



# Shizuoka Bank Group

Annual Report 2015



# 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. 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.

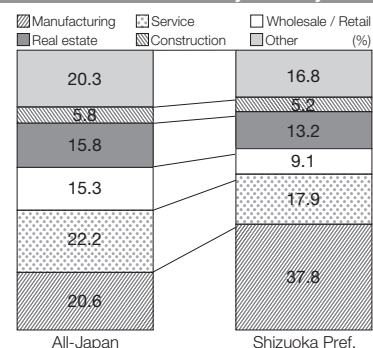
In recent years the prefectural authorities have been operating a number of schemes to encourage companies in the medical treatment, pharmaceuticals, chemicals, and optical technology industries, among others, to set up operations in the so-called “Shizuoka Triangle Research Cluster” (spread across the 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 a leading manufacturing prefecture in Japan.
- Owns a lot of export-driven companies related to handling machinery of transportation and musical instruments 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 UNESCO World Heritage List on June 22 2013 as “Fujisan, sacred place and source of artistic inspiration.”

Percentage distribution of Shizuoka Prefecture GDP by industry

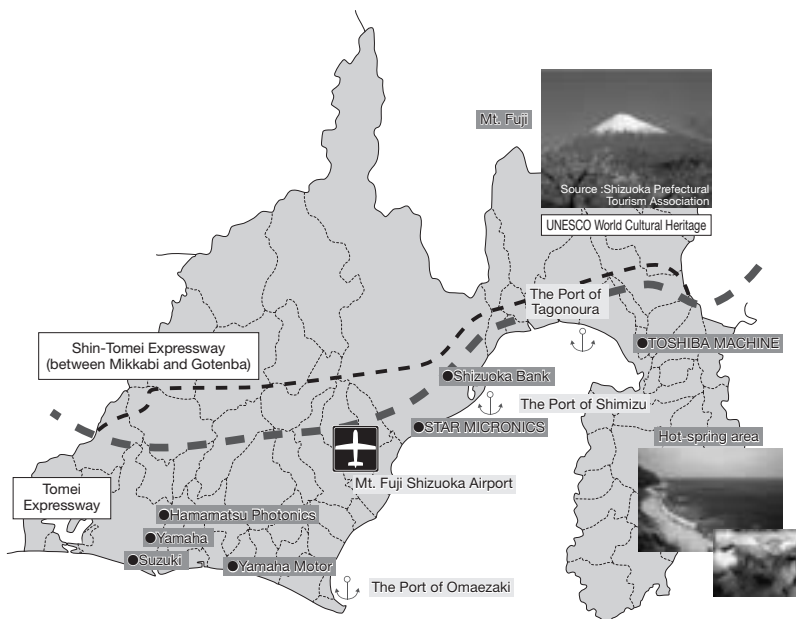


Source: Cabinet Office, Government of Japan, FY2012

No. of listed companies with HQs in Shizuoka Prefecture

Listing	No. of companies
TSE 1st section	22
TSE 2nd section	12
Mothers	1
Jasdaq	18
Total	53

\*As of the end of Nov. 2014, 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 Kazakhstan, Peru, and Qatar.

Shizuoka Prefecture indices			
	Share of all-Japan		National ranking
Population	3.71m	2.9%	10th of 47 (2014)
No. of households	1.53m	2.7%	10th of 47 (2015)
Nominal prefectural GDP	JPY 15.5tn	3.1%	10th of 47 (FY2012)
Per-capita income	JPY 3.195m	-	3rd of 47 (FY2012)
No. of business establishments	180k	3.2%	10th of 47 (2012)
Amount of shipments of manufactured goods, etc.	JPY 15.4tn	5.4%	3rd of 47 (2013)
Agricultural output	JPY 213.8bn	2.5%	16th of 47 (2013)
Fishery production volume	200k tons	5.3%	4th of 47 (2014)
No. of industrial locations(*)	119	4.8%	4th of 47 (2014)
No. of new housing starts	26k	2.8%	11th of 47 (2014)

\*Based on flash reports

Shizuoka Prefecture economic scale

Prefectural GDP (2012, Nominal)		
Rank	Prefecture/Region	(US\$ billions)
9	Fukuoka Prefecture	215.6
<b>10</b>	<b>Shizuoka Prefecture</b>	<b>186.4</b>
11	Ibaraki Prefecture	140.1
-	4 prefectures of Shikoku	162.2
-	3 prefectures of Hokuriku	143.3
GDP comparison with various countries (2012)		
Rank	Country (Region)	(US\$ billions)
51	Kazakhstan	203.5
52	Peru	192.7
53	Qatar	190.2
<b>-</b>	<b>Shizuoka Prefecture</b>	<b>186.4</b>
54	Ukraine	175.7
55	Kuwait	174.0

