of China
Phone: (852) 2521-6547
Fax: (852) 2845-9257

Singapore Representative Office

2 Shenton Way, #04-02 SGX Centre 1, Singapore 068804
Phone: (65) 6225-3600
Fax: (65) 6225-9901

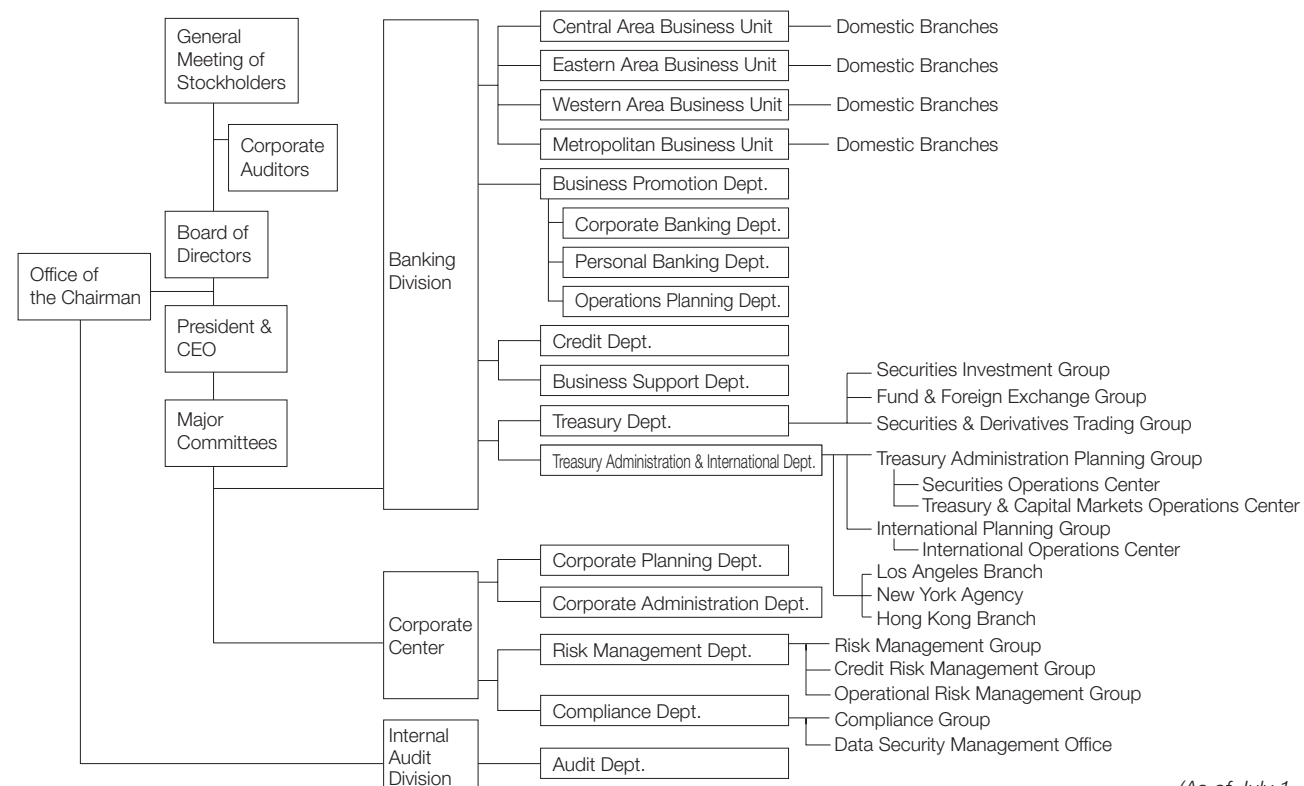
Shanghai Representative Office

Room 1813, Shanghai International Trade Centre, 2201 Yan-An Road (West), Chang Ning Qu, Shanghai, People's Republic of China
Phone: (86) 21-6209-8115
Fax: (86) 21-6209-8116

Shizuoka Bank (Europe) S.A.

