



SHIZUOKA BANK

Shizuoka Bank Group

Annual Report 2013



Economic Overview of Shizuoka Prefecture

Industrial Characteristics

Shizuoka Prefecture is situated midway between the two major consumer markets and industrial centers of Japan — the Nagoya region plus the Osaka-Kyoto region to the west, and the Yokohama-Tokyo region to the east. Because of this location at a busy “crossroads” of the nation, it has historically developed into a significant center of manufacturing industry. The convenient location of Shizuoka Prefecture in transportation terms has caused the growth of a strong industrial base. The prefecture is one of the country’s leading manufacturing areas. The wide variety of industries represented within Shizuoka has led to it being dubbed “the industrial department store.” Corporations active in Shizuoka include world-leading enterprises such as Toyota, Honda, Suzuki, and Yamaha, and the prefecture is renowned for its concentration of export-oriented manufacturing companies. Many of these firms have set up production subsidiaries overseas, which is creating a growing international aspect to the

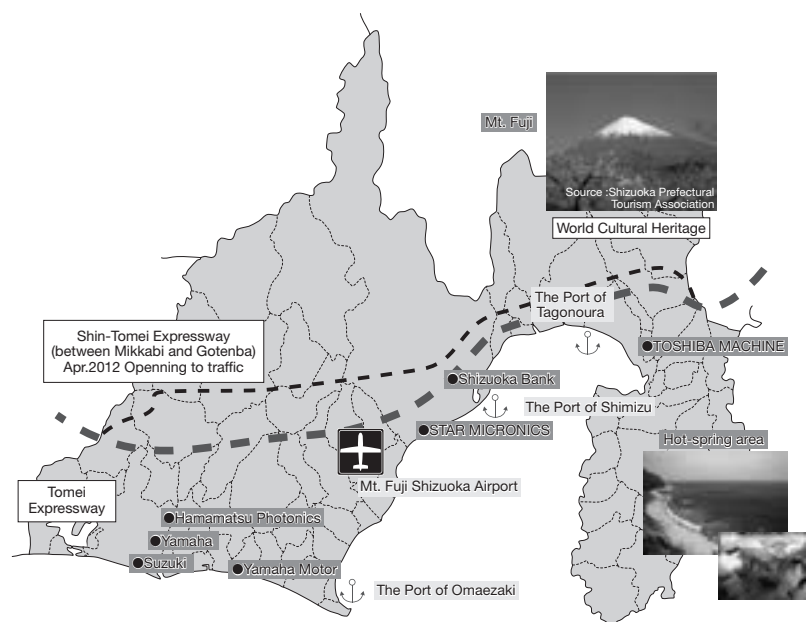
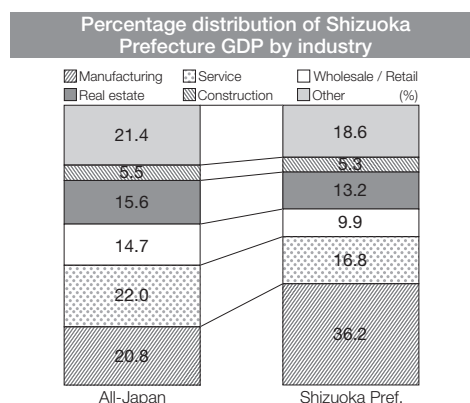
regional economy. In addition, Mt. Fuji Shizuoka Airport opened in June 2009, and we expect that Shizuoka prefecture will be more internationalized, stimulating the interchange of people and ideas with the major urban centers of Eastern Asia, and act as an important driving force for the regional economy.

In recent years the prefectural authorities have been operating a number of schemes to encourage companies in the medical treatment, pharmaceuticals, chemicals, and optical technology industries, among others, to set up operations in the so-called “Shizuoka Triangle Research Cluster” (spread across the prefecture’s eastern, central, and western districts) as a means of developing a next-generation industrial base.



Economy in Shizuoka Prefecture and current state

- Positioned as distribution hub between Tokyo and Osaka/Kyoto.
- Represents leading manufacturing prefecture in Japan.
- Owns a lot of export-driven companies related to handling machinery of transportation and music instrument and so forth.
- Has many of representative tourist locations coming from its rich natural environment.
- Mt. Fuji and other inscribed properties were registered for the World Heritage List on June 22 2013 as “Fujisan, sacred place and source of artistic inspiration.”



No. of listed companies with HQs in Shizuoka Prefecture

Listing	No. of companies
TSE 1st section	24
TSE 2nd section	10
Mothers	2
Nagoya Stock Exchange 2nd section	1
Jasdaq	19
Total	56

*As of end nov. 2012, companies listed on more than one exchange were counted as TSE-listed

Economic scale of Shizuoka Prefecture

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

Shizuoka Prefecture indices

	Share of all-Japan	National ranking
Population	3.77m 2.9%	10th of 47 (2010)
No. of households	1.40m 2.7%	10th of 47 (2010)
Nominal prefectural GDP(*)	JPY 15.8tn 3.2%	10th of 47 (FY2010)
Per-capita income	JPY 3.100m -	3rd of 47 (FY2010)
No. of business establishments	190k 3.2%	10th of 47 (2012)
Amount of shipments of manufactured goods, etc.	JPY 15tn 5.2%	4th of 47 (2011)
Agricultural output	JPY 212.7bn 2.5%	16th of 47 (2011)
Fishery production volume	220k tons 5.8%	3rd of 47 (2012)
No. of industrial locations(*)	73 5.9%	2nd of 47 (2012)
No. of new housing starts	25k 2.8%	10th of 47 (2012)

*Based on flash reports

Shizuoka Prefecture economic scale

Prefectural GDP (2010, Nominal)		
Rank	Prefecture/Region	(US\$ billions)
9	Fukuoka Prefecture	210.5
10	Shizuoka Prefecture	184.0
11	Ibaraki Prefecture	130.6
-	4 prefectures of Shikoku	156.8
-	3 prefectures of Hokuriku	139.3
GDP comparison with various countries (2010)		
Rank	Country (Region)	(US\$ billions)
45	Ireland	207.6
46	Philippines	199.6
47	Czech	198.9
-	Shizuoka Prefecture	184.0
48	Pakistan	176.9
49	Rumania	164.8

*Sources: Economic and Social Research Institute (ESRI) Cabinet Office, Government of Japan

Shizuoka Bank Group at a Glance

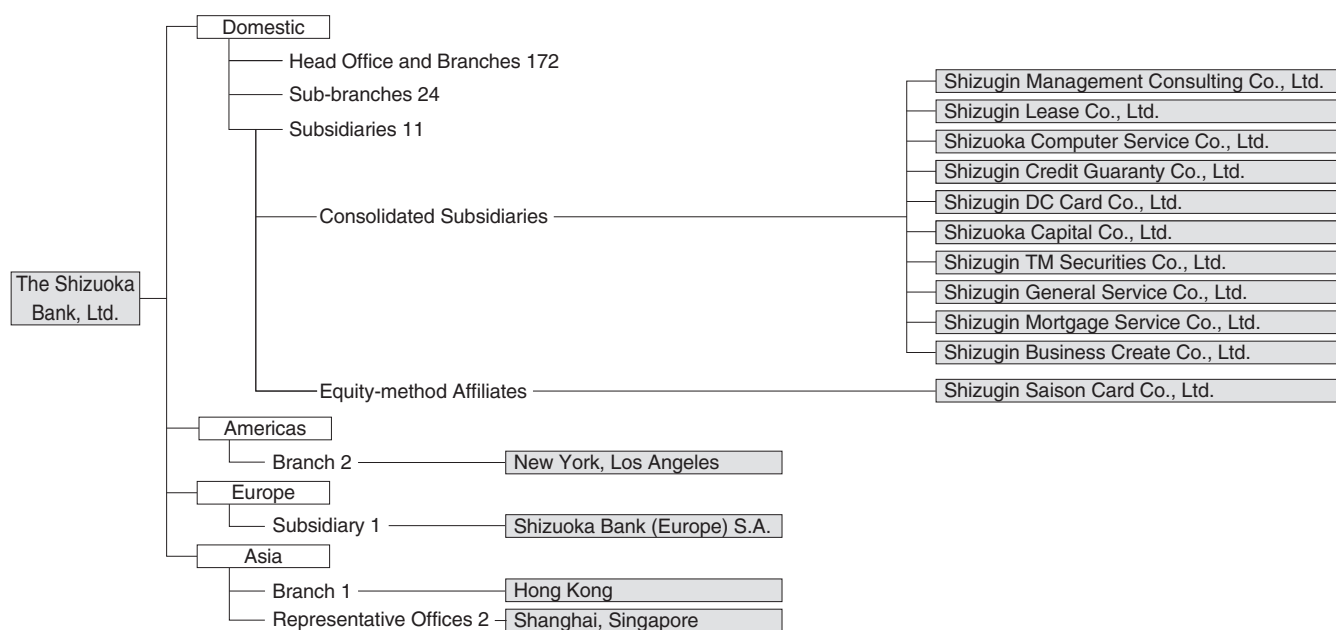
NURTURING THE VISION OF A PROSPEROUS COMMUNITY

True to a corporate philosophy which aims to “expand dreams and affluence with our community,” the Shizuoka Bank Group makes an ongoing contribution to the development of the region around 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, 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 twelve Group companies, and is one of the largest regional banking groups in Japan. Centered on Shizuoka Bank with its 171 branches and 24 sub-branches, the Group serves the needs of customers not only within Shizuoka Prefecture, its home region, but also three major economic centers in Japan, namely Tokyo, Osaka, and Nagoya, all of which are comparatively nearby. For overseas operation, 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, 2013)



Contents

Economic Overview of Shizuoka Prefecture	1	Results of Initiatives in Fiscal 2012	11
Shizuoka Bank Group at a Glance	2	Corporate Governance Structure	13
To Our Shareholders	3	Risk Management System	15
Message from the President	4	Independent Auditor's Report	17
11 th Medium-Term Business Plan "MIRA!"	5	Consolidated Balance Sheet	18
Region-based Relationship Banking	6	Consolidated Statement of Income	19
Commemorative Projects for the 70th Anniversary	6	Consolidated Statement of Comprehensive Income	19
Support for Business Start-ups and Entry to New Business Fields and Initiatives in Growth Fields	7	Consolidated Statement of Changes in Equity	20
Support for Overseas Business Development	8	Consolidated Statement of Cash Flows	21
Financial Highlights	9	Notes to Consolidated Financial Statements	22
Sound Financial Condition	10	Key Consolidated Financial Indicators	39
		The Shizuoka Bank	42

To Our Shareholders



Seiya Ito
Chairman

Katsunori Nakanishi
President & Chief Executive Officer

The Shizuoka Bank celebrated its 70th anniversary on March 1, 2013. In this auspicious year, on behalf of our officers and employees, we would like to thank you for your warmhearted support.

Japanese economy is expected at long last to come out of an economic downturn due to the recent depreciation of the yen and rising share prices. In order to get the economy firmly back on track, in addition to effectiveness of government initiatives composed of monetary easing and increased public spending, it is crucially important to link this positive trend to the growth strategy of the Japanese Government.

In these circumstances, the Shizuoka Bank Group sincerely responds to customers seeking advice or making requests. We aspire to become "a comprehensive financial group advancing hand in hand with customers to open up a future for the region." In order to achieve this vision of the 11th medium-term business plan, "MI-RAI—Future," launched in April 2011, we are resolved to further promote region-based relationship banking and support the regional economy through smooth supply of funds to fulfill our mission as a financial institution rooted in the region.

We request all of you—our shareholders and other stakeholders—to offer us your continued support and encouragement far into the future.

July 2013

Seiya Ito
Chairman

Katsunori Nakanishi
President & Chief Executive Officer

Message from the President

A comprehensive financial group advancing hand in hand with customers to open up a future for the region

70th anniversary

March 1, 2013 marked the 70th anniversary of the Shizuoka Bank. I would like to express my deep appreciation to our customers and shareholders for your support over the years.

The Shizuoka Bank was established in 1943 as a result of the merger of the Shizuoka Sanjyu-go Bank and the Enshu Bank. The Shizuoka Sanjyu-go Bank originated from a national bank. The Enshu Bank was known for its policy emphasizing business in the service of society. The 128 financial institutions that formed what the Shizuoka Bank is today were all deeply rooted to the region and were noted for their prudent management.

Always true to its roots, the Shizuoka Bank sets development of the region it serves as its overriding goal. In accordance with our mission, we identify wholeheartedly with the region in good times and bad. The Bank consistently provided financial support whenever the regional economy faced challenges.

For example, when Japanese economy was inside an economic bubble in the 1980s, the Bank was able to maintain sound management without succumbing to the mood of the economic bubble, helped by a regional economy that maintained its traditional emphasis on manufacturing.

When eventually the economic bubble burst and the financial instability led to reluctance of banks to lend, we kept our distance from such movements and strove to be a source of stable funding devoted to responding to the needs of regional companies by doing our utmost to support the regional economy as it came under great pressure during the downturn.

Our stance toward the unprecedented difficulties in the aftermath of the collapse of Lehman Brothers in September 2008 well represented our philosophy of co-existence with the region in action. Based on the longstanding relationships we cultivated with customers, all members of the Shizuoka Bank worked wholeheartedly with our customers to identify management issues and supported our customers financially and in various other ways.

Amid the turmoil, while major companies tried to increase liquidity and there were evident movements of megabanks concentrating their funds away from the regions to Tokyo, we, in contrast, channeled funds to Shizuoka Prefecture to support the regional economy.

Such initiatives show that staying close to the region has always been on top of our standards for making management decisions.

A regional financial institution cannot thrive unless the region it serves grows and flourishes. In this sense, I believe that positioning "what can we do to benefit the region as well" as our standard for decision-making is what will ultimately benefit the Shizuoka Bank Group, our employees and hence our shareholders.

Second year of the 11th medium-term business plan

In fiscal 2012, the second year of the 11th medium-term business plan, we aimed to realize our vision, namely, to be a comprehensive financial group advancing hand in hand with customers to open up a future for the region.

In corporate banking, we extended vigorous support to regional companies seeking to reach out to markets in Southeast Asia through

business alliances with local financial institutions. In Japan, we proactively provided support to customers that are tapping opportunities in promising business fields, including healthcare and nursing care, the environment, and agriculture, through the Shizugin Growth Field Support Project.

We also focused on communication with regional companies to promote relationship banking. Our initiatives in region-based relationship banking have three pillars: 1) business matching to support customers' business expansion by increasing sales channels, 2) the "Shizuginship" workshop for next-generation business leaders, and 3) management improvement and business rehabilitation for a stable regional economy.

In the run-up to the expiration of the SME Financing Facilitation Act, we stepped up our support, including proposals for business restructuring and liquidation, to regional companies whose industries are experiencing structural changes.

Invigoration of the regional economy is another theme we are working on. As one of the projects commemorating the Bank's 70th anniversary, we established the Shizugin Entrepreneur Awards to foster entrepreneurs who will lead the future regional economy.

Our major initiatives in fiscal 2012 and 70th anniversary commemorative projects are described in this annual report. Through these initiatives both deposits and loans increased and the Bank achieved higher ordinary profit for the fourth consecutive year.

With regard to the dividend per share for fiscal 2012, in order to express sincere gratitude to our shareholders, the annual payment amount is set at ¥15, including a commemorative dividend.

Anticipating change, embracing challenges

Prospects for Japanese economy have brightened due to government policies that lead to a stop in appreciation of the yen and a recovery in share prices. Nevertheless, Japanese society is undergoing structural change in many areas due to aging as well as a declining population. The need to respond to these changes and manage the repercussions constitutes a major challenge.

Rather than viewing such changes simply as daunting risks, we believe that they can in turn become the seeds for new growth for us in the future. To do so, we need to summon all of our creativity as well as flexibility, and rise to the challenge posed by these changes and manage the repercussions.

In the region we serve, many companies are doing their utmost to prevail. Sharing their sense of urgency and recognition of the issues confronting the region, the Shizuoka Bank Group is striving to fulfill its mission by contributing to the regional community through financial services. With an emphasis on agility, we are endeavoring to anticipate changes preemptively and respond to them innovatively. In this way, we want to write an inspiring new chapter in the history of the Bank by contributing to regional development.

Having reached the milestone of our 70th anniversary, all of us at the Shizuoka Bank Group wish to reiterate our gratitude to you—our shareholders and all our other stakeholders—for the support you have extended to us over the years. Recognizing anew that development of the region is our goal, we are redoubling our efforts.

I look forward to your continued support.

11th Medium-term Business Plan “MIRAI”

The Shizuoka Bank Group is implementing its 11th medium-term business plan, “MIRAI—Future,” covering the three years from April 2011 to March 2014. Based on the foundation laid through the execution of the 10th medium-term business plan, we aim to achieve our vision of becoming “a comprehensive financial group advancing hand in hand with customers to open up a future for the region” and increase consolidated income by bringing our capabilities into full play and raising productivity.

In fiscal 2012, the second year of the 11th medium-term business plan, we maintained the upward trend of consolidated ordinary profit through stepped-up efforts to strengthen relationship banking despite a challenging business environment.



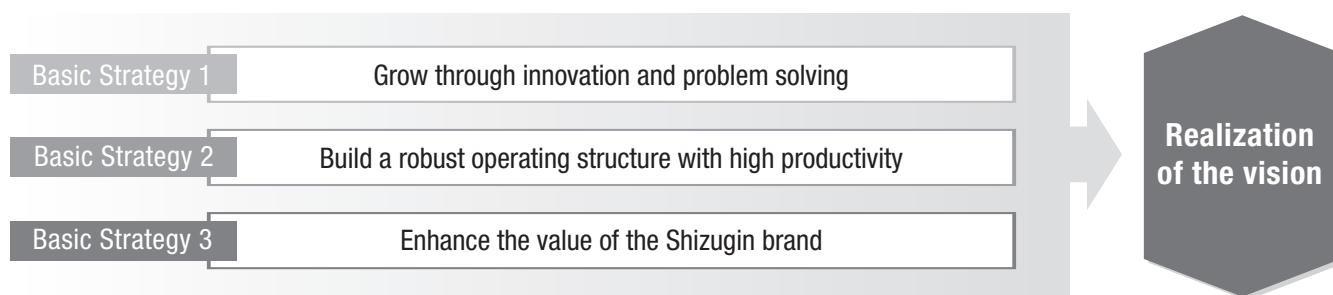
Target performance indicators

	Fiscal 2013 targets (final year of the plan)	Fiscal 2012 results
Profit targets		
Consolidated ordinary profit	¥70.0 billion or more	¥71.3 billion
Consolidated net income	¥40.0 billion or more	¥57.0 billion
Non-consolidated net operating profit	¥73.0 billion or more	¥67.6 billion
Efficiency indicators		
Consolidated Tier I ROE	6% level	8.32%
Consolidated ROA	0.4% or more	0.56%
Consolidated OHR	around 55%	53.43%
Financial soundness indicators		
Consolidated Tier I ratio	around 13%	*15.55%
Credit-related cost ratio	0.2% or less	0.002%
Indicators for investors		
Shareholder return ratio	50% or more over the medium to long term	FY2011-FY2012 annual average 54.79%

* Common Equity Tier I Ratio (based on Basel III standard)

Basic Strategies

All employees of the Shizuoka Bank Group work together to implement the three basic strategies in a well-balanced manner with the aim of achieving the vision of the 11th medium-term business plan.



Basic Strategy 1: Grow through innovation and problem solving

Corporate banking	Private banking
<ul style="list-style-type: none"> Expand the customer base No.1 solution-offering bank for SMEs in the region Support customers' expansion in Asia Revitalize the customers and the region 	<ul style="list-style-type: none"> Maintain the growth of housing loans Total wealth management for private customers Marketing approaches for retail customers Increase retail transactions by utilizing relationships with corporate customers

Basic Strategy 2: Build a robust operating structure with high productivity

- Increase operational productivity
- Develop a new model of branch operation
- Upgrade IT infrastructure
- Upgrade the compliance system
- Upgrade risk management techniques

Basic Strategy 3: Enhance the value of the Shizugin brand

Commitment to CSR
<ul style="list-style-type: none"> Increase customer satisfaction Develop a culture rich in creativity and teamwork Contribute to the regional community Heighten corporate value (capital policy)

Region-based Relationship Banking

Basic Policy

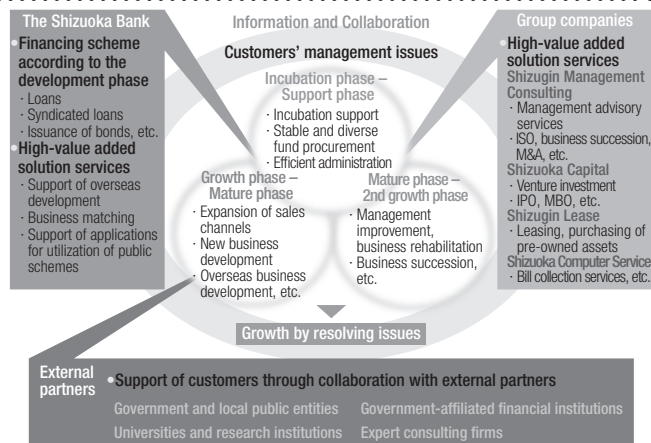
Region-based relationship banking is a business model whereby financial institutions cultivate long-term relationships with customers and offer financial services based on their grasp of customer needs obtained through the relationships.

The Shizuoka Bank Group's basic policy on region-based relationship banking is to "achieve sustained growth in tandem with the region by adhering to the Bank's corporate philosophy, 'expand horizons and increase affluence together with the community.'" By putting this corporate philosophy into practice under the medium-term business plan and annual plans, we are promoting region-based relationship banking and aim to achieve sustained growth by cultivating mutually beneficial relationships with our customers in the region through the provision of value-added services attuned to their needs.