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

# Shizuoka Bank Group at a Glance

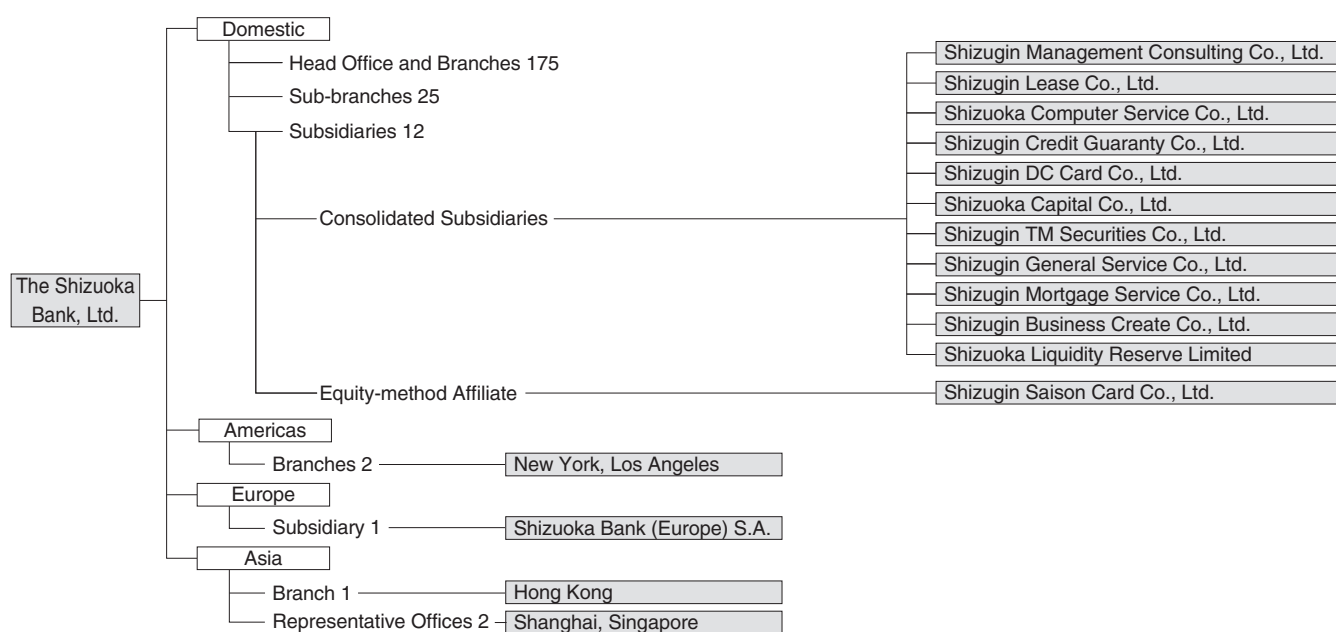
## NURTURING THE VISION OF A PROSPEROUS COMMUNITY

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 thirteen Group companies, and is one of the largest regional banking groups in Japan. Centered on Shizuoka Bank with the Head Office, 174 branches and 25 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, 2015)



\* Other than the above mentioned Group companies, Monex Group, Inc. is an equity-method affiliate of Shizuoka Bank.

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# To Our Shareholders



Katsunori Nakanishi  
*President & Chief Executive Officer*

The recovery of the Japanese economy is expected to take hold in view of the postponement of the increase in the consumption tax rate and robust exports owing to the entrenched weakness of the yen. In Shizuoka Prefecture, reflecting the depreciation of the yen, the recovery of the U.S. economy, and brisk demand from emerging-market countries, the economy has started to show renewed vigor. For example, the active job opening-to-applicant ratio in Shizuoka Prefecture grew to be the same level as the national average in October 2014, for the first time in 29 months.

In this business environment, we will continue to promote a growth strategy based on our commitment to region-based relationship banking, recognizing the importance of stability of the regional economy underpinned by the smooth supply of funds to enterprises based in the region as well as by our role in providing assistance for management improvement, and the invigorating of economic activity in the region through supporting growth fields and nurturing new industries. In response to regional revitalization advocated by the government, we are working to vitalize the region through various ways, such as the provision of assistance to municipalities in their formulation and promotion of regional comprehensive strategies.

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

July 2015

Katsunori Nakanishi  
*President & Chief Executive Officer*

# Message from the President

“TOBIRA — Open a Gate for the Next”

## Under the 12th Medium-term Business Plan

We are facing numerous issues brought about by structural changes in society within a country where the declining of birthrate and the aging of population advance at the world's fastest speed. The time is ripe for creative thinking that is not a prisoner of past experience, as well as decisive action to open up a path to a prosperous future.

Our 12th Medium-term Business Plan “TOBIRA—Open a Gate for the Next” launched in April 2014 sets out the actions the Shizuoka Bank Group will take to fulfill its mission as a regional financial institution in an era of drastic change. At the same time, we have also declared our resolve to explore new possibilities through a concerted effort of everyone in the Group with bold ideas and approaches that transcend the traditional framework.