283 Avenue Louise, Bte. 13, 1050 Brussels, Belgium
Phone: (32) 2-646-0470
Fax: (32) 2-646-2462

Organization Chart



(As of July 1, 2007)

Board of Directors and Corporate Auditors

Chairman

Yasuo Matsuura

Deputy Chairman

Moritaka Nakamura

President & CEO

Katsunori Nakanishi

Director & COO

Tohru Sakurai

Director & CFO

Seiya Ito

Director & CCO

Kazuhiro Satomi

Director & Senior Executive Officers

Masahiro Goto

Yukihiko Fushimi

Directors

Masakazu Oishi

Toshiaki Sugiyama

Corporate Auditors

Shigeru Masugi

Hisashi Hotta

Yasuhiko Saito

Hiroyuki Aoshima

Hiroaki Sato

CEO=Chief Executive Officer

COO=Chief Operating Officer

CFO=Chief Financial Officer

CCO=Chief Credit Officer

(As of July 1, 2007)

Investor Information

CAPITAL STOCK (As of March 31, 2007)

Common stock..... ¥90,845 million

NUMBER OF SHARES (As of March 31, 2007)

Authorized..... 2,414,596,000 shares
Issued and outstanding..... 720,129,069 shares

NUMBER OF STOCKHOLDERS (As of March 31, 2007)

19,796

STOCK LISTING

First Section of the Tokyo Stock Exchange

TRANSFER AGENT

Japan Securities Agents, Ltd.

STOCK PRICE, TURNOVER

Annual high/low stock price (five years)

Years ended March 31	2003	2004	2005	2006	2007
High	874	934	1,139	1,255	1,379
Low	705	745	800	899	1,104

Monthly high/low stock price, turnover (six months)

Month	Oct. 2006	Nov. 2006	Dec. 2006	Jan. 2007	Feb. 2007	Mar. 2007
High	1,318	1,280	1,213	1,279	1,341	1,226
Low	1,227	1,113	1,153	1,147	1,239	1,165
Turnover (thousands of shares)	34,180	46,622	34,549	39,134	39,669	60,844

PRINCIPAL STOCKHOLDERS

The 10 largest stockholders of the Bank and their respective stockholdings at March 31, 2007 were as follows:

	Number of Shares in Thousands	Percentage of Total Shares Outstanding
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	29,884	4.14%
Nippon Life Insurance Company	29,745	4.13
Meiji Yasuda Life Insurance Company	29,117	4.04
The Dai-ichi Mutual Life Insurance Company	23,546	3.26
The Master Trust Bank of Japan, Ltd. (trust account)	23,447	3.25
The Tokio Marine & Nichido Fire Insurance Co., Ltd.	23,216	3.22
Japan Trustee Services Bank, Ltd. (trust account)	18,795	2.60
Sumitomo Life Insurance Company	12,070	1.67
Mizuho Corporate Bank, Ltd.	11,604	1.61
Mitsui Sumitomo Insurance Co., Ltd.	10,197	1.41
Total	211,625	29.38%

The Shizuoka Bank Group

Consolidated Subsidiaries

SHIZUGIN MANAGEMENT CONSULTING CO., LTD.

Corporate and financial management advisory services

SHIZUGIN LEASE CO., LTD.

Leasing

SHIZUOKA COMPUTER SERVICE CO., LTD.

Software development and sales

SHIZUGIN CREDIT GUARANTY CO., LTD.

Guarantee of housing loans, etc.

SHIZUGIN DC CARD CO., LTD.

Credit card and guarantee of consumer loans

SHIZUOKA CAPITAL CO., LTD.

Public-offering assistance
Support for corporate rehabilitation

SHIZUGIN TM SECURITIES CO., LTD.

Securities

SHIZUGIN GENERAL SERVICE CO., LTD.

Part-time employee management
Repair of dormitories, housing and branch of the Bank

SHIZUOKA MORTGAGE SERVICE CO., LTD.

Appraisal of real estate for loan collateral
Custody of credit documents

SHIZUGIN BUSINESS CREATE CO., LTD.

Operation center for remittance and bill collection

SHIZUOKA BANK (EUROPE) S.A.

Part-time employee management
Finance and securities-related services

Affiliates under equity method

SHIZUGIN SAISON CARD CO., LTD.

Credit card and guarantee of consumer loans