Solutions for Various Management Issues

Utilizing an extensive network encompassing Group companies and external partners, the Shizuoka Bank supports vitalization of the regional economy and development of customers' businesses over the medium to long term by offering high-value-added solution services and financing attuned to the development phase.

The Bank's Shizugin Growth Field Support Project supports local companies concerning new business development, management innovation, and restructuring.



Smooth Supply of Funds to Companies in the Region

The Bank endeavors to ensure the smooth supply of funds to companies in the region without overly depending on real-estate collateral or personal guarantees.

We offer support to corporate customers tackling growth fields that are prioritized by the Japanese government's growth strategy and make appropriate loans in light of the companies' circumstances. We vigorously disseminate information on public support

schemes and subsidies through the Public Support Advisory Desk, established in October 2012, and respond to customers' funding needs for capital investment, new business development, and so on.

As a result of these initiatives, in fiscal 2012 the average balance of total loans in Shizuoka Prefecture increased ¥33.9 billion and that for small and medium-sized enterprises (SMEs) in Shizuoka Prefecture rose ¥22.7 billion.

Commemorative Projects for the 70th Anniversary

Launch of the Shizugin Entrepreneur Awards

The launch of the Shizugin Entrepreneur Awards is aimed at fostering and supporting pioneers capable of opening up a bright future for the regional economy. This award commends entrepreneurs engaged in innovative and creative businesses and managers promoting new business models to achieve new growth through out-of-the-box thinking.

Shizugin Scholarships for Asian Students Studying in Japan

This scholarship is aimed at fostering people who can become the bridge between Shizuoka Prefecture and the rest of Asia.

Recruitment Scheme for International Students

Under this scheme, we are recruiting international students who are studying at universities with a campus in the Shizuoka Prefecture.

Distribution of a Commemorative Dividend

To express a continuing gratitude to our shareholders, the Bank increased the year-end dividend per share by ¥1 as a commemorative dividend, and set the annual dividend payment amount at ¥15 per share for fiscal 2012.

Construction of the New Headquarters Building

We are constructing a new headquarters building that is scheduled for completion in October 2014 with the aim of improving our ability to cope with natural disasters and to strengthen our functions supporting the region and our customers.

Commemorative Concerts

Commemorative Lectures

Support for Business Start-ups and Entry to New Business Fields and Initiatives in Growth Fields

Growth fields

The Shizuoka Bank Group is emphasizing its initiatives in five growth fields: healthcare and nursing care, the environment, agriculture, support of overseas business development, and business succession.

Healthcare and nursing care

Specialists in the healthcare and nursing care field are assigned to the headquarters and regional business units. We hold seminars for healthcare institutions and offer support for the start-up of healthcare and nursing care businesses, business succession, and the securing of business sites.

The Environment

Prompted by the growing emphasis on environmental management, we support our customers' response to environmental issues by offering loans and private placement bonds based on environmental rating and support for obtaining ISO 14001 certification.

Furthermore, the feed-in-tariff system for renewable energy began from July 2012 and we proactively provide support for new energy businesses centering on photovoltaic generation.

Agriculture

We organize the shizugin@gricom trade show to support the food business in general. In order to meet the needs of customers wishing to enter the agricultural sector or new fields in the food industry, we follow the Agriculture, Commerce and Industry Collaboration Program, which is an initiative of the Japanese government, and support collaboration between agriculture and the food industry advocated by the Japanese government.

Business Succession Support

In collaboration with subsidiary Shizugin Management Consulting Co., Ltd., the Shizuoka Bank assists customers with their business succession planning and capital policies. We also hold seminars to provide information and organize the Shizuginship workshop for young managers to foster next-generation business leaders.

"Shizuginship" for Young Managers

"Shizuginship" is a membership service that the Bank launched in April 2007. It is a learning and networking opportunity for young managers who will be the next generation of business leaders.

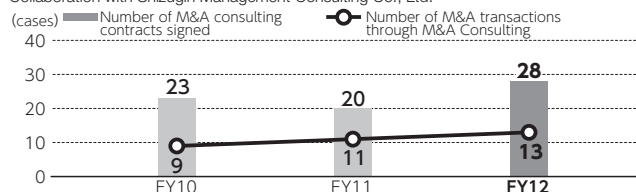
In addition to lectures, seminars and other events, Shizuginship members can access useful information through the dedicated website.

Consulting

Leveraging the Group's comprehensive financial capabilities, we offer information and consulting to help our customers solve their business issues.

M&A consulting

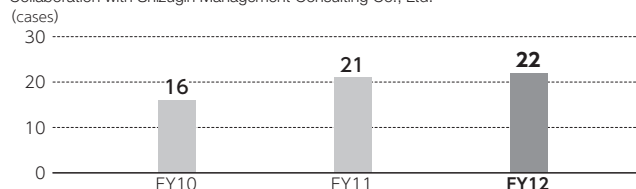
Collaboration with Shizugin Management Consulting Co., Ltd.



* Regarding the "number of M&A transactions through M&A Consulting," where separate contracts are concluded with both the acquiring company and the company being acquired, these are counted as two contracts.

Management consulting contracts

Collaboration with Shizugin Management Consulting Co., Ltd.



Support for Business Start-ups and Entry to New Business Fields

Our specialists in charge of management consulting who are qualified Small and Medium Enterprise Management Consultants identify promising companies and foster them. As well as addressing funding needs through a joint fund with Shizuoka Capital Co., Ltd. and loan schemes, such as those for supporting business start-ups and entry to new business fields and Shizugin New Business Development Fund, we support customers in terms of information and technology. For example, when visiting customers we may be accompanied by engineering consultants who offer technical advice.

Through collaboration with universities and technical colleges in Shizuoka Prefecture and elsewhere and the National Institute of Advanced Industrial Science and Technology (AIST), we are strengthening support for venture businesses. We also assist in the formulation of new business plans utilizing public support programs, such as the Agriculture, Commerce and Industry Collaboration Program.

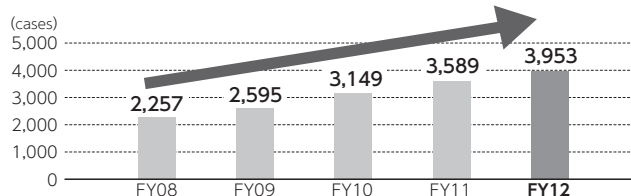
Business Matching

The Shizuoka Bank offers business matching services. Leveraging our well-developed branch network centering on Shizuoka Prefecture, we introduce buyers and sellers of products and services. In fiscal 2012, the Bank arranged 3,953 business matchups. We also organize the shizugin@gricom trade show for the agriculture, forestry and fisheries sectors, and support other initiatives in collaboration with other financial institutions to help market distinctive products of Shizuoka Prefecture.

In May 2012, we formed the Shizuoka Techno Frontier together with our corporate customers, and participated in the Automotive Engineering Exposition, Japan's largest technology exhibition for automotive engineers.

The Business Matching Support Desk in the Corporate Banking Dept. addresses customer needs for business matching in a timely manner.

Business matchups by the Bank



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

We launched the Shizugin Entrepreneur Awards that commends entrepreneurs engaged in innovative and creative businesses in three categories: Incubation, Start-up, and Growth.

The award received 246 applications and we were pleased to note that female and student entrepreneurs were well represented among the applicants. The Screening committee consisting of officers and employees of the Shizuoka Bank Group and external experts selected two Excellent Award winners and five Outstanding Award winners and commended them in April 2013.

Number of applications for the Shizugin Entrepreneur Awards

Category	Definition	Number of applications
Incubation	Before the start of the business or during preparation for the launch of a new business model	112
Start-up	Less than 5 years from the start of the business	101
Growth	5 years or more but less than 10 years from the start of the business	33
	Total	246

The Shizuoka Bank Group will from hereon assist entrepreneurs in their efforts to realize their business plans by offering them financial and practical support.

Support for Overseas Business Development

Support for Overseas Business Development

To support customers in the development of their overseas business, the Shizuoka Bank Group has six overseas offices: two in the U.S. (New York and Los Angeles), one in Europe (Brussels), and three in Asia (Hong Kong, Singapore, and Shanghai).

Support system in Asia

The Overseas Business Support Office established in January 2011 is spearheading our efforts to meet the wide-ranging customer needs for overseas business development extending from the initial phase to full-scale business operations in overseas markets. The Bank is also strengthening the support system through tie-ups with financial institutions in Asia.

Many of our customers are developing their businesses in Thailand, Indonesia, and Vietnam, and the Bank is responding to this by dispatching staffs to these countries to support customers.

We entered into business alliances with the Bank of the Philippine Islands in the Philippines in November 2012, the Bank of Shanghai in China in March 2013, and CTBC Financial Holding (Chinatrust Commercial Bank) in Taiwan in June 2013.

As of July 2013, the Bank has tie-ups with twelve financial institutions in eight countries (regions) in Asia and there were a total of 25 Shizuoka Bank staff stationed at the Bank's offices or at partners' offices in Asia to meet wide-ranging customer needs.

Networking events, business forums and seminars

The Bank actively offers support to customer building businesses overseas, such as through the holding of networking events for customers already doing business overseas or considering entry in overseas markets and business forums to help customers expand their sales channels.

We also hold seminars in Japan on market trends and laws and regulations of various countries in Asia to assist these customers. The Bank responds to a wide range of customer inquiries.

Support menu for overseas business development

•Consultation on overseas business development

The Bank provides the latest information and fine-tuned services to meet diverse customer needs, including overseas business development, transactions with foreign companies, and foreign investment.

•Support for export and import transactions

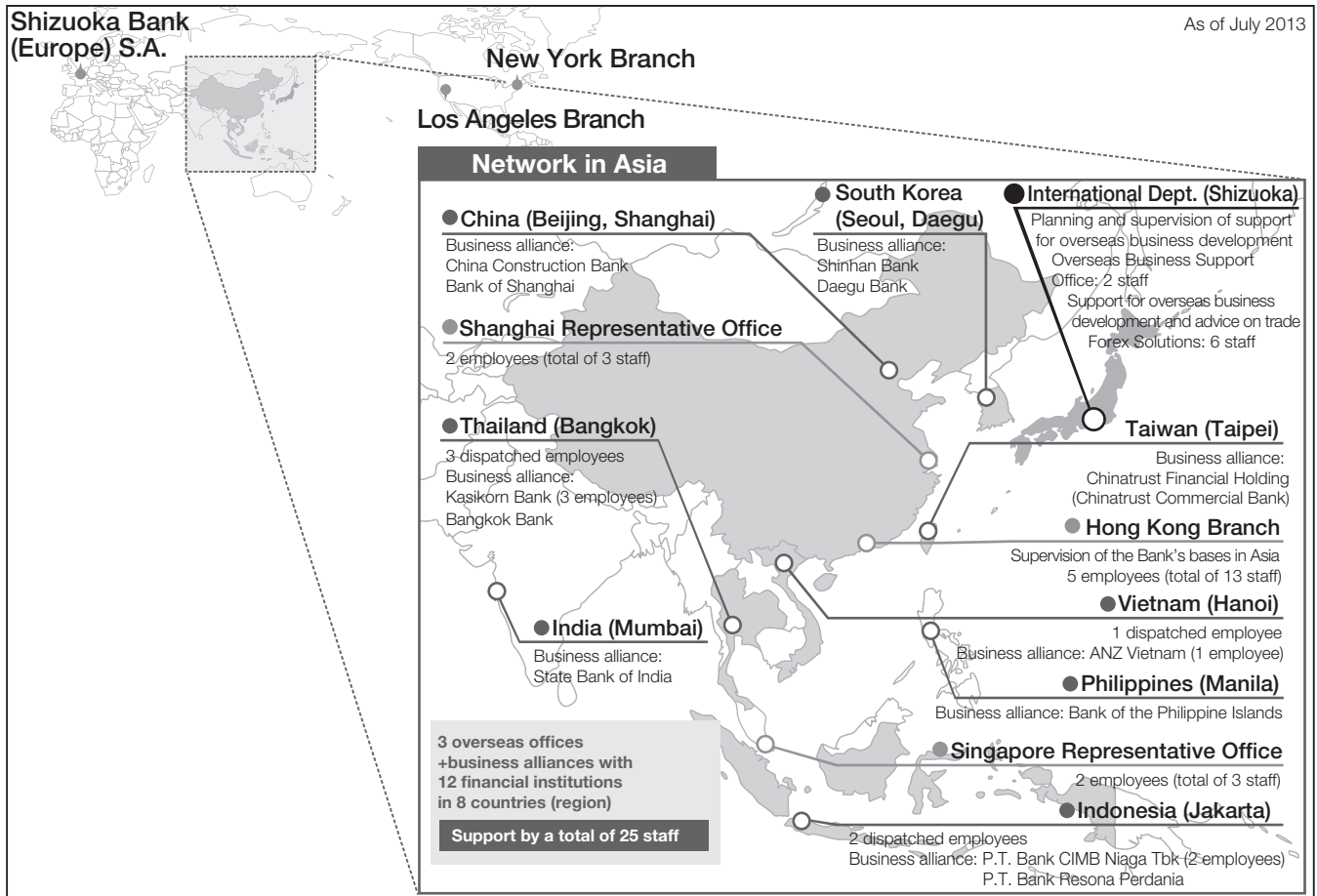
Capitalizing on its experience and overseas network, the Bank facilitates customers' transactions.

•Financing services (foreign-currency-denominated loans, guarantees, etc.)

The Bank's branches and overseas offices respond to the fund procurement needs of customers' overseas subsidiaries, including foreign-currency-denominated loans and provision of stand-by letters of credit

•International money remittance and exchange services

Shizuoka Bank Group's Overseas Network



Financial Highlights

Business Performance

Consolidated Financial Summary

	Billions of Yen				YoY change
	2009	2010	2011	2012	
Ordinary income	214.5	209.0	205.1	203.1	(2.0)
Ordinary profit	53.9	64.2	68.8	71.3	+2.5
Net income	32.8	36.2	37.2	57.0 ^{*1}	+19.8 ^{*1}
Capital adequacy ratio (%)	15.32	15.30	17.49	17.46 ^{*2}	-
Tier I ratio (%)	14.06	14.40	16.06	15.55 ^{*3}	-

*1 Gains on negative goodwill by increasing equity stakes in Group companies : ¥12.9 billion

*2 Based on Basel III standard

*3 Common Equity Tier I Ratio (based on Basel III standard)

* Year-on-year change is a simple subtraction of the figures in the table.

Nonconsolidated Financial Summary

	Billions of Yen				YoY change
	2009	2010	2011	2012	
Ordinary income	186.0	179.3	174.8	171.0	(3.8)
Gross operating profit	152.0	151.4	148.3	146.3	(2.0)
Net operating profit	64.3	71.7	67.2	67.6	+0.4
Actual net operating profit	72.7	70.4	67.2	67.6	+0.4
Core net operating profit	67.5	63.8	59.7	57.9	(1.8)
Ordinary profit	50.5	58.7	62.3	65.2	+2.9
Net income	32.1	35.4	34.7	40.9	+6.2
Loans	6,301.4	6,659.2	6,694.9	6,994.0	+299.1
Deposits	7,197.7	7,353.0	7,674.1	7,932.5	+258.4
Net assets	694.9	687.2	720.1	781.4	+61.3
Total assets	8,974.9	9,380.4	9,632.4	10,250.2	+617.8

* Actual net operating profit = Net operating profit + Provision for general allowance for loan losses

* Core net operating profit = Net operating profit + Provision for general allowance for loan losses – Bond-related income

* Deposits do not include negotiable certificates of deposit.

* Year-on-year change is a simple subtraction of the figures in the table.

Operational Efficiency (Nonconsolidated Basis)

	2010	2011	2012	YoY change
Return on equity (ROE)	5.91	5.70	6.52	+0.82
Return on assets (ROA)	0.40	0.38	0.43	+0.05
Overhead ratio (OHR)	53.48	54.69	53.79	(0.9)
Net income per share (yen)	51.75	52.44	62.79	+10.35
Net assets per share (yen)	1,016.34	1,097.56	1,204.31	+106.76

ROE = Net income / Shareholders' equity

ROE indicates a company's efficiency in generating profits using shareholders' equity (efficiency of capital). The higher the ROE, the higher the efficiency.

ROA = Net income / Total assets

ROA indicates a company's efficiency in generating profits using total assets (efficiency of assets).

The higher the ROE, the higher the efficiency.

OHR = Operating expenses / Gross operating profit

OHR indicates the ratio of operating expenses to gross operating profit.

The lower the OHR, the higher the efficiency.

Shareholder Returns

Cash Dividends

The Shizuoka Bank's dividend policy is to maintain a payout ratio of around 25% and one of the highest dividends paid among major regional banks, taking into consideration the market trend and the Bank's financial performance.

The Shizuoka Bank celebrated its 70th anniversary on March 1, 2013, and to thank the long patronage of our shareholders, the Bank increased the dividend per share for fiscal 2012 by ¥1.5, which included a commemorative dividend of ¥1 per share. As a result, the annual dividend payment amounted to ¥15 per share and the payout ratio was 23.78%.

Maintaining its emphasis on shareholder returns, the Bank intends to pay a dividend of ¥15 per share for the full year of fiscal 2013.

Cash dividends

	FY 2011	FY 2012	FY2013 Forecast
Dividend per share (full year) (yen)	13.50	15.00	15.00
Dividend yield (dividend / share price at year-end) (%)	1.58	1.42	-

Share Buyback

Since fiscal 1997 when the procedures for share buyback were relaxed, the Shizuoka Bank has been repurchasing its own stock. The Bank had repurchased 161 million shares by the end of fiscal 2012. We believe increasing the efficiency of capital and enhancing shareholder returns will lead to higher corporate value.

The 11th medium-term business plan launched in April 2011 sets a target for shareholder returns comprising both dividends and stock repurchases. The target shareholder return ratio is 50% or higher over the medium to long term.

What is share buyback?

Repurchase by a company of its own stock.

As stock repurchase and retirement decrease the number of shares issued and outstanding, book-value per share (BPS) and earnings per share (EPS) will increase, leading to higher share value.

Shareholder returns

	FY 2011	FY 2012	FY2003-FY2012 (10 years)
Annual dividend (billion yen) ①	8.9	9.7	81.9 (accumulated total)
Purchase of treasury stock (billion yen) ②	14.6	8.2	63.0 (accumulated total)
Shareholder returns (billion yen) ③=①+②	23.5	18.0	144.9 (accumulated total)
Net income (billion yen) ④	34.7	40.9	320.3 (accumulated total)
Payout ratio (%) ①/④×100	25.54	23.78	25.57 (average)
Shareholder return ratio (%) ③/④×100	67.60	43.93	45.23 (average)

Sound Financial Condition

High Credit Ratings

The Shizuoka Bank has ratings from two international rating agencies and one Japanese agency.

At the date of this annual report, the Bank has long-term and short-term ratings of Aa3 and P-1, respectively, from Moody's, and A+ and A-1 from Standard & Poor's. These credit ratings are among the highest received by any Japanese financial institution.

The Shizuoka Bank's credit ratings (as of July 1, 2013)

	Long-term rating	Short-term rating	Financial strength rating
Moody's	Aa3	P-1	C+
Standard & Poor's	A+	A-1	at*
Rating and Investment Information, Inc.	AA	-	-

* Stand-alone credit profile (Credit profile of a financial institution excluding the government support factor in the event of emergency)

Sound Assets

In addition to minimizing the occurrence of non-performing loans by helping loan customers improve their management, the Shizuoka Bank promotes business turnaround and clearing of non-performing loans off its balance sheet. As a result, as of March 31, 2013, risk-monitored loans totaled ¥203.6 billion and the ratio of risk-monitored loans to total loans was 2.91%. In the case of the application of partial direct write-off, net risk-monitored loans, which exclude loans guaranteed by Credit Guarantee Corporations and the amount covered by collateral or allowance for loan losses from risk-monitored loans, totaled ¥23.8 billion and the ratio of net risk-monitored loans to total loans was 0.34%.

Credit costs decreased because of lower disposal of non-performing loans and reversal of allowance for loan losses. As a result, the ratio of net credit costs to average loan balance was 0.002%.

* Partial direct write-off is an accounting treatment. With partial direct write-off, the amount deemed collectible through the disposal of collateral and execution of guarantees is deducted from the amount of loans to legally bankrupt borrowers or virtually bankrupt borrowers, and the remaining amount is directly written off from the amount of loans. The Shizuoka Bank does not apply partial direct write-off.

Risk-monitored loans (nonconsolidated basis) (¥billion)

	As of March 31, 2011	As of March 31, 2012	As of March 31, 2013
Risk-monitored loans	242.5	228.5	203.6
Ratio of risk-monitored loans *1	3.64%	3.41%	2.91%
Ratio of net risk-monitored loans *2	0.40%	0.31%	0.34%

*1 Ratio of risk-monitored loans = Risk monitored loans / Total loans

*2 Ratio of net risk-monitored loans = (risk-monitored loans – Partial direct write-off – Loans guaranteed by Credit Guarantee Corporations – Collateral and allowance for loan losses) / Total loans

Credit-related costs (nonconsolidated basis) (¥billion)

	FY 2010	FY 2011	FY 2012
Disposal of non-performing loans *3	10.8	1.0	0.5
Transfer to specific allowance for loan losses	7.8	-	-
Transfer to general allowance for loan losses	*4 (1.3)	-	-
Reversal of allowance for loan losses	-	0.7	0.4
Recoveries of written-off claims	-	-	-
Net credit-related costs	9.6	0.3	0.1
Net credit cost ratio *5	0.15%	0.004%	0.002%

*3 Disposal of non-performing loans = Provision for to specific allowance for loan losses + Written-off amount of loans + Losses on sales of non-performing loans

*4 For fiscal 2011 and 2012, the sum of provision for general allowance for loan losses and provision for specific allowance for loan losses was negative, and therefore recorded as reversal of allowance for loan losses. Reversal of general allowance for loan losses amounted to ¥3.8 billion in FY 2011 and ¥4.5 billion in FY 2012, and provision for specific allowance for loan losses amounted to ¥3.1 billion and ¥4.1 billion, respectively.

*5 Net credit cost ratio = Net credit cost / Average loan balance

High Capital Adequacy

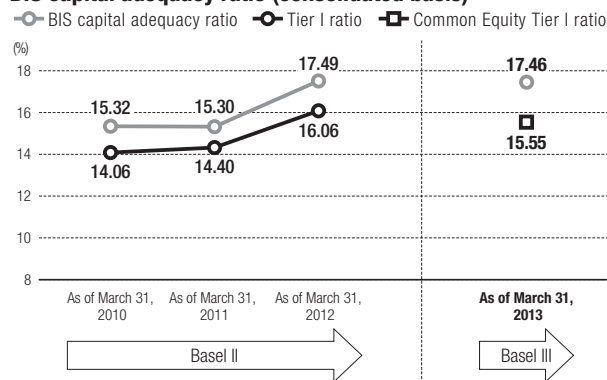
The capital adequacy ratio based on the formula specified by the Basel Committee on Banking Supervision (capital adequacy ratio based on the standard set by the Bank for International Settlements (BIS)) is an important indicator of soundness and credibility of banks. Banks with international operations, which include the Shizuoka Bank, are required to have a capital adequacy ratio of at least 8%.

With Basel II, a regulatory standard on capital adequacy introduced in March 2007, banks can choose a method of calculating the capital ratio in accordance with the banks' risk profile and management methodologies. Furthermore, the Bank adopts Basel III, a new standard for regulatory capital adequacy ratio which requires higher capital standards both in quality and volume from fiscal 2012. The Shizuoka Bank has taken steps to upgrade its risk management in response to diversification of operations and transactions and is improving internal systems with the aim of adopting a more sophisticated method of calculation.

BIS Capital Adequacy Ratio

The capital adequacy ratio (consolidated basis) based on Basel III as of March 31, 2013 was 17.46%, and the consolidated Common Equity Tier I ratio was 15.55%, well above the 8% standard for banks with international operations.

BIS capital adequacy ratio (consolidated basis)

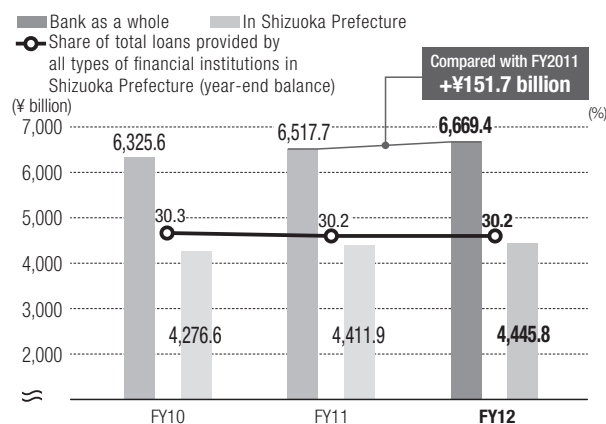


Results of Initiatives in Fiscal 2012

Loans (Nonconsolidated)

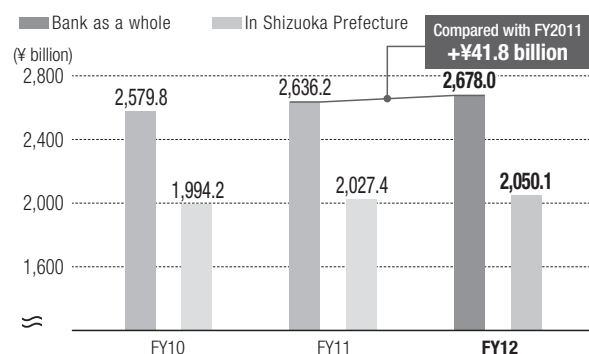
Total loans (average balance)

The average balance of total loans in fiscal 2012 increased ¥151.7 billion or at an annual rate of 2.3% to ¥6,669.4 billion. Of this amount, the average balance of loans in Shizuoka Prefecture increased ¥33.9 billion to ¥4,445.8 billion. The Bank's share of loans in Shizuoka Prefecture was 30.2% as of March 31, 2013.



SME loans (average balance)

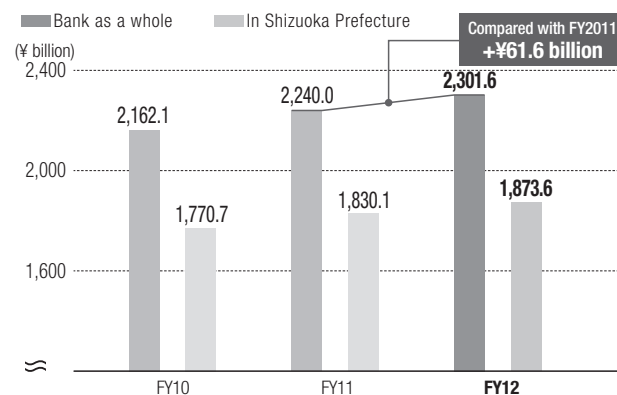
The average balance of loans to small and medium-sized enterprises (SMEs) in fiscal 2012 increased ¥41.8 billion from fiscal 2011 to ¥2,678.0 billion. Of this amount, the average balance of loans to SMEs in Shizuoka Prefecture increased ¥22.7 billion to ¥2,050.1 billion.



* Local public corporations are excluded.

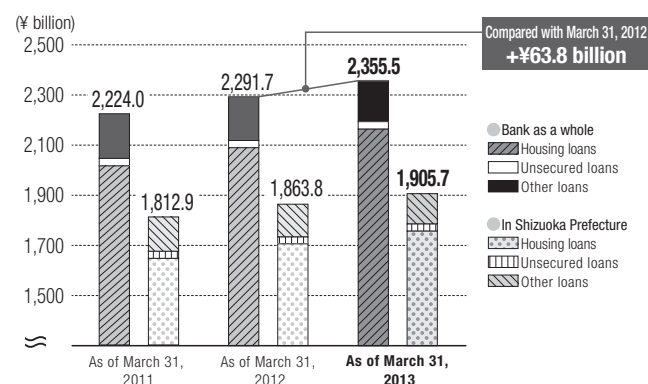
Retail loans (average balance)

The average balance of retail loans in fiscal 2012 increased ¥61.6 billion from fiscal 2011 to ¥2,301.6 billion. Of this amount, the average balance of retail loans in Shizuoka Prefecture increased ¥43.5 billion to ¥1,873.6 billion.



Consumer loans (year-end balance)

The balance of consumer loans at the end of fiscal 2012 was ¥2,355.5 billion, having increased ¥63.8 billion from the end of fiscal 2011, centering on housing loans.



* Housing loans include loans for condominiums.

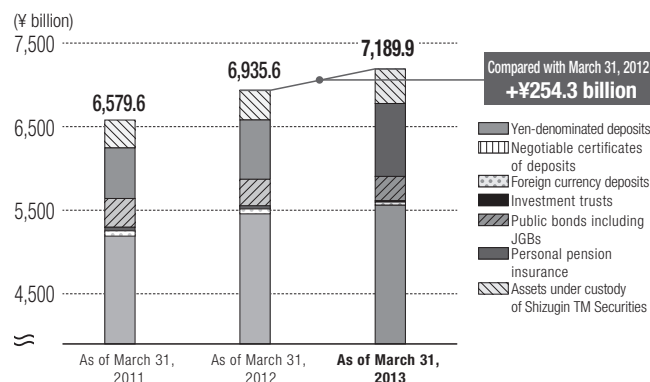
* Unsecured loans include loans for car purchases, and educational expenses and loans taken out using bank cards.

Other loans include capital loans.

Assets under Custody

Retail customers' assets under custody (year-end balance)

The balance of retail customers' assets under custody at the end of fiscal 2012, including that of Shizugin TM Securities Co., Ltd., was ¥7,189.9 billion, having increased ¥254.3 billion from the end of fiscal 2011. The balance of retail customers' assets under custody, excluding yen-denominated deposits and negotiable certificates of deposits, was ¥1,625.1 billion.

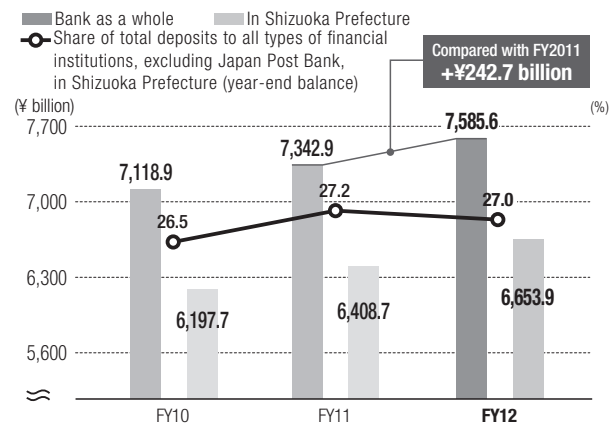


* Personal pension insurance is presented based upon the market price of current contracts.

Deposits (Nonconsolidated)

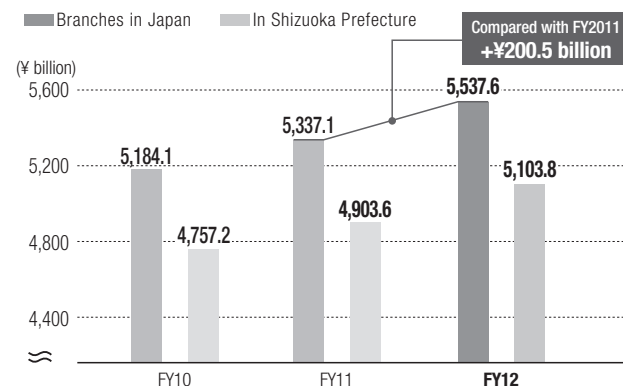
Total deposits (average balance)

The average balance of total deposits in fiscal 2012 increased ¥242.7 billion or at an annual rate of 3.3% to ¥7,585.6 billion. Of this amount, the average balance of deposits in Shizuoka Prefecture increased ¥245.2 billion to ¥6,653.9 billion.



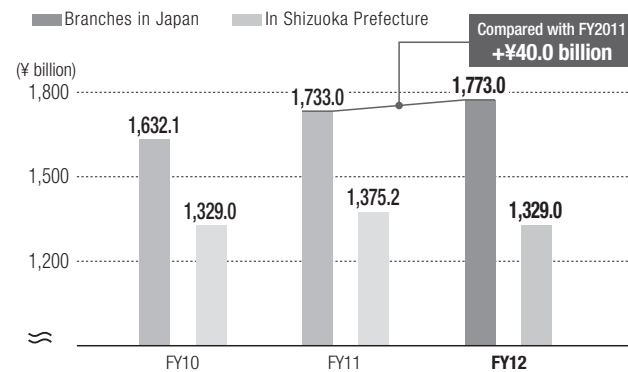
Deposits from retail customers (average balance)

The average balance of deposits from retail customers in fiscal 2012 increased ¥200.5 billion from fiscal 2011 to ¥5,537.6 billion. Of this amount, the average balance of deposits from retail customers in Shizuoka Prefecture increased ¥200.2 billion to ¥5,103.8 billion.



Deposits from corporate customers (average balance)

The average balance of deposits from corporate customers in fiscal 2012 increased ¥40.0 billion from fiscal 2011 to ¥1,773.0 billion. Of this amount, the average balance of deposits from corporate customers in Shizuoka Prefecture increased ¥63.8 billion to ¥1,439.0 billion.



Corporate Governance Structure

Foundation for fulfilling corporate social responsibility

The Shizuoka Bank Group is strengthening its management systems to enhance corporate value.

Framework

The Board of Directors consisting of ten directors is responsible for management-level decision-making and supervision based on the corporate philosophy and the Ethical Charter. The Board of Directors decides on important management strategies, such as medium-term business plans and operational plans, and basic policies relating to compliance and risk management. It also oversees the execution of operations.

The Shizuoka Bank has adopted the Audit & Supervisory Board Member system of governance. The Audit & Supervisory Board consists of four Audit & Supervisory Board Members, two of whom are outside Audit & Supervisory Board Members. Audit & Supervisory Board Members audit directors' performance of their duties based on the auditing standards for Audit & Supervisory Board Members.

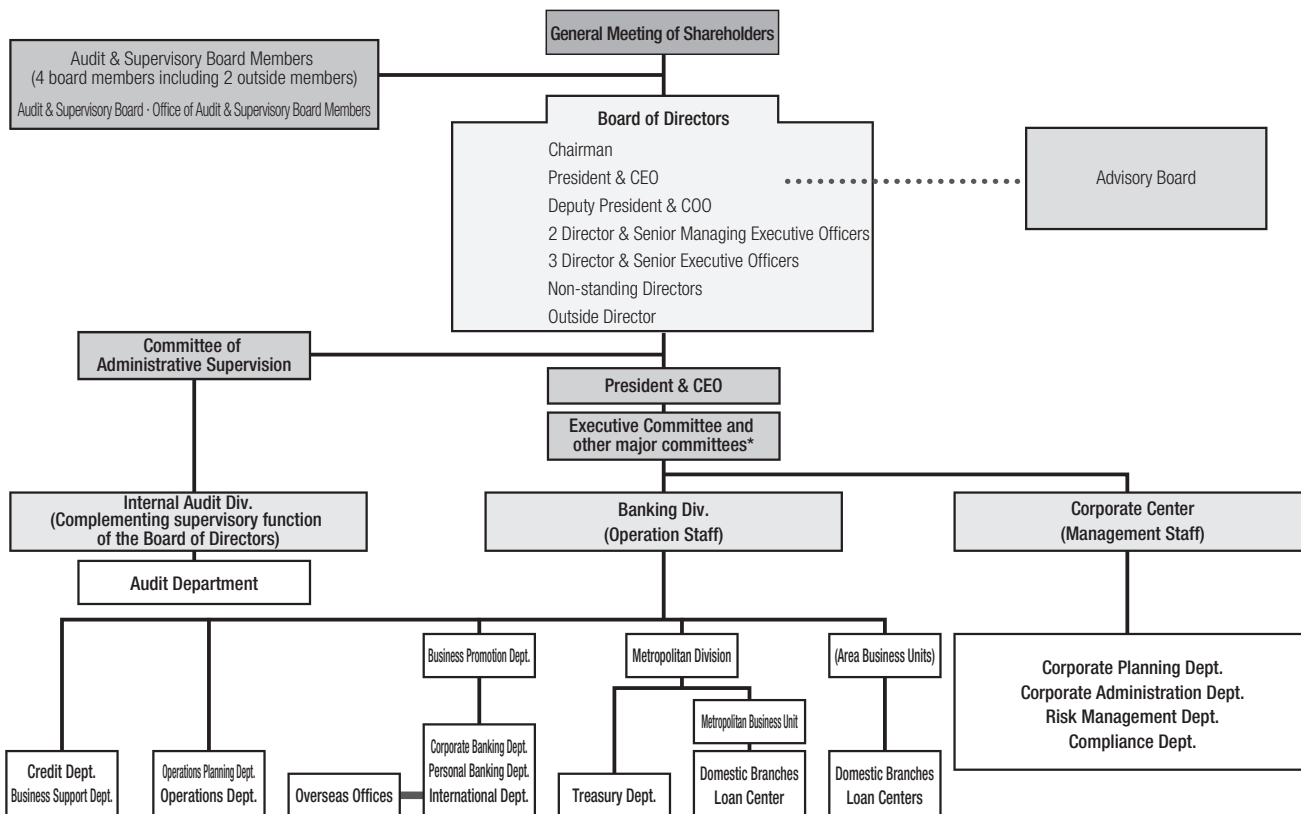
The Committee of Administrative Supervision (which is not a committee pursuant to the Companies Act but an optional organizational body) was newly established to reinforce supervision of the Directors' execution of operations and to strengthen corporate governance. This committee, consisting mainly of directors (including non-standing directors) who are not involved in execution of operations and are selected by

the Board of Directors, monitors the situation of the execution of operations by the executive team consisting of the President & CEO, the Deputy President & COO, and other directors, as well as executive officers appointed by the Board of Directors (as of June 24, 2013, there were 14 executive officers, five of whom concurrently held the post of director) and requires improvement, if necessary. Decisions on important matters that arise in the course of these day-to-day operations are made by convening bodies, including the Executive Committee, which have been established for particular fields of operation and appointed by the Board of Directors. This approach is designed to create a system that can respond precisely and flexibly to changes in the management environment, while clearly delineating authority and responsibility.

The Bank has one outside director. In addition, the Bank has the Advisory Board (in principle, the Advisory Board meets each quarter), consisting mainly of executives from outside the Bank, to reflect outside viewpoints with the goal of ensuring the objectivity of the Bank's decision-making process. The Advisory Board, which the Chairman of the Board presides over, is an advisory body to the President & CEO.

Shizuoka Bank Group's Corporate Governance System

(as of June 24, 2013)



*Executive Committee, Committee for Integrated Risk and Budget Management, Compliance Committee, and Credit Committee

Internal Control System

The Shizuoka Bank classifies the headquarter organizations into three arms, based on function—the Banking Division, handling front office business operations; the Corporate Center for corporate planning, administration, and risk management; and the Internal Audit Division conducting internal auditing. This classification is designed to strengthen cross-checking among these three arms.

In order to ensure objectivity and effectiveness of internal auditing, the Audit Department, which conducts internal auditing, is independent of organizations subject to auditing and is supervised by the committee of Administrative Supervision under the Board of Directors. This system is designed to strengthen independence of the Internal Audit Division and the Audit Department and cross-checking. The Audit Department verifies the appropriateness and effectiveness of internal control.

The Corporate Center consists of the following corporate staff operations: the Corporate Planning Department, the Corporate Administration Department, the Risk Management Department, and the Compliance Department.

Basic Policy

As a member of the local community, the Shizuoka Bank Group complies with laws, regulations, and social norms and embraces a spirit of fair play. To achieve a harmonious relationship with the community for further development, the Bank has established an Ethical Charter, which sets out the Bank's basic compliance policy.

Ethical Charter	
Gaining Trust	We are constantly aware of the importance of the Bank's social responsibility and public mission. As a banking group, we strive to build unshakable trust through sound business management.
Compliance with Laws, Regulations and Rules	In the conduct of our business, we comply with laws, regulations, and Company rules and, on the basis of honesty and fairness, we adhere to social norms as a member of society.
Social Etiquette and Fair Play	As executives and employee of the Shizuoka Bank Group, we contribute to the development of the local community by fostering a strong social etiquette and a spirit of fair play.
Breaking Contact with Anti-Social Forces	The Shizuoka Bank Group adamantly rejects the unreasonable demands made by anti-social forces and groups that offend public order and morals and absolutely refuses to deal with such groups.
Active Communication	We actively communicate with stakeholders and cooperate with them to build a strong compliance system.

Compliance System

At the Shizuoka Bank Group, the Board of Directors formulates the Compliance Program, an annual action plan.

The Compliance Committee, chaired by the president and consisting of directors and other executives, meets monthly to deliberate on important compliance-related matters and assess the operation of the compliance system across the Shizuoka Bank Group, including the progress toward achievement of the goals of the Compliance Program. The committee reviews and revises the Compliance System as deemed necessary.

The Compliance Department monitors the functioning of the compliance system through integrated management of compliance-related information to prevent possible compliance violations and strengthen the compliance system. Compliance Officers and officers responsible for the

management of risk-bearing products assigned to the Compliance Department provide guidance to the Bank's branch offices and conduct monitoring, through on-site checks.

Compliance managers and compliance promoters are assigned to all branches of the Bank, headquarters departments, and Group companies where they conduct compliance inspections and draft reports on day-to-day business operations. The Audit Department of the Internal Audit Division verifies the appropriateness and effectiveness of the compliance system.

Cultivating Compliance-centered Corporate Culture

Management is actively involved in compliance activities to enhance awareness of all employees of the Shizuoka Bank Group concerning compliance. For example, directors directly give instructions about compliance, taking the opportunity of branch managers' meetings and visits to branch offices.

The Bank's measures to foster and raise compliance awareness include the following:

Shizugin Compliance Book

The Bank has established standards of conduct vis-à-vis laws and regulations that must be observed in the execution of day-to-day business activities. The Shizugin Compliance Book, which is distributed to all officers and employees, provides clear explanations concerning the relevant laws and regulations.

"Opinion Box" Internal Reporting System

The Bank has set up reporting counters for Compliance Officers in the Compliance Department and in attorneys' offices so that executives and employees can directly report compliance-related issues. In this way, we seek to encourage more self-reporting within the organization.

* Reporting can be done by phone, in writing, or by email.

Compliance Education and Training

The Bank conducts ongoing educational activities for the practice of compliance, such as training for executives and employees and the holding of monthly study groups at branches.

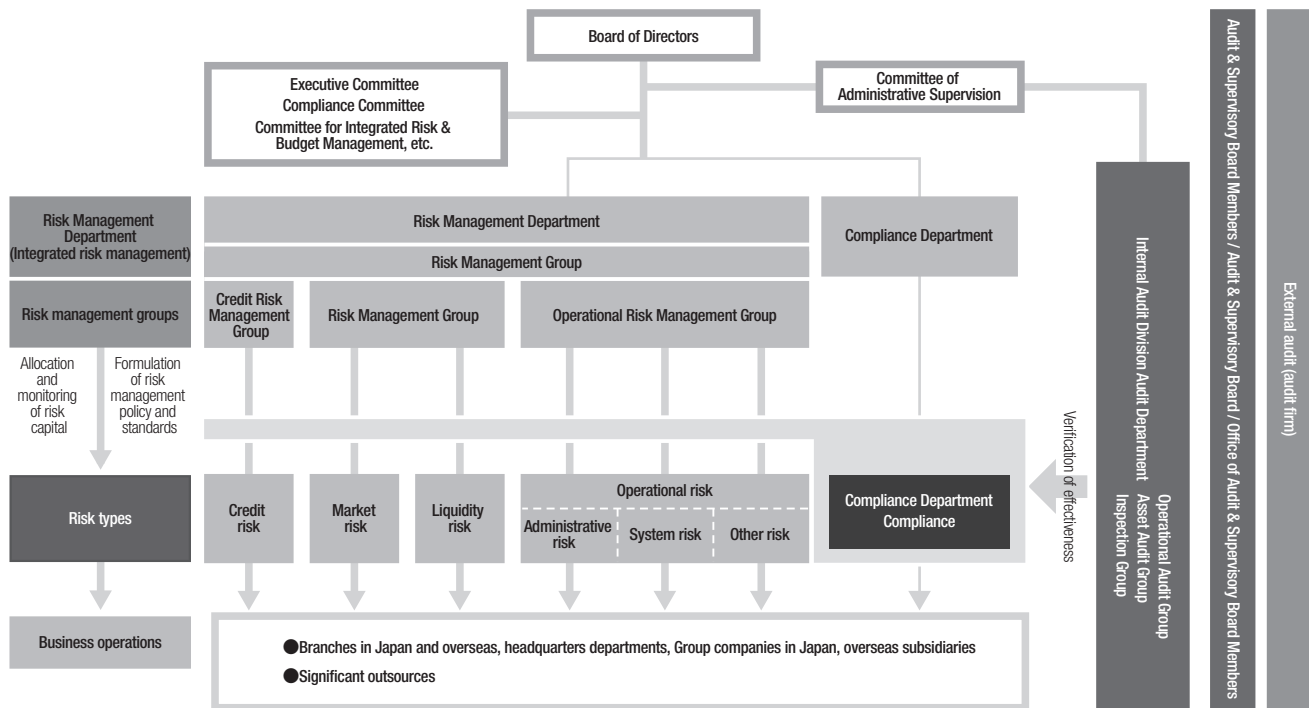
Prompt and Appropriate Disclosure

To ensure prompt and appropriate provision of corporate information to the Bank's stakeholders, the Bank discloses information in accordance with the Banking Law and the Financial Instruments and Exchange Act and the securities listing regulations of the Japanese stock exchanges. The Bank also conducts voluntary proactive disclosure by appropriately disclosing information in a consistent, transparent and impartial manner.

The Corporate Planning Department centrally manages a various information generated by each group. Once it has decided that the information is within the scope of prompt disclosure, that information is, in principle, disclosed after Executive Committee approval is received. To maintain prompt and appropriate disclosure, when necessary, the Corporate Planning Department confers with the Compliance Department and the auditing firm, while the Internal Audit Division periodically verifies the appropriateness and effectiveness of overall disclosure.

Risk Management System

Shizuoka Bank Group's Compliance and Risk Management Systems



Integrated Risk Management Systems

The Shizuoka Bank Group has established a basic framework, including definitions of risk, an organizational structure for risk management, and specific risk control procedures based on the Basic Risk Management Regulations, which lay down the fundamental principles that underlie our approach to risk management.

To ensure an appropriate balance between raising earnings levels and financial sustainability, the Bank's risk management is based on the allocation of risk capital as an integral part of its integrated risk management system.

The allocation of risk capital is a mechanism to ensure the soundness of management by keeping risk within a manageable range. Shizuoka Bank defines core shareholder's equity* as capital for allocation and allocates it to all departments involved in business execution. Even if market risk, credit risk and other risks were to materialize, the resulting losses would be controlled within the bounds of shareholders' equity.

*Ordinary equity + retained earnings – funds due to be paid outside the company – intangible fixed assets – prepaid pension expenses, etc.

Credit Risk Management System

The Credit Risk Management Group of the Risk Management Department is responsible for overall management of credit risk relating to the Shizuoka Bank Group's operations both in Japan and overseas in order to maintain and enhance the soundness of the Group's loan asset portfolio. In the Bank's internal rating system, including its borrower credit rating system, which is the foundation stone of its credit risk management, the Credit Risk Management Group of the Risk Management Department is responsible for the design of the system and supervision of its operation; the Ratings Assessment Group of the Credit Department is responsible for the day-to-day operation of the credit rating system; and the Risk Management Group of the Risk Management Department is responsible for verification of the appropriateness of the system. Mutual checks and balances among these three units facilitate greater precision and proper functioning of the Bank's internal ratings system.

The Credit Risk Management Group uses statistical methods to quantify latent credit risk in the Bank's loan portfolio. In this way, the Bank accurately assesses the amount of future risk, monitors the concentration of loans to particular large borrowers or specific industries, and thus controls the portfolio to avoid excessive credit risk.

The Asset Auditing Group of the Audit Department, which is organizationally independent of the Banking Division, the Credit Department, and the Risk Management Department, audits the appropriateness and effectiveness of the design and operation of the credit risk management system.

Market Risk Management System

In market transactions, the Shizuoka Bank Group limits the amount of risk capital allocated and sets various restrictions, such as on gains or losses from valuation of investment securities, and on the amount of exposure or loss depending upon the risk profile of each transaction or financial instrument. In this way, the Group keeps market risk within certain defined levels.

For banking account transactions, centering on deposits, loans, and investment securities, the ALM Group of the Corporate Planning Department formulates the hedging policies based on current risk conditions and on the outlook for interest rates so as to keep risk volume within a certain range, and these policies are deliberated at the Committee for Integrated Risk and Budget Management.

The organization of the market operations is strictly separated into departments conducting transactions (front office: Treasury Department), administrative and control departments (back office: Treasury & International Operations Center of the Operations Department), and an independent risk management department (middle office: Risk Management Group of the Risk Management Department) for mutual checks and balances. Moreover, the Audit Department, which is independent of the departments responsible for executing transactions, verifies the effectiveness of the mutual checks and balances between these three departments.

Liquidity Risk Management System

The Shizuoka Bank Group has separate yen and foreign currency-denominated financing management departments (Fund & Foreign Exchange Group of the Treasury Department, Treasury & International Operations Center of the Operations Department, etc.), and a liquidity risk management department (Risk Management Group of the Risk Management Department) that is entirely independent of the financing management departments. In this way, the Bank has put in place a system that provides mutual checks and balances. The Fund & Foreign Exchange Group of the Treasury Department, which is one of the financing management departments, controls fundraising requirements within procurable levels to avoid excessive fundraising. We conduct stable fund management activities, paying close attention to market conditions. Moreover, the liquidity risk management department monitors the status of financing management departments and assesses the stability of the assets-liabilities structure.

To handle unforeseen circumstances, we proactively prepared an emergency cash flow management system, assuming four stages of emergency: “Stage 1 (preventive stage)”; “Stage 2 (attention required stage)”; “Stage 3 (liquidity concern stage)”; and “Stage 4 (insufficient liquidity stage)”. We predefined countermeasures and authorized persons for each stage, thereby forming a structure capable of swiftly responding to issues should they arise.

With regard to market liquidity risk, the liquidity risk management department routinely monitors the status of highly liquid asset holdings that can be easily monetized. The front office addresses market liquidity risk by selecting investment assets based on their liquidity and setting limits on specific stocks and holding periods.

What is Value at Risk (VaR)?

VaR is a risk management technique that statistically measures the potential loss in value of an asset over a given period of time.

Operational Risk Management System

Each risk category is managed by a dedicated unit of the Bank, while the Operational Risk Management Group of the Risk Management Department is responsible for overseeing and managing operational risk throughout the Shizuoka Bank Group. In line with our basic policies on operational risk management, we are taking steps to strengthen our operational risk management system through a range of measures including the compilation and analysis of internal loss data and the implementation of a risk control self-assessment. The Audit Department, which is organizationally independent from any of the units that it audits, verifies the effectiveness of the risk management system through on-site inspection, etc.

Administrative Risk Management

The Shizuoka Bank Group has established the Administrative Risk Management Rules that includes the Group’s basic policy for administrative risk management and executes operations in accordance with the rules. For administrative incidents that occur, we implement measures to prevent recurrence by according priority to measures for incidents involving higher risk to reduce administrative risk. In response to diversification of operations and increasing transaction volumes, we are promoting the shifting of the administrative function at our branches to a shared services center and the introduction of IT systems to enhance efficiency and thus avert operational risk.

System Risk Management

The Shizuoka Bank Group positions IT systems as a part of information assets. We have established the Basic Policy for Information Asset Security Measures (Security Policy) that includes our basic policy for dealing with system risk. We are implementing various security measures based on the Standards for Information Asset Security Measures (Security Standards) to ensure secure operation of the IT systems.

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated balance sheet of The Shizuoka Bank Ltd. and its consolidated subsidiaries as of March 31, 2013, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 its consolidated subsidiaries as of March 31, 2013, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

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

Deloitte Touche Tohmatsu LLC
June 19, 2013

Consolidated Balance Sheet

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries March 31, 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2013	2012	2013
Assets:			
Cash and due from banks (Notes 12 and 29)	¥ 423,555	¥349,882	\$ 4,503,518
Call loans and bills bought	83,674	85,013	889,681
Monetary claims bought	40,343	45,330	428,959
Trading assets (Notes 4 and 29)	31,599	36,648	335,988
Money held in trust (Note 5)	2,600	2,500	27,645
Securities (Notes 6, 12, and 29)	2,560,293	2,273,448	27,222,687
Loans and bills discounted (Notes 7, 13, and 29)	6,969,330	6,671,027	74,102,396
Foreign exchanges (Note 8)	5,037	5,457	53,564
Lease receivables and investment assets (Notes 12 and 27)	42,415	40,325	450,986
Other assets (Notes 9 and 12)	70,104	105,876	745,399
Tangible fixed assets (Note 10)	56,510	61,253	600,860
Intangible fixed assets (Note 10)	12,228	13,933	130,018
Deferred tax assets (Note 26)	1,789	2,008	19,024
Customers' liabilities for acceptances and guarantees (Note 11)	80,384	79,174	854,702
Allowance for loan losses (Note 29)	(65,035)	(76,028)	(691,499)
Allowance for investment losses	(61)	(354)	(659)
Total Assets	¥10,314,770	¥9,695,497	\$109,673,269
Liabilities and Equity:			
Liabilities:			
Deposits (Notes 12, 14, and 29)	¥ 8,412,257	¥8,080,088	\$ 89,444,525
Call money and bills sold (Note 29)	327,007	226,509	3,476,952
Payables under securities lending transactions (Notes 12 and 29)	403,205	303,944	4,287,145
Trading liabilities (Note 4)	17,700	22,257	188,205
Borrowed money (Notes 12, 15, and 29)	57,480	67,800	611,164
Foreign exchanges (Note 8)	253	91	2,699
Bonds payable (Note 16)	20,000	20,000	212,652
Other liabilities (Notes 12 and 17)	128,462	111,255	1,365,899
Provision for retirement benefits (Note 18)	22,111	22,618	235,104
Provision for losses from reimbursement of inactive accounts	788	708	8,379
Provision for contingent losses	2,974	3,627	31,626
Provision for point program	170	265	1,813
Reserves under special laws	11	11	120
Deferred tax liabilities (Note 26)	31,217	5,898	331,923
Acceptances and guarantees (Note 11)	80,384	79,174	854,702
Total Liabilities	9,504,025	8,944,251	101,052,908
Equity: (Notes 19, 20, 21, and 35)			
Capital stock,			
authorized, 2,414,596 thousand shares;			
issued, 665,129 thousand shares in 2013 and 685,129 thousand shares in 2012	90,845	90,845	965,930
Capital surplus	54,884	54,884	583,563
Subscription rights to shares	337	324	3,587
Retained earnings	553,598	520,518	5,886,213
Treasury stock-at cost	(13,623)	(22,339)	(144,853)
16,616 thousand shares in 2013 and 29,299 thousand shares in 2012			
Accumulated other comprehensive income:	119,840	83,847	1,274,219
Valuation difference on available-for-sale securities	121,169	85,719	1,288,355
Deferred gains or losses on hedges	(171)	(367)	(1,820)
Foreign currency translation adjustments	(1,158)	(1,504)	(12,316)
Total	805,882	728,079	8,568,659
Minority interests	4,862	23,166	51,702
Total Equity	810,744	751,246	8,620,361
Total Liabilities and Equity	¥10,314,770	¥9,695,497	\$109,673,269

See notes to consolidated financial statements.

Consolidated Statement of Income

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2013	2012	2013
Income:			
Interest Income:			
Interest on loans and discounts	¥ 98,029	¥102,426	\$1,042,311
Interest and dividends on securities	29,632	31,758	315,070
Other interest income	1,158	1,225	12,322
Subtotal	128,820	135,411	1,369,703
Fees and Commissions	48,846	47,627	519,364
Trading Income	2,229	1,107	23,707
Other Operating Income (Note 22)	13,018	12,231	138,422
Other Income (Note 23)	24,436	9,043	259,820
Total Income	217,351	205,420	2,311,016
Expenses:			
Interest Expense:			
Interest on deposits	5,539	5,561	58,895
Interest on borrowings and rediscounts	535	630	5,690
Other interest expense	2,279	1,758	24,236
Subtotal	8,353	7,950	88,821
Fees and Commission Payments	24,156	23,675	256,843
Trading Expense		242	
Other Operating Expenses (Note 24)	2,996	6,118	31,864
General and Administrative Expenses	86,996	89,080	925,003
Other Expenses (Note 25)	11,035	9,534	117,341
Total Expenses	133,538	136,602	1,419,872
Income before Income Taxes and Minority Interests	83,812	68,817	891,144
Income Taxes: (Note 26)			
Current	18,631	22,217	198,102
Deferred	7,652	7,723	81,371
Net Income before Minority Interests	57,527	38,875	611,671
Minority Interests in Net Income of Consolidated Subsidiaries	556	1,687	5,921
Net Income	¥ 56,970	¥37,188	\$ 605,750

	Yen		U.S. Dollars (Note 2)
	2013	2012	2013
Per Share: (Note 34)			
Basic net income	¥87.47	¥56.28	\$0.93
Diluted net income	87.42	56.24	0.93
Cash dividends applicable to the year	15.00	13.50	0.16

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2013	2012	2013
Net Income before Minority Interests	¥57,527	¥38,875	\$611,671
Other Comprehensive Income (Loss): (Note 32)			
Valuation difference on available-for-sale securities	35,522	21,593	377,700
Deferred gains or losses on hedges	196	60	2,091
Foreign currency translation adjustments	345	(246)	3,677
Total other comprehensive income (loss)	36,065	21,407	383,468
Comprehensive Income (Note 32)	93,592	60,283	995,139
Total Comprehensive Income Attributable To: (Note 32)			
Owners of the parent	¥92,963	¥58,541	\$988,451
Minority interests	628	1,741	6,688

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2013

	Thousands				Millions of Yen							
	Number of Shares of Common Stock Outstanding	Capital Stock	Capital Surplus	Subscription Rights to Shares	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income			Total	Minority Interests	Total Equity
							Valuation Difference on Available-for-Sale Securities	Deferred Gains or Losses on Hedges	Foreign Currency Translation Adjustments			
Balance at April 1, 2011	685,129	¥90,845	¥54,884	¥253	¥491,986	¥ (7,734)	¥64,179	¥(427)	¥(1,257)	¥692,728	¥21,452	¥714,180
Changes during the period:												
Cash dividends, ¥13.00 per share					(8,656)					(8,656)		(8,656)
Net income					37,188					37,188		37,188
Purchases of treasury stock (20,042 thousand shares)						(14,607)				(14,607)		(14,607)
Disposals of treasury stock (3 thousand shares)			0			2				2		2
Net changes other than shareholders' equity				70			21,539	60	(246)	21,424	1,714	23,138
Total changes during the period			0	70	28,532	(14,605)	21,539	60	(246)	35,351	1,714	37,065
Balance at March 31, 2012	685,129	¥90,845	¥54,884	¥324	¥520,518	¥(22,339)	¥85,719	¥(367)	¥(1,504)	¥728,079	¥23,166	¥751,246
Balance at April 1, 2012	685,129	¥90,845	¥54,884	¥324	¥520,518	¥(22,339)	¥85,719	¥(367)	¥(1,504)	¥728,079	¥23,166	¥751,246
Changes during the period:												
Cash dividends, ¥14.00 per share					(9,130)					(9,130)		(9,130)
Net income					56,970					56,970		56,970
Increase by share exchanges (2,648 thousand shares) (Note 33)			186			1,980				2,166		2,166
Purchases of treasury stock (10,040 thousand shares)						(8,273)				(8,273)		(8,273)
Disposals of treasury stock (75 thousand shares)			6			56				62		62
Retirement of treasury stock (20,000 thousand shares)	(20,000)		(192)		(14,760)	14,953						
Net changes other than shareholders' equity				13			35,450	196	345	36,006	(18,304)	17,702
Total changes during the period	(20,000)		(0)	13	33,080	8,716	35,450	196	345	77,802	(18,304)	59,498
Balance at March 31, 2013	665,129	¥90,845	¥54,884	¥337	¥553,598	¥(13,623)	¥121,169	¥(171)	¥(1,158)	¥805,882	¥4,862	¥810,744

	Thousands of U.S. Dollars (Note 2)											
	Capital Stock	Capital Surplus	Subscription Rights to Shares	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income			Total	Minority Interests	Total Equity	
						Valuation Difference on Available-for-Sale Securities	Deferred Gains or Losses on Hedges	Foreign Currency Translation Adjustments				
Balance at April 1, 2012	\$965,930	\$583,564	\$3,446	\$5,534,485	\$(237,531)	\$ 911,422	\$(3,911)	\$(15,993)	\$7,741,412	\$246,324	\$7,987,736	
Changes during the period:												
Cash dividends, \$0.15 per share				(97,082)					(97,082)		(97,082)	
Net income				605,750					605,750		605,750	
Increase by share exchanges		1,981			21,057				23,038		23,038	
Purchases of treasury stock					(87,967)				(87,967)		(87,967)	
Disposals of treasury stock		69			597				666		666	
Retirement of treasury stock		(2,051)		(156,940)	158,991							
Net changes other than shareholders' equity				141		376,933	2,091	3,677	382,842	(194,622)	188,220	
Total changes during the period		(1)	141	351,728	92,678	376,933	2,091	3,677	827,247	(194,622)	632,625	
Balance at March 31, 2013	\$965,930	\$583,563	\$3,587	\$5,886,213	\$(144,853)	\$1,288,355	\$(1,820)	\$(12,316)	\$8,568,659	\$51,702	\$8,620,361	

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2013	2012	2013
I. Operating Activities:			
Income before income taxes and minority interests	¥ 83,812	¥ 68,817	\$ 891,144
Adjustments for:			
Income taxes paid	(21,154)	(25,287)	(224,932)
Depreciation and amortization	11,863	13,044	126,143
Impairment losses	1	53	21
Gains on negative goodwill	(12,899)		(137,161)
Equity in (earnings) losses of affiliates	(6)	(1)	(67)
Increase (decrease) in allowance for loan losses	(10,992)	(10,546)	(116,880)
Increase (decrease) in allowance for investment losses	(292)	(15)	(3,112)
Increase (decrease) in provision for retirement benefits	(507)	(166)	(5,396)
Increase (decrease) in provision for reimbursement of inactive accounts	80	(175)	851
Increase (decrease) in provision for contingent losses	(653)	44	(6,948)
Increase (decrease) in provision for point program	(94)	265	(1,006)
Interest income	(128,820)	(135,411)	(1,369,703)
Interest expense	8,353	7,950	88,821
Losses (gains) on securities	(9,171)	(5,871)	(97,517)
Losses (gains) on money held in trust	(26)	(18)	(282)
Losses (gains) on sale of fixed assets	386	(67)	4,105
Net decrease (increase) in trading assets	5,048	8,520	53,682
Net increase (decrease) in trading liabilities	(4,557)	(7,199)	(48,453)
Net decrease (increase) in loans and bills discounted	(267,022)	(37,471)	(2,839,158)
Net increase (decrease) in deposits	293,384	425,665	3,119,452
Net increase (decrease) in borrowed money	(12,692)	(444,294)	(134,950)
Net decrease (increase) in due from banks (excluding deposits paid to Bank of Japan)	(60,013)	21,164	(638,104)
Net decrease (increase) in call loans	2,062	(41,041)	21,930
Net decrease (increase) in monetary claims bought	4,986	(3,659)	53,024
Net increase (decrease) in call money	91,318	171,195	970,958
Net increase (decrease) in payables under securities lending transactions	55,513	82,761	590,252
Net decrease (increase) in foreign exchanges (assets)	847	231	9,016
Net increase (decrease) in foreign exchanges (liabilities)	160	(54)	1,703
Net decrease (increase) in lease receivables and investment assets	(2,470)	(696)	(26,268)
Increase (decrease) in straight bonds-issuance and redemption		(5,000)	
Interest and dividends received	143,810	142,376	1,529,089
Interest paid	(9,435)	(8,970)	(100,324)
Other-net	2,210	9,255	23,498
Total Adjustments	79,216	156,580	842,284
Net Cash Provided by (Used in) Operating Activities	163,028	225,397	1,733,428
II. Investing Activities:			
Purchases of securities	(1,724,929)	(1,917,700)	(18,340,561)
Proceeds from sales of securities	1,307,503	1,519,728	13,902,218
Proceeds from redemptions of securities	289,101	189,968	3,073,910
Increase in money held in trust	(100)	(300)	(1,063)
Decrease in money held in trust		100	
Purchases of tangible fixed assets	(4,800)	(4,733)	(51,046)
Purchases of intangible fixed assets	(3,367)	(3,902)	(35,805)
Proceeds from sales of tangible fixed assets	3,141	1,089	33,402
Payments for execution of asset retirement obligations		(38)	
Purchase of investments in subsidiaries	(2,722)		(28,943)
Proceeds from sales of investments in subsidiaries	36		383
Purchase of treasury stock by consolidated subsidiaries	(1,179)		(12,541)
Net Cash Provided by (Used in) Investing Activities	(137,317)	(215,788)	(1,460,046)
III. Financing Activities:			
Dividends paid	(9,112)	(8,645)	(96,891)
Dividends paid to minority interests	(27)	(27)	(291)
Purchases of treasury stock	(8,273)	(14,607)	(87,967)
Proceeds from sales of treasury stock	2	2	26
Net Cash Provided by (Used in) Financing Activities	(17,410)	(23,277)	(185,123)
IV. Foreign Currency Translation Adjustments on Cash and Cash Equivalents	52	(7)	556
V. Net Increase (Decrease) in Cash and Cash Equivalents	8,353	(13,676)	88,815
VI. Cash and Cash Equivalents at Beginning of Year	150,309	163,985	1,598,186
VII. Cash and Cash Equivalents at End of Year	¥ 158,662	¥ 150,309	\$ 1,687,001

See notes to consolidated financial statements.

Cash and due from banks on the consolidated balance sheet at March 31, 2013 and 2012, are reconciled with cash and cash equivalents on the consolidated statement of cash flows as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2013	2012	2013
Cash and due from banks	¥423,555	¥349,882	\$4,503,518
Due from banks other than the Bank of Japan	(264,893)	(199,573)	(2,816,517)
Cash and cash equivalents, end of year	¥158,662	¥150,309	\$1,687,001

Notes to Consolidated Financial Statements

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2013

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 Companies Act of Japan (the "Companies Act"), the Japanese Financial Instruments and Exchange Act, the Banking Act of Japan and the Accounting Guideline for Banks in Japan stated by the Japanese Bankers' Association, and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards (IFRS).

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

2. JAPANESE YEN AND U.S. DOLLAR AMOUNTS

As permitted by the Japanese Financial Instruments and Exchange Act, Japanese yen amounts less than one million have been omitted. As a result, the totals in Japanese 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 translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥94.05 to \$1, the approximate rate of exchange at March 31, 2013. Such translation should not be construed as a 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, 2013, include the accounts of the Bank, its 11 significant subsidiaries, and one company accounted for by the equity method.

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.

For investments in the remaining unconsolidated subsidiaries and associated companies, if the equity method of accounting had been applied, the effect on the accompanying consolidated financial statements would not be material.

The difference between the cost of an acquisition and 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.

Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements:

In May 2006, the Accounting Standards Board of Japan (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." PITF No.18 prescribes that 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. However, financial statements prepared by foreign subsidiaries in accordance with either IFRS or its generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, except for the following items, which should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in equity; (c) expensing capitalized development costs of R&D; (d) cancellation of

the fair value model accounting for property, plant, and equipment and investment properties and incorporation of the cost model accounting; and (e) exclusion of minority interests from net income, if contained in net income.

Business Combinations:

In October 2003, the Business Accounting Council issued a Statement of Opinion, "Accounting for Business Combinations," and in December 2005, the ASBJ issued ASBJ Statement No. 7, "Accounting Standard for Business Divestitures," and ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures." The accounting standard for business combinations allowed companies to apply the pooling of interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as a uniting of interests. For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures. In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows: (1) The revised standard requires accounting for business combinations only by the purchase method. As a result, the pooling of interests method of accounting is no longer allowed. (2) The previous accounting standard required research and development costs to be charged to income as incurred. Under the revised standard, in-process research and development costs (IPR&D) acquired in the business combination are capitalized as an intangible asset. (3) The previous accounting standard provided for a bargain purchase gain (negative goodwill) to be systematically amortized over a period not exceeding 20 years. Under the revised standard, the acquirer recognizes the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase price allocation. The revised standard was applicable to business combinations undertaken on or after April 1, 2010.

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 (expense)" 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 the straight-line method. 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.

Available-for-sale securities whose fair value cannot be reliably determined 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.

The useful lives for lease assets are the terms of the respective leases.

Impairment loss:

The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is 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 consolidated subsidiaries in Japan amortize internal use software development costs by the straight-line method over the useful life (five years).

Allowance for loan losses:

The amount of the allowance for loan losses is determined based on management's judgement and assessment of future losses based on the Bank's self-assessment system. This system reflects the past experience of credit losses, possible future 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 to monitor the quality of its assets. 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 borrowers are classified into five categories. The credit rating system is used for self-assessment of asset quality. All borrowers are classified into five categories for self-assessment purposes — "normal," "caution," "possible bankruptcy," "virtual bankruptcy," and "legal bankruptcy."

For loans to borrowers classified as legal bankruptcy or virtual bankruptcy, the Bank fully provides the net amount of loans and estimated collectible amounts by collateral or guarantees. Regarding loans to borrowers classified as possible bankruptcy, a specific reserve is provided to the necessary extent for the net amount of loans and estimated collectible amounts by collateral or guarantees.

For the borrower with certain loan amounts classified as possible bankruptcy or being with restructured loans, if cash flows from collection of principals and interests can be reasonably estimated, the Bank provides the difference between the present value of these cash flows discounted at the initial contractual rates and the book values of loans (the "DCF" method).

For other loans, a general allowance is provided based on the historical loan loss ratio.

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

Allowance for investment losses:

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

Provision for retirement benefits:

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

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

Provision for losses from reimbursement of inactive accounts:

The provision for losses from reimbursement of inactive accounts, which are derecognized as liabilities under certain conditions, is provided for possible losses on future claims of withdrawal based on historical reimbursement experience.

Provision for contingent losses:

The provision for contingent losses is provided for the estimated future payments to credit guarantee corporations due to the implementation of a loss-sharing system.

Provision for point program:

The provision for point program is provided for the reasonably estimated future usage of points given to credit card customers.

Reserves under special laws:

Reserves under special laws are reserves for financial product transaction liabilities in accordance with Section 1 of Article 46-5 of the Financial Instruments and Exchange Act.

Asset retirement obligations:

In March 2008, the ASBJ published the accounting standard for asset retirement obligations, ASBJ Statement No.18, "Accounting Standard for Asset Retirement Obligations," and ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development, and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

Leases:

In March 2007, the ASBJ issued ASBJ Statement No.13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008.

Lessee

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases, which existed at the transition date and do not transfer ownership of the leased property to the lessee, to be accounted for as operating lease transactions.

The Bank and its consolidated subsidiaries in Japan applied the revised accounting standard effective April 1, 2008. In addition, the Bank and its consolidated subsidiaries in Japan accounted for leases, which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

Lessor

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were to be treated as sales. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if sold" information is disclosed in the notes to the lessor's financial statements. The revised accounting standard requires that all finance leases that are deemed to transfer ownership of the leased property to the lessee should be recognized as lease receivables, and all finance leases that are deemed not to transfer ownership of the leased

property to the lessee should be recognized as investments in leases.

The Bank and its consolidated subsidiaries in Japan applied the revised accounting standard effective April 1, 2008.

In regard to finance lease, sales and cost of sales are accounted when lease payments are paid.

Stock options:

In December 2005, the ASBJ issued ASBJ Statement No. 8, "Accounting Standard for Stock Options" and related guidance. The new standard and guidance are applicable to stock options newly granted on and after May 1, 2006. This standard requires companies to measure the cost of employee stock options based on the fair value at the date of grant and recognize compensation expense over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to non-employees based on the fair value of either the stock option or the goods or services received. In the balance sheet, the stock option is presented as a stock acquisition right as a separate component of equity until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions. In addition, the standard allows unlisted companies to measure options at their intrinsic value if they cannot reliably estimate fair value.

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 consolidated 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:

All derivative transactions, except those entered into for hedging purposes, are recognized as either assets or liabilities and measured at fair value with gains or losses on derivative transactions recognized in the statement of income.

For derivative transactions used for hedging purposes, the methods of hedge accounting are as follows:

(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 Japanese Institute of Certified Public Accountant 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.

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 651,268 thousand shares for 2013 and 660,769 thousand shares for 2012.

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).

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

Accounting changes and error corrections:

In December 2009, ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows:

(1) Changes in accounting policies:

When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively, unless the revised accounting standards include specific transitional provisions in which case the entity shall comply with the specific transitional provisions.

(2) Changes in presentation

When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation.

(3) Changes in accounting estimates

A change in an accounting estimate is accounted for in the period when the change affects that period only and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of prior period's errors

When an error in prior period's financial statements is discovered, those statements are restated.

New Accounting Pronouncements:

Accounting Standard for Retirement Benefits

On May 17, 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and followed by partial amendments from time to time through 2009.

From the viewpoint of the improvement of financial reporting and international trend, the revised accounting standard mainly (1) changes the treatments of unrecognized actuarial gains and losses and past service costs, and expands related disclosures, and (2) revises the calculation methods of projected benefit obligation and service cost.

The Bank expects to apply the revised accounting standard for (1) from the end of the annual period beginning on April 1, 2013, and for (2) above from the beginning of annual period on April 1, 2014, and is in the process of measuring the effects of applying the revised accounting standard in future applicable periods.

4. TRADING ASSETS AND LIABILITIES

Trading assets and liabilities at March 31, 2013 and 2012, consisted of the following:

(a) Trading assets

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Trading securities:			
Japanese government bonds	¥ 1,599	¥ 3,288	\$ 17,011
Local government bonds (Government-guaranteed bonds)	2,540	2,036	27,008
Foreign securities	664	56	7,071
Subtotal	4,804	5,381	51,090
Financial derivatives:			
(Option premium)			
Other (Note)	18,796	22,932	199,859
Subtotal	18,796	22,932	199,859
Other trading assets:			
Commercial paper	7,995	8,333	85,016
Other (Note)	2	1	23
Subtotal	7,997	8,334	85,039
Total	¥31,599	¥36,648	\$335,988

(b) Trading liabilities

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Financial derivatives:			
(Option premium)			
Other (Note)	¥17,700	¥22,257	\$188,205
Subtotal	17,700	22,257	188,205
Total	¥17,700	¥22,257	\$188,205

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

5. MONEY HELD IN TRUST

Money held in trust at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen			Fair Value
	Cost	Unrealized Gains	Unrealized Losses	
March 31, 2013				
Money held in trust classified as:				
Held-to-maturity	¥2,600	¥0		¥2,600

	Millions of Yen			Fair Value
	Cost	Unrealized Gains	Unrealized Losses	
March 31, 2012				
Money held in trust classified as:				
Held-to-maturity	¥2,500	¥0		¥2,500

	Thousands of U.S. Dollars			Fair Value
	Cost	Unrealized Gains	Unrealized Losses	
March 31, 2013				
Money held in trust classified as:				
Held-to-maturity	\$27,645	\$0		\$27,645

6. SECURITIES

Securities at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Japanese government bonds	¥1,316,834	¥1,120,022	\$14,001,431
Local government bonds	44,453	65,168	472,653
Corporate bonds	313,046	368,240	3,328,516
Corporate stocks	237,316	204,811	2,523,302
Other securities	648,642	515,206	6,896,785
Total	¥2,560,293	¥2,273,448	\$27,222,687

As of March 31, 2013 and 2012, securities included equity investments in unconsolidated subsidiaries and affiliated companies that amounted to ¥2,207 million (\$23,473 thousand) and ¥2,365 million, respectively.

In the following description, in addition to securities in the consolidated balance sheets, also presented are trading account securities and commercial paper within the item trading assets.

Information regarding each category of the securities classified as trading, available-for-sale, and held-to-maturity at March 31, 2013 and 2012, was as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2013				
Securities classified as:				
Trading				¥ 12,802
Available-for-sale:				
Equity securities	¥ 107,926	¥124,572	¥1,175	231,323
Debt securities	1,634,826	33,911	130	1,668,608
Others	614,473	25,068	1,096	638,445
Held-to-maturity	9,478	265	8	9,735

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2012				
Securities classified as:				
Trading				¥ 13,715
Available-for-sale:				
Equity securities	¥ 110,400	¥91,827	¥3,406	198,821
Debt securities	1,524,254	21,847	28	1,546,073
Others	485,364	17,918	128	503,154
Held-to-maturity	10,566	142	24	10,684

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2013				
Securities classified as:				
Trading				\$ 136,129
Available-for-sale:				
Equity securities	\$ 1,147,544	\$1,324,535	\$12,503	2,459,576
Debt securities	17,382,529	360,572	1,382	17,741,719
Others	6,533,477	266,540	11,657	6,788,360
Held-to-maturity	100,778	2,821	86	103,513

Available-for-sale securities sold during the years ended March 31, 2013 and 2012, were as follows:

Year Ended	Millions of Yen		
	Proceeds from Sales	Total Amount of Gains on Sales	Total Amount of Losses on Sales
March 31, 2013			
Equity securities	¥ 4,211	¥ 442	¥ 182
Debt securities	876,527	7,440	457
Others	353,932	5,811	2,626
Total	¥1,234,672	¥13,694	¥3,266

Year Ended	Millions of Yen		
	Proceeds from Sales	Total Amount of Gains on Sales	Total Amount of Losses on Sales
March 31, 2012			
Equity securities	¥ 1,418	¥ 141	¥ 36
Debt securities	1,232,288	9,514	2,230
Others	283,931	2,224	2,245
Total	¥1,517,637	¥11,880	¥4,513

Year Ended	Thousands of U.S. Dollars		
	Proceeds from Sales	Total Amount of Gains on Sales	Total Amount of Losses on Sales
March 31, 2013			
Equity securities	\$ 44,782	\$ 4,703	\$ 1,940
Debt securities	9,319,804	79,111	4,865
Others	3,763,241	61,796	27,930
Total	\$13,127,827	\$145,610	\$34,735

Marketable available-for-sale securities whose fair value significantly declines in comparison with their acquisition cost and whose fair value of the securities will not recover to their acquisition cost are written down and accounted for as impairment losses.

Impairment losses on marketable available-for-sale securities for the years ended March 31, 2013 and 2012, were ¥644 million (\$6,848 thousand) and ¥1,516 million, respectively.

The Bank recognizes securities as having significantly declined when their fair value is more than 30% below their acquisition cost.

7. LOANS AND BILLS DISCOUNTED

Loans and bills discounted at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Bills discounted	¥ 33,197	¥ 40,712	\$ 352,973
Loans on bills	191,664	205,197	2,037,897
Loans on deeds	5,609,263	5,274,609	59,641,292
Overdrafts	1,135,205	1,150,508	12,070,234
Total	¥6,969,330	¥6,671,027	\$74,102,396

Loans under bankruptcy proceedings, past-due loans on which interest payments are waived from borrowers who are financially assisted by the Bank, loans past due for three months or more (except for loans under bankruptcy proceedings and past-due loans), and restructured loans at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Loans under bankruptcy proceedings	¥ 6,418	¥ 9,276	\$ 68,245
Past-due loans	179,490	202,534	1,908,456
Loans past due for three months or more	1,865	2,440	19,832
Restructured loans	17,102	15,725	181,844
Total	¥204,876	¥229,977	\$2,178,377

Notes: 1. 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 under bankruptcy proceedings or past-due loans.

2. Restructured loans include loans for which certain conditions have been relaxed for the benefit of the borrower (through means, such as the reduction or elimination of interest payments, the deferral of principal repayments, or the relinquishment of claims) with the goal of supporting the recovery of borrowers that have fallen into financial difficulty and thereby promoting the recovery of the loan.

Bills discounted are accounted for as financial transactions in accordance with "Accounting and Auditing treatment of Accounting Standards for Financial Instruments in Banking Industry" (Japanese Institute of Certified Public Accountant Industry Audit Committee Report No. 24). As of March 31, 2013 and 2012, the Bank had the right by contract or custom to sell or repledge bills discounted and foreign exchange bills bought and their total face values were ¥33,486 million (\$356,052 thousand) and ¥41,359 million, respectively.

8. FOREIGN EXCHANGES

Foreign exchange assets and liabilities at March 31, 2013 and 2012, consisted of the following:

(a) Assets

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Due from foreign banks	¥2,373	¥1,853	\$25,242
Foreign exchange bills bought	289	646	3,079
Foreign exchange bills receivable	2,374	2,956	25,243
Total	¥5,037	¥5,457	\$53,564

(b) Liabilities

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Foreign exchange bills sold	¥201	¥68	\$2,138
Foreign exchange bills payable	52	23	561
Total	¥253	¥91	\$2,699

9. OTHER ASSETS

Other assets at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Accrued income	¥11,427	¥ 10,966	\$121,502
Derivative products	14,346	17,771	152,540
Prepaid expenses	11,875	4,826	126,263
Others	32,456	72,312	345,094
Total	¥70,104	¥105,876	\$745,399

10. TANGIBLE FIXED ASSETS AND INTANGIBLE FIXED ASSETS

Tangible fixed assets and intangible fixed assets at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Tangible fixed assets			
Buildings	¥24,049	¥26,186	\$255,714
Land	22,704	24,200	241,413
Lease assets	4		44
Construction in progress	790	651	8,405
Other tangible fixed assets	8,961	10,215	95,284
Subtotal	56,510	61,253	600,860
Intangible fixed assets			
Software	11,771	13,429	125,164
Other intangible assets	456	504	4,854
Subtotal	12,228	13,933	130,018
Total	¥68,738	¥75,187	\$730,878

Tangible fixed assets are stated at cost less accumulated depreciation of ¥110,899 million (\$1,179,155 thousand) and ¥113,338 million in 2013 and 2012, respectively.

As of March 31, 2013 and 2012, deferred gains for tax purposes of ¥10,184 million (\$108,283 thousand) and ¥10,366 million, respectively, on tangible fixed assets sold and replaced with similar assets have been deducted from the cost of newly acquired tangible fixed assets.

The Group reviewed its long-lived assets for impairment as of March 31, 2013 and 2012. As a result, the Group recognized an impairment loss of ¥1 million (\$21 thousand) and ¥53 million as other expense for certain branches due to continuous operating losses and the carrying amount of the relevant tangible fixed assets was written down to the recoverable amount. The recoverable amount of such tangible fixed assets was measured at its net selling price determined by quotation from a third-party vendor.

11. CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

All contingent liabilities for acceptances and guarantees are recorded and reflected in acceptances and guarantees. Customers' liabilities for acceptances and guarantees have been recorded and reflected as assets in the consolidated balance sheet, representing the Bank's right of indemnity from the applicant.

The respective amounts of "Acceptances and Guarantees" and "Customers' Liabilities for Acceptances and Guarantees" are netted in accordance with the appendix forms of "Banking Act Enforcement Regulations" (Ministry of Finance Ordinance No.10, 1982).

Liabilities for guarantees on corporate bonds included in securities, which were issued by private placement (Article 2 Paragraph 3 of the Financial Instruments and Exchange Act) as of March 31, 2013 and 2012, amounted to ¥24,046 million (\$255,674 thousand) and ¥28,235 million, respectively.

12. ASSETS PLEDGED

Assets pledged as collateral and their relevant liabilities at March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of
	2013	2012	U.S. Dollars
Assets pledged as collateral:			2013
Due from banks	¥ 241	¥ 240	\$ 2,563
Securities	863,976	789,400	9,186,349
Lease receivables and investment assets	150	217	1,600
Relevant liabilities to above assets:			
Deposits	¥ 47,425	¥ 27,228	\$ 504,255
Payables under securities lending transactions	403,205	303,944	4,287,145
Borrowed money	46,980	55,848	499,522
Other liabilities	169	244	1,805

In addition to the above, the Bank has provided ¥209,649 million (\$2,229,133 thousand) and ¥205,382 million in securities and ¥188 million (\$2,000 thousand) and ¥164 million in due from banks as collateral for foreign exchange settlements and certain other transactions and as security for futures transactions at March 31, 2013 and 2012, respectively.

Guarantee deposits on office space are included in other assets in the amount of ¥2,174 million (\$23,120 thousand) and ¥2,152 million at March 31, 2013 and 2012, respectively.

13. LOAN COMMITMENTS

Overdraft agreements and agreements for loan commitments are agreements under which the Bank pledges to lend funds up to a certain limit when applications for advances of loans are received from customers, provided there are no violations of the terms written in the agreements.

The balances of loans as yet undisbursed under these agreements at March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of
	2013	2012	U.S. Dollars
Undisbursed loan commitments outstanding			2013
Loans due within one year	¥1,542,494	¥1,552,304	\$16,400,789
Loans due over one year	62,907	63,084	668,878
Total	¥1,605,402	¥1,615,388	\$17,069,667

Many of these agreements terminate without loans being disbursed, and thus the balance of loans as yet undisbursed will not necessarily affect the future cash flow of the Bank or its consolidated subsidiaries. Many of these agreements contain stipulations providing numerous reasons, such as changes in the financial situation and the preservation of credit, for the Bank or its consolidated subsidiaries to refuse to advance loans for which applications have been received or to reduce the maximum amounts under the agreements. In addition, at the time of agreements, borrowers can, when necessary, be required to provide collateral, such as real estate or securities, and after the agreements have been signed, the state of the customer's business and other factors may be assessed regularly in accordance with in-house procedures. Moreover, agreements can be revised if necessary, and steps, such as the formulation of measures, to preserve credit may be taken.

14. DEPOSITS

Deposits at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of
	2013	2012	U.S. Dollars
Current deposits	¥ 399,809	¥ 380,983	\$ 4,251,030
Savings deposits	3,837,269	3,775,960	40,800,314
Deposits at notice	26,451	28,920	281,249
Time deposits	3,389,986	3,302,868	36,044,516
Negotiable certificates of deposit	474,126	403,942	5,041,219
Other	284,613	187,411	3,026,197
Total	¥8,412,257	¥8,080,088	\$89,444,525

15. BORROWED MONEY

At March 31, 2013 and 2012, the weighted-average annual interest rates applicable to borrowed money were 0.21% and 0.33%, respectively.

Borrowed money are borrowings from financial institutions. Annual maturities of borrowed money as of March 31, 2013, were as follows:

Years Ending March 31,	Millions of Yen	Thousands of
		U.S. Dollars
2014	¥53,131	\$564,930
2015	2,181	23,192
2016	1,209	12,861
2017	743	7,904
2018 and thereafter	214	2,277
Total	¥57,480	\$611,164

16. BONDS PAYABLE

Bonds at March 31, 2013 and 2012, consisted of the following:

	Rate (%)	Millions of Yen		Thousands of
		2013	2012	U.S. Dollars
Unsecured bonds, payable in Japanese yen, due September 2014	1.59	¥10,000	¥10,000	\$106,326
Unsecured bonds, payable in Japanese yen, due June 2015	1.37	10,000	10,000	106,326
Total		¥20,000	¥20,000	\$212,652

Annual maturities of bonds as of March 31, 2013, were as follows:

Years Ending March 31,	Millions of Yen	Thousands of
		U.S. Dollars
2014		
2015	¥10,000	\$106,326
2016	10,000	106,326
2017		
2018		
Total	¥20,000	\$212,652

17. OTHER LIABILITIES

Other liabilities at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of
	2013	2012	U.S. Dollars
Income taxes payable	¥ 7,233	¥ 9,743	\$ 76,910
Accrued expenses	7,154	7,363	76,074
Deposits from employees	2,760	2,752	29,353
Unearned income	9,147	9,196	97,260
Derivative products	18,984	21,022	201,855
Other	83,182	61,176	884,447
Total	¥128,462	¥111,255	\$1,365,899

18. RETIREMENT AND PENSION PLANS

The Bank and its consolidated 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 consolidated subsidiaries in Japan and annuity payments from a trustee.

Employees might be 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 provision for retirement benefits at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Projected benefit obligation	¥80,838	¥82,856	\$859,523
Fair value of plan assets	(55,199)	(44,088)	(586,921)
Unrecognized actuarial (loss) gain	(15,092)	(20,670)	(160,473)
Prepaid pension costs	11,565	4,521	122,975
Net provision	¥22,111	¥22,618	\$235,104

The components of net periodic retirement benefit costs for the years ended March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Service cost	¥1,966	¥1,743	\$20,909
Interest cost	825	1,487	8,782
Expected return on plan assets	(972)	(950)	(10,340)
Recognized actuarial losses	2,602	2,656	27,669
Other	563	602	5,986
Net periodic retirement benefit costs	¥4,985	¥5,539	\$53,006

Assumptions used for the years ended March 31, 2013 and 2012, are set forth as follows:

	2013	2012
Discount rate	1.0%	1.0%
Expected rate of return on plan assets	2.0%	2.0%
Amortization period of prior service cost	1 year	1 year
Recognition period of actuarial gain/loss	10 years	10 years

19. EQUITY

Japanese companies are subject to the Companies Act. The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, 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 a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, 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 Bank cannot do so because it does not meet all the above criteria. The Companies Act permits companies to distribute dividends in kind (noncash assets) to shareholders subject to certain limitations 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 Companies Act and the Banking Act provide certain limitations on the amounts available for dividends or the purchase of treasury stock.

(b) Increases/decreases and transfer of capital stock, reserve, and surplus

The Banking Act 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 the aggregate amount of the legal reserve and additional paid-in capital equals 100% of capital stock.

The Companies Act also provides that capital 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 Companies Act 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 Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act 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.

20. STOCK OPTIONS

The Bank's stock option plans grant options to directors to purchase certain shares of the Bank's common stock in the respective exercise periods.

Stock-based compensation expenses were ¥73 million (\$781 thousand) and ¥70 million for the years ended March 31, 2013 and 2012, respectively.

The stock options outstanding as of March 31, 2013, were as follows:

	Persons Granted	Number of Options	Date of Grant	Exercise Price	Exercise Period
2007 Stock Option	8 directors	67,000 shares	2007.7.27	¥ 1 (\$0.01)	From July 28, 2007 to July 27, 2032
2008 Stock Option	8 directors	66,000 shares	2008.7.18	¥ 1 (\$0.01)	From July 19, 2008 to July 18, 2033
2009 Stock Option	8 directors	89,000 shares	2009.7.24	¥ 1 (\$0.01)	From July 25, 2009 to July 24, 2034
2010 Stock Option	8 directors	100,000 shares	2010.7.23	¥ 1 (\$0.01)	From July 24, 2010 to July 23, 2035
2011 Stock Option	8 directors	100,000 shares	2011.7.22	¥ 1 (\$0.01)	From July 23, 2011 to July 22, 2036
2012 Stock Option	8 directors	100,000 shares	2012.7.24	¥ 1 (\$0.01)	From July 25, 2012 to July 24, 2037

The stock option activity is as follows:

	2007 Stock Option	2008 Stock Option	2009 Stock Option	2010 Stock Option	2011 Stock Option	2012 Stock Option
For the year ended March 31, 2012						
Non-vested						
March 31, 2011—Outstanding				100,000		
Granted					100,000	
Vested				100,000		
March 31, 2012—Outstanding					100,000	
Vested						
March 31, 2011—Outstanding	56,000	55,000	89,000			
Vested				100,000		
Exercised						
March 31, 2012—Outstanding	56,000	55,000	89,000	100,000		
For the year ended March 31, 2013						
Non-vested						
March 31, 2012—Outstanding					100,000	
Granted						100,000
Vested					100,000	
March 31, 2013—Outstanding						100,000
Vested						
March 31, 2012—Outstanding	56,000	55,000	89,000	100,000		
Vested				100,000		
Exercised	9,000	9,000	13,000	21,000	20,000	
March 31, 2013—Outstanding	47,000	46,000	76,000	79,000	80,000	
Exercise price	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)
Average stock price at exercise	¥ 781 (\$ 8.30)	¥ 781 (\$ 8.30)	¥ 781 (\$ 8.30)	¥ 781 (\$ 8.30)	¥ 781 (\$ 8.30)	¥ – (\$ –)
Fair value price at grant date	¥1,153 (\$ 12.26)	¥1,057 (\$ 11.24)	¥ 875 (\$ 9.30)	¥ 704 (\$ 7.49)	¥ 709 (\$ 7.54)	¥ 743 (\$ 7.90)

The assumptions used to measure the fair value of the 2012 stock option are as follows:

Estimate method: Black-Scholes option-pricing model

Volatility of stock price: 30.7%

Estimated remaining outstanding period: four years

Estimated dividend: ¥13.5 per share

Risk-free interest rate: 0.1%

21. VALUATION DIFFERENCE ON AVAILABLE-FOR-SALE SECURITIES

The breakdown of "Valuation difference on available-for-sale securities" posted in the balance sheet is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Valuation difference	¥183,406	¥130,191	\$1,950,098
Deferred tax liabilities	(62,092)	(44,319)	(660,203)
Amounts equivalent to difference on available-for-sale securities	¥121,314	¥ 85,871	\$1,289,895
Minority interests adjustment	¥ (144)	¥ (152)	\$ (1,540)
Valuation difference on available-for-sale securities	¥121,169	¥ 85,719	\$1,288,355

22. OTHER OPERATING INCOME

Other operating income for the years ended March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Gains on foreign exchange transactions	¥ 528	¥ 1,162	\$ 5,623
Gains on sales of bonds	12,478	11,052	132,678
Other	11	16	121
Total	¥13,018	¥12,231	\$138,422

23. OTHER INCOME

Other income for the years ended March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Gains on sales of stocks and other securities	¥ 442	¥ 141	\$ 4,703
Gains on negative goodwill	12,899		137,161
Other	11,093	8,902	117,956
Total	¥24,436	¥9,043	\$259,820

For the year ended March 31, 2013, gains on negative goodwill were accounted by deducting goodwill of ¥963 million (\$10,248 thousand) from negative goodwill of ¥13,863 million (\$147,409 thousand). Details are disclosed in Note 33.

24. OTHER OPERATING EXPENSES

Other operating expenses for the years ended March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Losses on sales of bonds	¥2,732	¥3,592	\$29,049
Losses on redemption of bonds		129	
Losses on devaluation of bonds		14	
Other	264	2,382	2,815
Total	¥2,996	¥6,118	\$31,864

25. OTHER EXPENSES

Other expenses for the years ended March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Losses on written-off claims	¥ 208	¥ 241	\$ 2,222
Losses on sales of stocks and other securities	182	36	1,941
Losses on devaluation of stocks and other securities	881	1,549	9,372
Losses on money held in trust	4	12	51
Losses on disposition of fixed assets	1,709	261	18,181
Impairment losses	1	53	21
Other	8,046	7,380	85,553
Total	¥11,035	¥9,534	\$117,341

26. INCOME TAXES

The Bank and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 37.2% for the year ended March 31, 2013, and 39.7% for the year ended March 31, 2012.

The tax effects of significant temporary differences, which resulted in deferred tax assets and liabilities, at March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Deferred tax assets:			
Allowance for loan losses	¥ 21,369	¥24,763	\$ 227,213
Provision for retirement benefits	10,863	13,592	115,510
Impairment loss on securities	4,816	4,966	51,211
Other	3,558	5,041	37,836
Deferred tax assets	40,608	48,363	431,770
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	(62,092)	(44,319)	(660,202)
Gain on establishment of employee retirement benefit trust	(6,066)	(6,198)	(64,508)
Other	(1,877)	(1,735)	(19,959)
Deferred tax liabilities	(70,036)	(52,253)	(744,669)
Net deferred tax assets (liabilities)	¥(29,428)	¥ (3,889)	\$ (312,899)

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the year ended March 31, 2013, with the corresponding figures for 2012 is as follows:

	2013	2012
Normal effective statutory tax rate	37.2 %	39.7 %
Dividends exempted for income tax purposes	(1.1) %	(1.4) %
Gains on negative goodwill	(5.7) %	
Reduction in deferred tax assets resulting from a change in effective tax rate		5.4 %
Other	1.0 %	(0.2) %
Actual effective tax rate	31.4 %	43.5 %

On December 2, 2011, new tax reform laws were enacted in Japan, which changed the normal effective statutory tax rate from approximately 39.7% to 37.2% effective for the fiscal years beginning on or after April 1, 2012 through March 31, 2015, and to 34.8% afterwards.

27. LEASES

(1) Financial Lease

(a) Lessee

The Group leases certain vehicles. They were capitalized as tangible fixed assets and depreciated as stated in Note 3.

Pro forma Information of Leased Property Whose Lease Inception Was before March 31, 2008:

ASBJ Statement No. 13, "Accounting Standard for Lease Transactions" requires that all finance lease transactions be capitalized to recognize lease assets and lease obligations in the balance sheet. However, ASBJ Statement No. 13 permits leases without ownership transfer of the leased property to the lessee and whose lease inception was before March 31, 2008, to continue to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the financial statements. The Group applied ASBJ Statement No. 13 effective April 1, 2008, and accounted for such leases as operating lease transactions. Pro forma information of leased property whose lease inception was before March 31, 2008, was as follows:

Tangible Fixed Assets	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Acquisition cost	¥258	¥258	\$2,745
Accumulated depreciation	(121)	(108)	(1,292)
Net leased property	¥136	¥149	\$1,453

Obligations under finance leases:

Tangible Fixed Assets	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Due within one year	¥ 10	¥ 9	\$ 114
Due after one year	191	202	2,038
Total	¥202	¥211	\$2,152

Depreciation expense, interest expense, and other information under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Depreciation expense	¥12	¥12	\$137
Interest expense	25	26	271
Total	¥38	¥39	\$408
Lease payments	¥34	¥34	\$372

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

(b) Lessor

The net lease investment assets are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Gross lease receivables	¥44,031	¥42,203	\$468,175
Estimate residual values	2,291	2,229	24,366
Unearned interest income	(4,231)	(4,439)	(44,992)
Lease investment assets	¥42,091	¥39,992	\$447,549

Maturities of lease receivables are as follows:

Years Ending March 31,	Millions of Yen	Thousands of U.S. Dollars
	2013	2013
2014	¥113	\$1,209
2015	107	1,141
2016	63	680
2017	43	467
2018	3	38
2019	0	0
Total	¥332	\$3,535

Maturities of lease payment receivables of lease investment assets are as follows:

Years Ending March 31,	Millions of Yen	Thousands of U.S. Dollars
	2013	2013
2014	¥13,316	\$141,587
2015	10,573	112,429
2016	8,060	85,705
2017	5,882	62,545
2018	3,445	36,640
2019	2,752	29,270
Total	¥44,031	\$468,176

(2) Operating Lease

(a) Lessee

The minimum rental commitments under noncancelable operating leases at March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Due within one year	¥130	¥157	\$1,386
Due after one year	684	686	7,277
Total	¥814	¥844	\$8,663

(b) Lessor

The future lease payment receivables under noncancelable operating leases at March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Due within one year	¥273	¥236	\$2,903
Due after one year	528	326	5,615
Total	¥801	¥562	\$8,518

28. SEGMENT INFORMATION

Under the ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures," and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

1. Description of Reportable Segments

The Group's reportable segments are those for which separately financial information is available and regular evaluation by the Committee for Integrated Risk and Budget Management is being performed in order to decide how resources are allocated among the Group. Therefore, the Group consists of the banking operations and leasing operations. Banking operations consist of banking business centered on deposits, loans, investment securities, and exchange transactions. Leasing operations consist of lease transactions centered on finance leases.

2. Methods of Measurement of Ordinary Income, Profit (Loss), Assets, Liabilities, and Other Items for Each Reportable Segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 3, "Summary of Significant Accounting Policies."

3. Information about Ordinary Income, Profit (Loss), Assets, Liabilities, and Other Items

Year Ended March 31, 2013	Millions of Yen						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking Operations	Leasing Operations	Total				
Ordinary income:							
Ordinary income from external customers	¥ 169,954	¥22,052	¥ 192,007	¥11,119	¥ 203,127		¥ 203,127
Ordinary income from intersegment transactions	1,571	2,675	4,246	3,460	7,706	¥ (7,706)	
Total	¥ 171,526	¥24,728	¥ 196,254	¥14,579	¥ 210,834	¥ (7,706)	¥ 203,127
Segment profit	¥ 65,367	¥ 1,746	¥ 67,113	¥ 4,412	¥ 71,526	¥ (226)	¥ 71,300
Segment assets	10,285,558	63,259	10,348,817	42,008	10,390,825	(76,054)	10,314,770
Segment liabilities	9,503,488	51,016	9,554,504	16,512	9,571,017	(66,991)	9,504,025
Other:							
Depreciation	10,758	944	11,702	236	11,939	(75)	11,863
Interest income	128,937	14	128,952	115	129,067	(246)	128,820
Interest expense	8,365	301	8,667	13	8,680	(327)	8,353
Increase in property, plant, equipment, and intangible assets	7,488	540	8,028	276	8,305	(136)	8,168

Year Ended March 31, 2012	Millions of Yen						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking Operations	Leasing Operations	Total				
Ordinary income:							
Ordinary income from external customers	¥ 173,977	¥21,349	¥ 195,327	¥ 9,764	¥ 205,091		¥ 205,091
Ordinary income from intersegment transactions	1,664	2,709	4,373	3,841	8,214	¥ (8,214)	
Total	¥ 175,641	¥24,058	¥ 199,700	¥13,605	¥ 213,305	¥ (8,214)	¥ 205,091
Segment profit	¥ 63,881	¥ 1,283	¥ 65,164	¥ 3,744	¥ 68,909	¥ (106)	¥ 68,803
Segment assets	9,665,235	61,651	9,726,887	38,801	9,765,688	(70,191)	9,695,497
Segment liabilities	8,942,055	51,904	8,993,960	14,984	9,008,945	(64,693)	8,944,251
Other:							
Depreciation	11,876	949	12,825	288	13,114	(70)	13,044
Interest income	135,471	16	135,488	185	135,674	(263)	135,411
Interest expense	7,905	322	8,228	16	8,244	(294)	7,950
Increase in property, plant, equipment, and intangible assets	8,209	293	8,503	191	8,694	(58)	8,636

Year Ended March 31, 2013	Thousands of U.S. Dollars						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking Operations	Leasing Operations	Total				
Ordinary income:							
Ordinary income from external customers	\$ 1,807,068	\$234,481	\$ 2,041,549	\$118,229	\$ 2,159,778		\$ 2,159,778
Ordinary income from intersegment transactions	16,706	28,450	45,156	36,790	81,946	\$ (81,946)	
Total	\$ 1,823,774	\$262,931	\$ 2,086,705	\$155,019	\$ 2,241,724	\$ (81,946)	\$ 2,159,778
Segment profit	\$ 695,030	\$ 18,565	\$ 713,595	\$ 46,920	\$ 760,515	\$ (2,405)	\$ 758,110
Segment assets	109,362,659	672,610	110,035,269	446,661	110,481,930	(808,661)	109,673,269
Segment liabilities	101,047,189	542,442	101,589,631	175,573	101,765,204	(712,296)	101,052,908
Other:							
Depreciation	114,390	10,041	124,431	2,517	126,948	(805)	126,143
Interest income	1,370,949	154	1,371,103	1,226	1,372,329	(2,626)	1,369,703
Interest expense	88,948	3,209	92,157	141	92,298	(3,477)	88,821
Increase in property, plant, equipment, and tangible assets	79,619	5,744	85,363	2,942	88,305	(1,454)	86,851

Note: "Reconciliations" are mainly eliminations of intersegment transactions.

4. Related information
(1) Information about services

	Millions of Yen					Thousands of U.S. Dollars				
	Lending Operations	Investment Operations	Leasing Operations	Other	Total	Lending Operations	Investment Operations	Leasing Operations	Other	Total
Ordinary income from external customers										
Year ended March 31, 2013	¥97,844	¥42,599	¥21,706	¥40,975	¥203,127	\$1,040,349	\$452,949	\$230,802	\$435,678	\$2,159,778
Year ended March 31, 2012	¥102,348	¥42,953	¥21,330	¥38,459	¥205,091					

(2) Information about geographical areas

(i) Ordinary Income

The domestic share of ordinary income from external customers exceeds 90% of ordinary income in the consolidated statement of income, thus information is not presented.

(ii) Tangible fixed assets

The domestic share of tangible fixed assets exceeds 90% of tangible fixed assets in the consolidated balance sheet, thus information is not presented.

(3) Information about major customers

Ordinary income from a specific customer does not exceed 10% of ordinary income in the consolidated statements of income, thus information is not presented.

5. Information about impairment losses of assets

	Millions of Yen					Thousands of U.S. Dollars				
	Reportable Segment			Other	Total	Reportable Segment			Other	Total
	Banking Operations	Leasing Operations	Total			Banking Operations	Leasing Operations	Total		
Impairment losses of assets										
Year ended March 31, 2013	¥ 1		¥ 1		¥ 1	\$21		\$21		\$21
Year ended March 31, 2012	¥53		¥53		¥53					

6. Information about gains on negative goodwill

As stated in Notes 23 and 33, for the year ended March 31, 2013, the Group accounted gains on negative goodwill of ¥12,899 million (\$137,161 thousand), but this amount is not included in segment profit above.

29. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

1 Qualitative Information of Financial Instruments

(1) Group Policy for Financial Instruments

The Group provides comprehensive financial services, centering on banking, along with leasing and management consulting. Its base of operations is Shizuoka Prefecture.

The Bank, the core business operator of the Group, provides a range of financial instruments, including deposits in Japanese yen, deposits in foreign currencies, Japanese government bonds, investment trusts, and personal pension insurance. It also provides stable financing for customers in the region through loans to individuals and lending operations for small and medium enterprises.

(2) Details of Financial Instruments and Risks Arising from Them

The financial assets of the Bank consist primarily of loans and bills discounted to domestic customers and securities, including bonds and equity securities.

The loans and bills discounted are exposed to credit risk arising from potential default by borrowers. Since about 70% of the loans and bills discounted are for customers in Shizuoka Prefecture, credit-related losses could occur on a large scale if the regional economic environment changes negatively or if a Tokai earthquake occurs.

The Group holds securities, such as debt securities (bonds), equity securities, and investment trusts under its investment policy taking into account the safety and liquidity of the investment. These securities are exposed to risks of market price fluctuations associated with the credit standing of issuers and interest rate changes. If the prices of equity securities and other securities held decline, impairment losses or valuation losses could adversely affect the operating results and financial standing of the Group.

Financial liabilities consist primarily of deposits from domestic customers, corporate bonds, and funds raised in the call market. If the Group loses its credit status because of downgrades or other

factors or if the market environment deteriorates, conditions for financing could worsen or transactions could be constrained.

The Group enters into derivative transactions for customer needs of hedging exchange rates or interest rates, and for asset and liability management (ALM) or hedging individual transactions to appropriately manage the market risks of the Group. The Group also conducts trading transactions for the short term.

Derivatives mainly include interest-rate swaps, currency swaps, and bond futures, and are exposed to market risk that could cause losses in association with changes in interest rate markets and foreign exchange markets as well as credit risk (counterparty risk), that is, the risk of default on the initial contract due to the bankruptcy of the counterparty or other factors. Between financial assets and financial liabilities, there are interest rate risks associated with mismatches of interest rates and terms.

(3) Risk Management Systems for Financial Instruments

(i) Integrated risk management system

Under the Basic Risk Management Regulations that stipulate the Group's basic risk management policy, the Group has established a basic framework, including an organizational structure for defining and managing risks and specific procedures for risk management.

To ensure a balance between profitability and soundness, the Group has introduced a management system based on a risk capital allocation at the core of integrated risk management.

The risk capital allocation is a system for avoiding excessive risk taking by setting risk limits. This system allocates core regulatory capital to each operational department or section and controls risk so that if market risks emerge, losses will be contained within the range of shareholder's equity.

(ii) Credit risk management system

Credit risk is the risk of incurring losses when collecting loans and bills discounted becomes difficult because of the worsening of borrowers' financial conditions.

The Credit Risk Management Group of the Risk Management Department manages all credit risk relating to the Group's operations both in Japan and overseas in order to ensure the soundness of the Group's loan asset portfolio.

The Bank's borrower credit rating system, which is an essential part of its credit risk management, together with other internal rating systems, is operated by the Rating Assessment Group of the Credit Department, designed and supervised by the Credit Risk Management Group which is independent from the Credit Department, and verified by the Risk Management Group of 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 Asset Auditing Group inspects if credit risk management is performed conforming to the relevant rules through verification of the self-assessment process.

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 specific industries, and thus controls the portfolio to avoid excessive credit risk.

The Bank's credit risk management status, with the status of market risk management and liquidity risk management, which is described below, is reported through monthly meetings of the Committee for Integrated Risk and Budget Management, which is chaired by the president and other channels of management.

(iii) Market risk management system

Market risk is the risk of incurring losses in association with changes in the prices of financial assets and liabilities that are caused by changes in interest rates, stock prices, and foreign exchange rates.

The Group controls the degree of market risks within a certain range by setting risk capital allocations to market transactions, the lower limits of gains or losses from the valuation of investment securities, and other limits, including position limits in accordance with the risk attributes of each transaction and product, and limits of losses.

The Bank has established ALM hedge criteria for transactions in banking accounts, especially deposits, loans and bills discounted, and investment securities, to control the degree of market risk within a certain range. The ALM Group of the Corporate Planning Department discusses ALM hedge policies based on the situation of interest rate risks and expected interest rates at meetings of the Committee for Integrated Risk and Budget Management.

The Bank has established a system of cross-checks and balances in the market division by strictly separating trading departments and operation departments, and has set up an independent risk management department. The Audit Department, which is independent of audited departments, checks the effectiveness of this system of checks and balances among the three divisions.

The Bank and the Shizuoka Bank (Europe) S.A. measure the market risks (the estimation of possible losses) of financial assets and liabilities, such as securities and derivatives held in trading portfolios, and loans, securities, deposits, bonds payable, and derivative transactions held in banking portfolios, using Value at Risk (VaR). VaR is utilized for the quantitative analysis to manage market fluctuations.

A historical simulation model (a variance covariance model in 2012) is used for the measurement of VaR. The Bank performs backtesting comparing VaR calculated by the model and actual profit and loss, in order to determine whether measurement model captures market risks with sufficient accuracy.

Nevertheless, VaR measures possible market risk amounts statistically calculated based on historical data, and is unlikely to capture risks under significant market fluctuations not presumed.

The total amounts of market risks as of March 31, 2013 and 2012, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
VaR	¥147,045	¥72,971	\$1,563,477

The assumptions used to measure VaR are as follows:

Observation period: five years (one year in 2012)

Confidence interval: 99%

Holding period: 125 days for banking transactions and 10 days for trading transactions (10 days, 21 days, or 125 days classified by the nature of transaction in 2012)

The due date of core deposits, defined as demand deposits staying long-term without withdrawal, are allocated within 10 years based on an internal model by specific formula.

(iv) Liquidity risk management system

There are two types of liquidity risk: (1) financing risk, that is, the risk of not being able to secure needed funds as a result of worsening market conditions and other factors, or incurring losses due to being forced to raise funds at much higher interest rates than usual, and (2) market liquidity risk, that is, the risk of not being able to trade financial instruments, such as bonds, because of market turmoil or other factors or incurring losses due to being forced to trade financial instruments at far less favorable prices than usual.

The Bank has established a system of cross-checks and balances by setting up fund management departments for financing in Japanese yen and in foreign currencies, and a liquidity risk management department that is independent of the fund management departments. The Fund & Foreign Exchange Group controls amounts raised in markets within a range of amounts that can be raised and seeks stable financing, considering market circumstances. The Risk Management Group assesses the stability of the asset and liability structure, including the status of the holding of liquid assets and monitors the financing position and the status of the management of the financing departments.

To deal promptly with unforeseeable circumstances, the Group has classified financing management in emergencies into four phases—Phase 1 (prevention), Phase 2 (caution needed), Phase 3 (concern over liquidity), and Phase 4 (lack of liquidity)—and has determined the authorized personnel and countermeasures for each phase in advance.

To deal with market liquidity risk, the liquidity risk management department monitors the holding of liquid assets on a timely basis, and the front office chooses assets to be managed after taking into account their liquidity and/or sets limits by name and by term.

(4) Supplementary Explanation of the Fair Values of Financial Instruments

The fair values of financial instruments include values based on market prices, and if there are no market prices, values are reasonably calculated. Fair values could differ if different assumptions are used for calculation.

2. Fair Values of Financial Instruments

The carrying amount, fair values, and differences between them at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gains (Losses)
March 31, 2013			
Cash and due from banks	¥ 423,555	¥ 423,555	
Trading assets:			
Trading securities	12,802	12,802	
Securities:			
Held-to-maturity	9,478	9,735	¥ 257
Available-for-sale	2,537,632	2,537,632	
Loans and bills discounted	6,969,330		
Allowance for loan losses	(61,837)		
Subtotal	6,907,492	6,960,601	53,108
Total	¥9,890,962	¥9,944,327	¥ 53,365
Deposits	¥8,412,257	¥8,413,804	¥ 1,546
Call money and bills sold	327,007	327,007	
Payables under securities lending transactions	403,205	403,205	
Borrowed money	57,480	57,512	31
Total	¥9,199,950	¥9,201,529	¥ 1,578
Derivative transactions:			
Nonhedging derivatives	¥ 226	¥ 226	
Hedging derivatives	(3,768)	(3,768)	
Total	¥ (3,542)	¥ (3,542)	

	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gains (Losses)
March 31, 2012			
Cash and due from banks	¥ 349,882	¥ 349,882	
Trading assets:			
Trading securities	13,715	13,715	
Securities:			
Held-to-maturity	10,566	10,684	¥ 117
Available-for-sale	2,248,049	2,248,049	
Loans and bills discounted	6,671,027		
Allowance for loan losses	(72,843)		
Subtotal	6,598,183	6,653,768	55,584
Total	¥9,220,398	¥9,276,101	¥55,702
Deposits	¥8,080,088	¥8,081,622	¥ 1,534
Call money and bills sold	226,509	226,509	
Payables under securities lending transactions	303,944	303,944	
Borrowed money	67,800	67,870	70
Total	¥8,678,342	¥8,679,947	¥ 1,604
Derivative transactions:			
Nonhedging derivatives	¥ 634	¥ 634	
Hedging derivatives	(3,210)	(3,210)	
Total	¥ (2,575)	¥ (2,575)	

	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gains (Losses)
March 31, 2013			
Cash and due from banks	\$ 4,503,518	\$ 4,503,518	
Trading assets:			
Trading securities	136,129	136,129	
Securities:			
Held-to-maturity	100,778	103,514	\$ 2,736
Available-for-sale	26,981,736	26,981,736	
Loans and bills discounted	74,102,396		
Allowance for loan losses	(657,496)		
Subtotal	73,444,900	74,009,583	564,683
Total	\$105,167,061	\$105,734,480	\$567,419
Deposits	\$ 89,444,525	\$ 89,460,972	\$ 16,447
Call money and bills sold	3,476,952	3,476,952	
Payables under securities lending transactions	4,287,145	4,287,145	
Borrowed money	611,164	611,504	340
Total	\$ 97,819,786	\$ 97,836,573	\$ 16,787
Derivative transactions:			
Nonhedging derivatives	\$ 2,409	\$ 2,409	
Hedging derivatives	(40,070)	(40,070)	
Total	\$ (37,661)	\$ (37,661)	

- Notes:
1. Allowance for loan losses is deducted from the carrying amount of loans and bills discounted.
 2. Derivative transactions include both derivatives accounted for as trading assets/liabilities and derivatives accounted for as other assets/liabilities. Net assets and liabilities arising from derivative transactions are shown on a net basis and in the case that net amounts are liabilities, they are shown as a negative amount.
 3. Interest rate swaps, for which special hedging treatment is applied, are excluded from derivative transactions as they are evaluated with hedged items on the whole.
 4. Hedged items with special hedging treatment of interest rate swaps are treated as united transactions. For items whose fair value is calculated by discounting future cash flows, deferred and accrued accounts at the calculation date are considered.

Methods used for calculating the fair values of financial instruments Assets

(1) Cash and due from banks

Since the fair values of amounts due from banks without maturities approximate their carrying values, the fair values are deemed equal to the carrying values. The terms of all amounts due from banks with maturities are short (within one year) and their fair values approximate their carrying values. The fair values are therefore deemed equal to the carrying values.

(2) Trading assets

The fair values of securities, such as bonds held for trading, are determined by reference to quoted market prices on stock exchanges or prices offered by correspondent financial institutions.

(3) Securities

The fair values of shares are determined by reference to quoted market prices on stock exchanges. The fair values of bonds are determined by reference to quoted market prices or prices offered by correspondent financial institutions. Investment trusts are determined by reference to their publicly available unit prices. The fair values of private placement bonds guaranteed by the Bank are determined by the calculation method for loans and bills discounted described in (4) below after adjusting to reflect guarantee commissions received, among other factors.

(4) Loans and bills discounted

As floating rate loans and bills discounted reflect market interest rates over short periods, unless the credit standing of the borrower is significantly different after the loan was made or the bill was drawn, the fair value approximates the carrying value. The fair value is therefore deemed equal to the carrying value.

The fair values of fixed-rate loans and bills discounted are their present values that are estimated for each classification based on their type, internal rating, status of collateral and guarantees, and terms, and by discounting the future cash flows of the principal and interest using the rates at which similar new loans would be made or market interest rates plus credit cost rates in accordance with internal ratings and expense rates. The fair values of fixed-rate loans and bills discounted, whose terms are short (within one year), approximate their carrying values and are therefore deemed equal to the carrying values.

Losses from loans to borrowers in legal bankruptcy, in virtual bankruptcy, and in possible bankruptcy are computed based on estimated recoverable amounts. The fair values of those loans approximate the consolidated balance sheet amounts at the closing date minus the currently estimated losses and are therefore deemed equal to the amounts.

The fair values of loans and bills discounted for which repayment terms are not set because of their attributes (e.g., loans are limited to the amounts of pledged assets) are assumed to approximate their carrying values, considering the expected repayment periods and interest rate conditions, and are deemed equal to the carrying values.

Liabilities

(1) Deposits

The fair values of demand deposits are deemed equal to the amounts that would be paid (carrying values) if the payment were demanded at the balance sheet date. The fair values of time deposits and negotiable certificates of deposit, which are classified in accordance with their periods, are their present values that are

estimated by discounting the future cash flows, using the rates that would be offered for new deposits to be received.

The fair values of deposits and negotiable certificates of deposit with short deposit terms (within one year) or with variable interest rates approximate their carrying values and are deemed equal to their carrying values.

- (2) Call money and bills sold and (3) Payables under securities lending transactions

The terms of all liabilities are short (within one year) and their fair values approximate their carrying values. The fair values are therefore deemed equal to the carrying values.

- (4) Borrowed money

Floating rate borrowed money reflects market interest rates in short periods and the credit standing of the Bank and its consolidated subsidiaries has not significantly changed from when the money was borrowed. The fair value of floating rate borrowed money is therefore considered to approximate the carrying value and is deemed equal to the carrying value. The present value of fixed-rate borrowed money, which is classified in accordance with its period, is estimated by discounting future cash flows, using rates that would be offered to similar borrowings. The fair value of borrowed money whose term is short (within one year) approximates the carrying value and is therefore deemed equal to the carrying value.

Derivatives

Information on the fair value of derivatives is included in Note 30.

Carrying amount of financial instruments whose fair value cannot be reliably determined at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Unlisted stocks	¥ 5,994	¥ 5,991	\$ 63,741
Investments in partnerships and others	7,188	8,841	76,432
Total	¥13,183	¥14,832	\$140,173

Notes: 1. Unlisted stocks without market prices, and whose fair values are difficult to grasp, are not included in fair value information. The table above includes investments in associated companies accounted for by the equity method of ¥74 million (\$795 thousand) and ¥68 million in 2013 and 2012, respectively.
2. The impairment losses on unlisted stocks and investments in partnerships for the year ended March 31, 2013, and unlisted stocks for the year ended March 31, 2012, were ¥237 million (\$2,524 thousand) and ¥31 million, respectively.
3. Investments in partnership, whose assets includes unlisted stocks and other assets, are not included in fair value disclosures, as it is difficult to estimate their fair values.

Maturity analysis for financial assets and securities with contractual maturities

	Millions of Yen					
	Due in One Year or Less	Due after One Year through Three Years	Due after Three Years through Five Years	Due after Five Years through Seven Years	Due after Seven Years through Ten Years	Due after Ten Years
March 31, 2013						
Due from banks	¥ 326,868					
Securities:	101,054	¥ 141,579	¥ 505,883	¥ 497,483	¥316,402	¥ 547,092
Held-to-maturity	1,255	2,800	1,690	724		2,927
Available-for-sale	99,798	138,779	504,192	496,759	316,402	544,164
Loans and bills discounted	2,128,229	1,271,983	976,053	517,387	464,574	1,283,781
Total	¥2,556,152	¥1,413,562	¥1,481,936	¥1,014,871	¥780,976	¥1,830,874

	Thousands of U.S. Dollars					
	Due in One Year or Less	Due after One Year through Three Years	Due after Three Years through Five Years	Due after Five Years through Seven Years	Due after Seven Years through Ten Years	Due after Ten Years
March 31, 2013						
Due from banks	\$ 3,475,474					
Securities:	1,074,472	\$ 1,505,360	\$ 5,378,873	\$ 5,289,569	\$3,364,195	\$ 5,817,036
Held-to-maturity	13,349	29,771	17,970	7,702		31,129
Available-for-sale	1,061,123	1,475,589	5,360,903	5,281,867	3,364,195	5,785,907
Loans and bills discounted	22,628,705	13,524,545	10,378,028	5,501,199	4,939,652	13,649,995
Total	\$27,178,651	\$15,029,905	\$15,756,901	\$10,790,768	\$8,303,847	\$19,467,031

Notes: 1. The amount of loans and bills discounted without due dates are excluded totaling ¥141,410 million (\$1,503,571 thousand).

2. The amount of loans and bills discounted for "possible bankruptcy," "virtual bankruptcy", and "legal bankruptcy," excluding those without due dates, are included totaling ¥185,908 million (\$1,976,701 thousand).

Maturity analysis for borrowed money and other interest-bearing debt

	Millions of Yen					
	Due in One Year or Less	Due after One Year through Three Years	Due after Three Years through Five Years	Due after Five Years through Seven Years	Due after Seven Years through Ten Years	Due after Ten Years
March 31, 2013						
Deposits	¥7,774,626	¥583,968	¥40,581	¥5,731	¥7,349	¥
Call money and bills sold	327,007					
Payables under securities lending transactions	403,205					
Borrowed money	53,131	3,390	957			
Total	¥8,557,971	¥587,359	¥41,539	¥5,731	¥7,349	¥

	Thousands of U.S. Dollars					
	Due in One Year or Less	Due after One Year through Three Years	Due after Three Years through Five Years	Due after Five Years through Seven Years	Due after Seven Years through Ten Years	Due after Ten Years
March 31, 2013						
Deposits	\$82,664,820	\$6,209,126	\$431,491	\$60,943	\$78,145	\$
Call money and bills sold	3,476,952					
Payables under securities lending transactions	4,287,145					
Borrowed money	564,930	36,053	10,181			
Total	\$90,993,847	\$6,245,179	\$441,672	\$60,943	\$78,145	\$

Note: Demand deposits are included in "Due in One Year or Less."

30. DERIVATIVES

Qualitative information on derivatives, such as the nature and the purpose of derivative financial instruments, is included in Note 29.

Derivative transactions to which hedge accounting is not applied at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen			
	Contract or Notional Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains (Losses)
March 31, 2013				
Over the counter:				
Interest rate swaps	¥1,499,238	¥1,245,204	¥ 740	¥ 740
Currency swaps	353,385	265,764	513	513
Forward contracts	111,396	13,449	(1,065)	(1,065)
Currency options	211,829	126,395	(51)	(51)
Other	11,874	9,513	88	88

	Millions of Yen			
	Contract or Notional Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains (Losses)
March 31, 2012				
Over the counter:				
Interest rate swaps	¥1,297,997	¥1,151,255	¥677	¥677
Currency swaps	410,064	298,222	32	32
Forward contracts	94,438	14,136	49	49
Currency options	237,647	154,792	(285)	(285)
Other	17,855	12,962	160	160

	Thousands of U.S. Dollars			
	Contract or Notional Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains (Losses)
March 31, 2013				
Over the counter:				
Interest rate swaps	\$15,940,863	\$13,239,813	\$ 7,877	\$ 7,877
Currency swaps	3,757,426	2,825,777	5,463	5,463
Forward contracts	1,184,437	143,000	(11,332)	(11,332)
Currency options	2,252,302	1,343,923	(543)	(543)
Other	126,257	101,151	944	944

Note: Derivatives included in the table above were measured at fair value, and the unrealized gains and losses were recognized in income.

Derivative transactions to which hedge accounting is applied at March 31, 2013 and 2012, consisted of the following:

	Hedged Item	Millions of Yen		
		Contract Amount	Contract Amount Due after One Year	Fair Value
March 31, 2013				
Principled treatment				
Interest rate swaps	Deposits	¥ 20,311	¥20,311	¥ 81
Forward contracts	Loans, deposits, and securities in foreign currencies	150,195		(3,850)
Special hedging treatment				
Interest rate swaps	Loans and bonds payable	49,739	46,382	

	Hedged Item	Millions of Yen		
		Contract Amount	Contract Amount Due after One Year	Fair Value
March 31, 2012				
Principled treatment				
Interest rate swaps	Deposits	¥ 323	¥ 323	¥ (25)
Forward contracts	Loans, deposits, and securities in foreign currencies	82,726		(3,185)
Special hedging treatment				
Interest rate swaps	Loans and bonds payable	43,434	43,364	

	Hedged Item	Thousands of U.S. Dollars		
		Contract Amount	Contract Amount Due after One Year	Fair Value
March 31, 2013				
Principled treatment				
Interest rate swaps	Deposits	\$ 215,960	\$215,960	\$ 868
Forward contracts	Loans, deposits, and securities in foreign currencies	1,596,974		(40,938)
Special hedging treatment				
Interest rate swaps	Loans and bonds payable	528,865	493,164	

Notes: 1. Principally deferral hedge accounting is applied as stipulated in "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in the Banking Industry" (Japanese Institutes of Certified Public Accountant Industry Audit Committee Report No. 24).

2. The fair value of interest rate swaps with special hedging treatment is omitted as interest rate swaps and loans are treated unitary and their values are included in the fair value of loans and bills discounted in Note 29.

The fair values of listed transactions represent the closing price on the Tokyo Financial Exchange and other exchanges at the consolidated balance sheet date. The fair values of over-the-counter transactions are calculated mainly by using the discounted present values or option-pricing models.

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.

31. RELATED-PARTY TRANSACTIONS

Related-party transactions for the years ended March 31, 2013 and 2012, were as follows:

1. Related-Party Transactions with the Bank

Related Party	Category	Description of Transactions	Thousands of U.S. Dollars		
			2013	2012	2013
Yasuhiro Saito	Audit & Supervisory Board Member of Shizuoka Bank	Legal service fees	¥ 25	¥ 20	\$ 268
Lawyer		Loans	73	78	779
Tsutomu Goto	Close relative of a director of Shizuoka Bank	Loans	175	196	1,871
Yoko Mizuguchi	Close relative of a director of Shizuoka Bank	Loans	8	10	95
Kenji Mizuguchi	Close relative of a director of Shizuoka Bank	Loans	41	44	445
Makizo Iio	Close relative of a director of Shizuoka Bank	Loans	288	292	3,065

Notes: 1. Related-party transactions stated above are processed under equal conditions to transactions with general customers.
2. Amount of loans are balances at the end of the year except Makizo Iio.
3. Amount of loans to Makizo Iio is the balance on June 30, 2012, as the related director retired on June 22, 2012.

2. Related-Party Transactions with Subsidiaries

Related Party	Category	Description of Transactions	Thousands of U.S. Dollars		
			2013	2012	2013
Yasuhiro Saito	Audit & Supervisory Board Member of Shizuoka Bank and its subsidiaries	Legal service fees	¥ 2	¥ 2	\$ 25
Lawyer		Lease payments	4	4	50
		Lease investment assets on Mar 31	15	15	161

Note: Related-party transactions stated above are processed under equal conditions to transactions with general customers.

32. COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Unrealized gain on available-for-sale securities			
Gains arising during the year	¥65,551	¥31,047	\$ 696,988
Reclassification adjustments to profit and loss	(12,256)	(5,798)	(130,318)
Amount before income tax effect	53,295	25,248	566,670
Income tax effect	(17,772)	(3,655)	(188,970)
Total	¥35,522	¥21,593	\$ 377,700
Deferred gains on derivatives under hedge accounting			
Gains arising during the year	¥ (165)	¥ (455)	\$ (1,758)
Reclassification adjustments to profit and loss	474	580	5,044
Amount before income tax effect	309	125	3,286
Income tax effect	(112)	(65)	(1,195)
Total	¥ 196	¥ 60	\$ 2,091
Foreign currency translation adjustments			
Gains arising during the year	¥ 345	¥ (246)	\$ 3,677
Reclassification adjustments to profit and loss			
Amount before income tax effect	345	(246)	3,677
Income tax effect			
Total	¥ 345	¥ (246)	\$ 3,677
Total other comprehensive income	¥36,065	¥21,407	\$ 383,468

33. BUSINESS COMBINATION

(1) Increase of Ownership in Subsidiaries

On April 27, 2012, the Bank acquired shares of Shizugin Lease Co., Ltd. and Shizugin DC Card Co., Ltd. from their minority shareholders, and Shizugin Credit Guaranty Co., Ltd. and Shizuoka Computer Service Co., Ltd. acquired their shares from their respective minority shareholders.

As a result of this, the ownership of the Bank in these subsidiaries has increased.

(2) Business Combination

The Bank and Shizugin Management Consulting Co., Ltd. implemented the following business combination as a transaction under common control.

① Summary of the Business Combination

(A) Name and Business of the Subsidiary

Name: Shizugin Management Consulting Co., Ltd.

Business: Management consulting

(B) Summary and Reasons of the Business Combination

The Bank and Shizugin Management Consulting Co., Ltd. carried out a share exchange, which made the Bank a wholly owning parent company and Shizugin Management Consulting Co., Ltd. a wholly owned subsidiary. The purpose of this exchange was to meet our customer's demands for services with higher quality and more variety, by increasing synergies among the Group and realizing more prompt and efficient management.

(C) Date of the Business Combination

June 29, 2012

(D) Legal Form of the Combination

Share exchange

(E) Name of the Subsidiary after the Combination

No change

② Summary of the Accounting Treatment Implemented

This business combination was accounted for as a transaction under common control, based on the Accounting Standards Board of Japan (ASBJ) Statement No. 21, "Accounting Standard for Business Combinations" and ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures".

③ Additional Acquisition of Subsidiary's Stocks

(A) Acquisition Cost

	Millions of Yen	Thousands of U.S. Dollars
Acquisition cost	¥2,169	\$23,073
(Breakdown)		
Treasury stock	2,166	23,038
Actual cost of the acquisition	3	35

(B) Share Exchange Ratio, Calculation Method, and the Number of Allotted Shares Based on the Type of Stocks

(a) Share Exchange Ratio

The Shizuoka Bank Ltd. (Common stock)	Shizugin Management Consulting Co., Ltd. (Common stock)
176	1

(b) Calculation Method

In order to ensure the fairness and appropriateness of the share exchange ratio, the Bank and Shizugin Management Consulting Co., Ltd., requested KPMG FAS Co., Ltd., and Gyosei & Co., respectively, as third-party valuation institution to calculate the share exchange ratio.

The Bank and Shizugin Management Consulting Co., Ltd. negotiated and consulted carefully referring to those calculations, and concluded that the share exchange ratio above was fair and appropriate to implement the share exchange.

(c) Number of Allotted Shares

2,648,800 shares

(C) Amount, Cause, and Amortization of Goodwill Incurred

(a) Amount of Goodwill Incurred

¥963 million (\$10,248 thousand)

(b) Cause

Difference between the Bank's increase in shares of stock corresponding to Shizugin Management Consulting Co., Ltd. and the acquisition cost.

(c) Amortization

The Group has amortized all the goodwill incurred by this combination for the year ended March 31, 2013.

(3) Gains on Negative Goodwill

Because of the increase of ownership indirectly occurred from above transactions, a negative goodwill of ¥13,863 million (\$147,409 thousand) has incurred.

Deducing the above-mentioned goodwill of ¥963 million (\$10,248 thousand) from this negative goodwill, the Group has accounted ¥12,899 million (\$137,161 thousand) of gains on negative goodwill.

34. NET INCOME PER SHARE

Basic net income per share (EPS) for the years ended March 31, 2013 and 2012, is computed as follows:

Year ended	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income	Weighted-Average Shares	EPS	
March 31, 2013				
Basic EPS				
Net income available to common shareholders	¥56,970	651,268	¥87.47	\$0.930
Effect of dilutive securities stock option		413	(0.05)	(0)
Diluted EPS				
Net income for computation	¥56,970	651,682	¥87.42	\$0.930
Year ended	Millions of Yen	Thousands of Shares	Yen	
March 31, 2012	Net Income	Weighted-Average Shares	EPS	
Basic EPS				
Net income available to common shareholders	¥37,188	660,769	¥56.28	
Effect of dilutive securities stock option		369	(0.04)	
Diluted EPS				
Net income for computation	¥37,188	661,138	¥56.24	

35. SUBSEQUENT EVENTS

1. Issuance of Convertible Bonds

On April 9, 2013, the Board of Directors resolved the following issuance of convertible bonds (bonds with stock acquisition rights) (hereafter the "Bonds"), and the payments for the Bonds were completed on April 25, 2013.

(1) Name of the Bonds

The Shizuoka Bank Ltd. Zero Coupon Convertible Bonds due 2018

(2) Issue Price (amount to be paid)

100% of the face value (\$100,000 for each note)

(3) Offer Price

102.5% of the face value

(4) Aggregate Amount of Issue Price

\$500,000,000

(5) Interest Rate

Zero Coupon

(6) Collateral and Guarantee

No collateral or guarantee

(7) Issue Date and Payment Date

April 25, 2013

(8) Redemption

The Bonds shall be redeemed at 100% of the face value on April 25, 2018 (maturity date). In addition to this, there is a clause regarding the prepayment or redemption by purchase in the offering circular.

(9) Matters on Stock Acquisition Rights

① Number of stock acquisition rights

5,000

② Type and detail of stocks, and number of shares issued upon exercise of stock acquisition rights

The type and detail of stocks to be issued upon the exercise of stock acquisition rights shall be common stock of the Bank, and the number of common stocks allotted shall be calculated by dividing face value of exercised convertible bonds by designated conversion price.

The fraction that occurs from the exercise shall be rounded down and there is no adjustment by cash.

③ Date of allotment of stock acquisition rights

April 25, 2013

④ Exercise period of stock acquisition rights

May 10, 2013 to April 11, 2018

⑤ Amounts to be paid at the exercise of stock acquisition rights

For the exercise of each stock acquisition right, the holder contributes to the related convertible bonds, and the contribution price shall be equivalent to the face value.

⑥ Conversion price

\$13.46 (initial conversion price)

⑦ Capital stock and capital surplus increased by the exercise of stock acquisition rights

The amount of capital stock increased by the exercise of these stock acquisition rights shall be 50% of the maximum capital increase amount calculated in accordance with Article 17 of the Ordinance on Company Accounting, rounding up the fraction.

The amount of capital reserve increased shall be the difference between the maximum capital increase amount and the amount of capital stock increased.

⑧ Allotment of stock acquisition right by the succeeding company in case of reorganization, etc.

There is a clause regarding such allotment in the offering circular.

⑨ Reason of no payment for these stock acquisition rights

No payment is necessary as compensation for these stock acquisition rights considering the integrity between the Bonds and stock acquisition rights, and a comparison between the value of stock acquisition rights and the economic value gained by the condition of issuance, such as interest rate, issue price, and so on of the Bonds.

(10) Use of Proceeds

Proceeds from the issuance of the Bonds will be used for loans in U.S. dollar during the year ending March 31, 2014.

(11) Listing on Stock Exchange

The Bonds were listed on the Singapore Stock Exchange.

2. Purchase of Treasury Stock

On April 9, 2013, the Board of Directors resolved the following purchase of treasury stock.

Type of stock: Common stock

Number of shares: Up to 20,000,000 shares

Aggregate amount of shares: Up to ¥26,000 million (\$276,449 thousand)

Purchase period: April 10, 2013 to June 21, 2013

As a result, the Bank completed this purchase of treasury stock by June 12, 2013, as follows.

Type of stock: Common stock

Number of shares: 20,000,000 shares

Aggregate amount of shares: ¥22,642 million (\$240,748 thousand)

3. Appropriation of Retained Earnings

The following appropriations of retained earnings were authorized at the ordinary general shareholders' meeting held on June 21, 2013:

	Millions of Yen	Thousands of U.S. Dollars
Cash dividends,		
¥8.0 (\$0.09) per share	¥5,188	\$55,163
Total	¥5,188	\$55,163

Key Consolidated Financial Indicators

Summary of Profits (Losses)

Years ended March 31	Millions of Yen			Percentage Change
	2013	2012	Increase (Decrease)	
Net interest income	¥120,466	¥127,460	¥(6,993)	(5.5)%
Net fees and commissions	24,690	23,951	738	3.1
Net trading income	2,229	864	1,365	157.9
Net other operating income	10,021	6,112	3,908	63.9
General and administrative expenses	86,996	89,080	(2,084)	(2.3)
Net other ordinary income	888	(505)	1,393	(275.7)
Ordinary profits	71,300	68,803	2,496	3.6
Income before income taxes and minority interests	83,812	68,817	14,994	21.8
Income taxes:				
Current	18,631	22,217	(3,586)	(16.1)
Deferred	7,652	7,723	(70)	(0.9)
Minority interest in net income of consolidated subsidiaries	556	1,687	(1,130)	(67.0)
Net income	56,970	37,188	19,782	53.2
Comprehensive income	93,592	60,283	33,309	55.3

Breakdown of Net Interest Margin

Year ended March 31	Billions of Yen
	2013
Interest income	¥ 128.8
Average interest-earning assets	9,048.0
Average interest rate of interest-earning assets (%)	1.42
Interest expense (Note)	8.3
Average interest-bearing liabilities	8,579.9
Average interest rate of interest-bearing liabilities (%)	0.09
Net interest income	120.4

Note: Interest expense here excludes interest paid in relation to investment in money held in trust.

Net Other Operating Income

Years ended March 31	Millions of Yen		
	2013	2012	Increase (Decrease)
Gains on foreign exchange transactions	¥ 528	¥ 1,162	¥ (633)
Gains/losses on government bonds	9,746	7,316	2,429
Gains on sales	12,478	11,052	1,425
Losses on sales	(2,732)	(3,592)	860
Losses on redemptions		(129)	129
Amortized bond issue cost		(14)	14
Gains/losses on derivative transactions	(264)	(2,382)	2,117
Expenses for derivative products	(264)	(2,382)	2,117
Others	11	16	(4)
Gains/losses on other business	10,021	6,112	3,908
Other operating income	13,018	12,231	787
Other operating expenses	(2,996)	(6,118)	3,121

Loans Outstanding by Type of Borrower

March 31	Billions of Yen, % Share			
	2013		2012	
Domestic branches:				
Manufacturing	¥1,200.5	17.68%	¥1,153.3	17.64%
Agriculture and forestry	4.9	0.07	4.9	0.08
Fishery	3.6	0.05	3.3	0.05
Mining and quarrying	18.1	0.27	16.9	0.26
Construction	283.2	4.17	295.2	4.52
Utilities	41.8	0.62	52.3	0.80
Telecommunications	30.9	0.45	32.1	0.49
Transportation and mail service	256.0	3.77	254.3	3.89
Wholesale and retailing	789.9	11.63	760.6	11.63
Finance and insurance	466.3	6.87	405.8	6.21
Real estate, lease, and rental	1,396.2	20.56	1,372.2	20.99
Medical, welfare, lodging, and other services	467.6	6.89	464.8	7.11
Local governments	144.5	2.13	135.5	2.07
Other	1,687.3	24.84	1,586.1	24.26
Subtotal	6,791.5	100.00	6,537.8	100.00
Overseas branches and offshore accounts:				
Banks and other financial institutions	3.7	2.12	1.6	1.23
Other	174.0	97.88	131.5	98.77
Subtotal	177.7	100.00	133.1	100.00
Total	¥6,969.3		¥6,671.0	

Risk Monitored Asset Information

March 31	Millions of Yen		
	2013	2012	Increase (decrease)
Loans under bankruptcy proceedings A	¥ 6,418	¥ 9,276	¥ (2,858)
% of loans and bills discounted	0.09	0.13	(0.05)
Past-due loans B	179,490	202,534	(23,044)
% of loans and bills discounted	2.57	3.03	(0.46)
Loans past due for three months or more C	1,865	2,440	(575)
% of loans and bills discounted	0.02	0.03	(0.01)
Restructured loans D	17,102	15,725	1,377
% of loans and bills discounted	0.24	0.23	0.01
Risk monitored loan total E (E=A+B+C+D)	204,876	229,977	(25,100)
% of loans and bills discounted	2.93	3.44	(0.51)
Value covered with collateral, guarantees, etc. F	181,069	208,745	(27,676)
Cover ratio (%) F/E	88.37	90.76	(2.39)

Notes: 1. Risk monitored loans are based on Article 19-2 of the Ordinance for Endorsement of the Banking Act. 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. Restructured loans 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, or the relinquishment of a portion of liabilities) with the goal of supporting the recovery of borrowers that have fallen into financial difficulty 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.

Allowance for Loan Losses

March 31	Millions of Yen	
	2013	2012
General allowance for loan losses	¥41,008	¥45,724
Specific allowance for loan losses	24,027	30,303
Total	¥65,035	¥76,028
[Loans on written-off claims for the year]	¥ [208]	¥ [241]

Financial Index

Years ended March 31	Consolidated			Non-Consolidated		
	2013	2012	Increase (Decrease)	2013	2012	Increase (Decrease)
Per share (Yen):						
Net income	¥ 87.47	¥ 56.28	¥ 31.19	¥ 62.79	¥ 52.44	¥ 10.35
Net assets	1,242.14	1,109.67	132.47	1,204.31	1,097.55	106.76
Cash dividends	15.00	13.50	1.50	15.00	13.50	1.50
Dividend payout ratio (%)				23.88	25.74	(1.86)
Return on equity (%) (Note)	7.43	5.23	2.20	6.52	5.70	0.82
Price earnings ratio (%)	12.11	15.13	(3.02)	16.88	16.24	0.64

Note: The amount of net income returned as a percentage of average balance of shareholder's equity.

Capital Adequacy Ratio

March 31	Billions of Yen	
	Consolidated	Nonconsolidated
	2013	2013
1. Total capital ratio (%)	17.46	16.97
2. Tier 1 ratio (%)	15.55	15.08
3. Common Equity Tier 1 ratio (%)	15.55	15.08
4. Total capital	768.4	737.5
5. Tier 1 capital	684.2	655.4
6. Common Equity Tier 1 capital	684.2	655.4
7. Total risk-weighted assets	4,400.1	4,343.5
8. Total capital requirements	352.0	347.4

- Notes: 1. Effective from the year ended March 31, 2013, the Basel 3 regulations have been applied to calculate capital adequacy ratios. Capital ratios for the year ended March 31, 2012, are not presented.
2. Capital ratios were calculated both on consolidated and nonconsolidated basis conforming to the Ministry of Finance guidelines, based on Article 14-2 of the Banking Act.
3. The Group has been adopted the Foundation Internal Rating-Based Approach to calculate credit risk assets, the Standardized Approach for operational risk, and applied the Market Risk Capital Regulations.

Credit-Related Financial Instruments

March 31	Billions of Yen	
	Contract Amount	
	2013	2012
Commitments to extend credit	¥3,033.4	¥3,082.4
Guarantees	104.1	107.3
Total	¥3,137.6	¥3,189.8

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: (81) 54-345-5411
URL: <http://www.shizuokabank.co.jp/>

INTERNATIONAL BUSINESS PROMOTION GROUP

Phone: (81) 54-345-5411
Fax: (81) 54-344-0090

TREASURY & INTERNATIONAL OPERATIONS CENTER

Phone: (81) 54-345-5700
Fax: (81) 54-349-5501
SWIFT address: SHIZJPJT

NUMBER OF EMPLOYEES

(As of March 31, 2013)
3,093

DATE OF ESTABLISHMENT

March 1, 1943

DOMESTIC NETWORK

(As of July 1, 2013)
Head Office, 171 branches,
24 sub-branches

OVERSEAS NETWORK

(As of July 1, 2013)
3 branches,
2 representative offices and
1 subsidiary

Overseas Service Network

Los Angeles Branch

801 South Figueroa Street, Suite 610,
Los Angeles, CA 90017, U.S.A.
Phone: (1) 213-622-3233
Fax: (1) 213-623-8674

New York Branch

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
S.A.R.,
People's Republic of China
Phone: (852) 2521-6547
Fax: (852) 2845-9257

Singapore Representative Office

80 Raffles Place, #09-21 UOB Plaza 2,
Singapore 048624
Phone: (65) 6225-3600
Fax: (65) 6225-9901

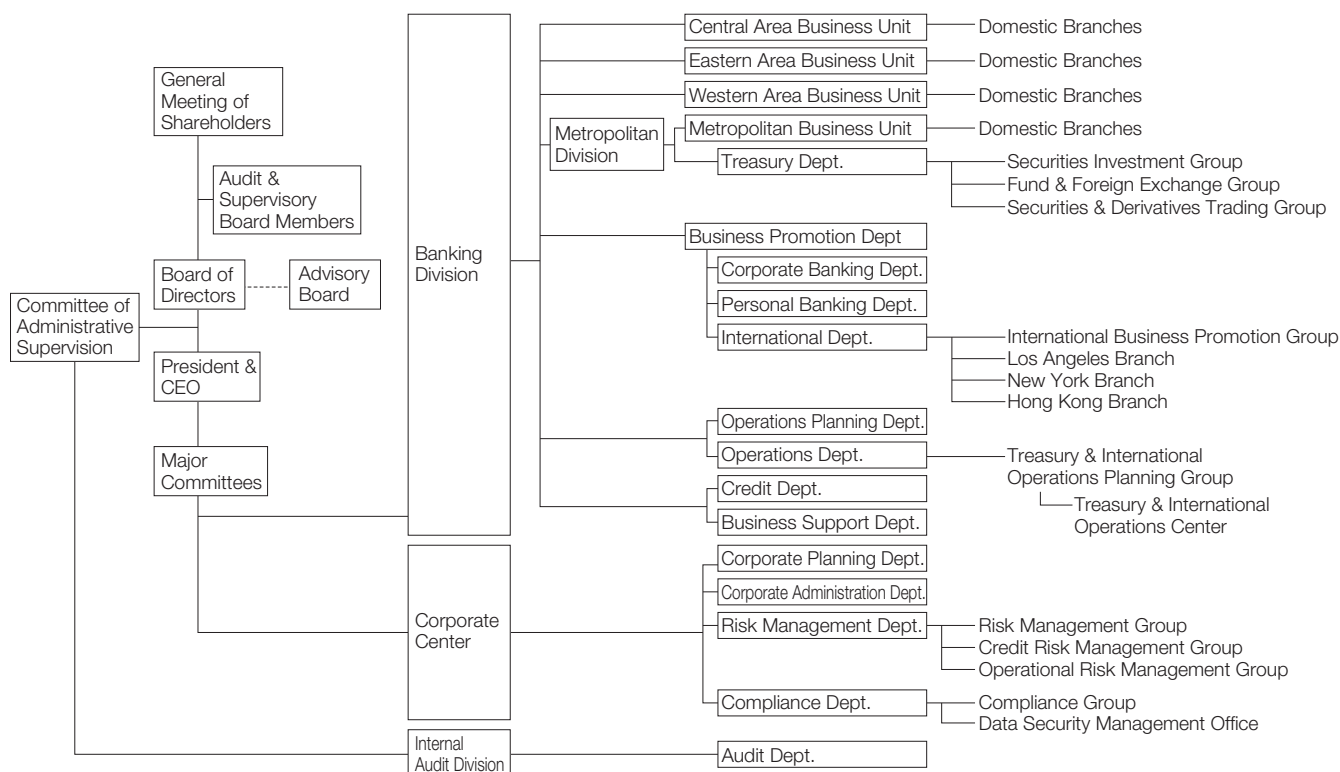
Shanghai Representative Office

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.

Rue Jules Cockx8-10, Box 9, 1160
Auderghem, Brussels, Belgium
Phone: (32) 2-646-0470
Fax: (32) 2-646-2462

Organization Chart



Board of Directors and Audit & Supervisory Board

Chairman

Seiya Ito

President & CEO

Katsunori Nakanishi

Deputy President & COO

Masahiro Goto

Director & Senior Managing Executive Officers

Toshihiko Yamamoto

Akihiro Nakamura

Directors & Senior Executive Officers

Itsuro Hitosugi

Hiroki Saito

Yoshihiro Nagasawa

Directors

Yukihiro Fushimi

Kumi Fujisawa

Audit & Supervisory Board Members

Hisashi Hotta

Yutaka Okoshi

Yasuhiko Saito

Mitsuhiro Ishibashi

CEO=Chief Executive Officer

COO=Chief Operating Officer

(As of July 1, 2013)

Investor Information

CAPITAL STOCK (As of March 31, 2013)

Common stock..... ¥90,845 million

NUMBER OF SHARES (As of March 31, 2013)

Authorized..... 2,414,596,000 shares

Issued and outstanding 665,129,069 shares

NUMBER OF SHAREHOLDERS (As of March 31, 2013)

20,082

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)

(Yen)

Years ended March 31	2009	2010	2011	2012	2013
High	1,294	994	834	867	1,078
Low	673	762	617	682	752

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

(Yen)

Month	Oct. 2012	Nov. 2012	Dec. 2012	Jan. 2013	Feb. 2013	Mar. 2013
High	830	833	853	893	939	1,078
Low	780	781	804	839	861	907

PRINCIPAL SHAREHOLDERS

The 10 largest shareholders of the Bank and their respective shareholdings at March 31, 2013 were as follows:

	Number of Shares in Thousands	Percentage of Total Shares Outstanding
Nippon Life Insurance Company	29,745	4.47%
Meiji Yasuda Life Insurance Company	29,117	4.37
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	23,884	3.59
The Master Trust Bank of Japan, Ltd. (trust account)	23,048	3.46
Japan Trustee Services Bank, Ltd. (trust account)	22,253	3.34
Tokio Marine & Nichido Fire Insurance Co., Ltd.	16,216	2.43
Sumitomo Life Insurance Company	13,070	1.96
The Dai-ichi Mutual Life Insurance Company	11,546	1.73
Mitsui Sumitomo Insurance Company, Ltd.	10,197	1.53
Daiichi Sankyo Company, Limited	9,343	1.40
Total	188,422	28.32%

The Shizuoka Bank Group

Consolidated Subsidiaries

SHIZUGIN MANAGEMENT CONSULTING CO., LTD.

Corporate and financial management advisory services
Bill collection 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.

Fee-based job placement services
General administration

SHIZUGIN MORTGAGE SERVICE CO., LTD.

Appraisal of real estate for loan collateral
Operation center for loans

SHIZUGIN BUSINESS CREATE CO., LTD.

Operation center for remittance and bill collection
Part-time employee management

SHIZUOKA BANK (EUROPE) S.A.

Finance and securities-related services

Affiliates under Equity Method

SHIZUGIN SAISON CARD CO., LTD.

Credit card and guarantee of consumer loans

THE SHIZUOKA BANK, LTD.