The four basic strategies in the plan are “Refine region-based relationship banking,” “Challenge on the new business fields and profitable opportunities,” “Build the flexible and robust operating structure,” and “Add more value to the ‘Shizugin’ brand.” Based on these strategies, we embarked on new challenges to create a regional financial institution corresponding to the needs of the new era.

Major initiatives in the first year of the 12th Medium-term Business Plan are described in this report. For example, in corporate banking, with the aim of invigorating the regional economy, we are supporting the entry of companies based in the region to growth fields, such as healthcare and nursing care, the environment, and agriculture, continuing to host the Shizugin Entrepreneur Awards in support of entrepreneurs in the region, and have opened the Start-up Support Desk. Moreover, we established Shizuoka Tourism Vitalization Fund to develop the tourism sector.

Meanwhile, we are pursuing new businesses with a view to expanding the scope of our business. In this regard, for example, we are playing a leading role in project financing that involves collaboration among regional banks across Japan.

In retail banking, “Shizugin 8 Medical Conditions Plus,” which is a housing loan product offering enhanced security in the event of illness, has attracted numerous customers. Moreover, our extensive range of investment products has helped customers build their financial assets. Furthermore, our Internet branch, which now offers enhanced convenience, has attracted customers throughout Japan whose approximately 110,000 accounts comprised deposits amounting to some 400 billion yen as of March 31, 2015.

Through these proactive business development initiatives, we reported record-high consolidated ordinary profit in fiscal 2014, which attests to the strong performance of the entire Group. We would like to express our gratitude to our shareholders and other stakeholders for the support that made this possible.

## New Headquarters Building for the Future

In October 2014, construction of our new headquarters building at Kusanagi, Shimizu-ku, Shizuoka City, was completed, and the new building “SHIZUGIN Headquarters Tower” started the operation in Jan. 2015. Eyeing financial operations 10 or 20 years ahead, this new building is designed to establish a new work style and boost productivity.

People's lifestyles will change in line with the ongoing birthrate decline and population aging, and consumption behavior will also change greatly as more and more transactions go online. Interfaces between financial institutions and their customers are also expected to evolve as new retail formats emerge, with lean and mobile as the watchwords.

However, to address regional development projects and major private-sector investment, we need to leverage our sophisticated knowhow and specialized skills through closer communication. The SHIZUGIN Headquarters Tower enables us to address these requirements more effectively and further strengthen our support systems geared to the needs of the regional economy.

We also have established the Emergency Countermeasures Office connecting all our branches in Japan via a teleconference system. Capable of real-time information collection from the area covered by the system in the event of a major natural disaster, the headquarters building is ready to serve as a disaster prevention base for the region.

Following the demolition of the former headquarters building, which started in February 2015, areas of greenery and parking lots will be created around the SHIZUGIN Headquarters Tower. The grand opening of the new headquarters building is scheduled for March 2016. Inspired by the Group's management vision, “‘Shizugin’ that ventures on the new possibilities,” articulated in the 12th Medium-term Business Plan, all officers and employees of the Group will make a concerted effort to make the most use of the SHIZUGIN Headquarters Tower.

## Regional Revitalization Opens a Gate for the Future

Regional revitalization was a hot topic in the recent nationwide local elections as phenomena, such as population decline and concentration on the metropolitan area, are casting a shadow over the regions. To tackle these issues, with the aim of “invigorating the regions by establishing a virtuous cycle where job opportunities attract people and people create jobs,” the Japanese government is requiring each region, in light of its circumstances, to formulate a vision for the local population and establish regional comprehensive strategies, and do their utmost to accomplish both the vision and the strategy.

Under this policy, municipalities are urged to tackle regional revitalization. Financial institutions that play a role in the regional economy are also required to be vigorously involved in formulation and promotion of a regional revitalization plan in the territory where they operate. This is because sharing regional issues and seeking solutions together with the region are integral to the social mission of financial institutions.

The Shizuoka Bank has already established an organizational structure for promoting regional revitalization. The Bank has newly established the Regional Revitalization Department at headquarters and appointed general managers of branches as regional revitalization promotion leaders.

In addition, in order to contribute to sustainable growth of the regional economy, we will further enhance region-based relationship banking, including the fostering of the next generation of managers and support of business succession. Through dialogues with the region we intend to work on what we can and should do to provide multifaceted support for regional revitalization.

Looking at the present circumstances of Shizuoka Prefecture, production output by manufacturers has been declining as a result of the shift of production overseas, reflecting the appreciation of the yen following the collapse of Lehman Brothers, as well as the relocation of production from Shizuoka Prefecture to locations elsewhere in Japan, reflecting the review of supply chains in light of the need to be prepared for cases of disasters, such as earthquakes. These trends have led to reduced employment opportunities and population decline. Because of these structural issues, Shizuoka Prefecture is perceived as a forerunning prefecture facing serious issues, and the initiatives being undertaken in Shizuoka Prefecture are considered to serve as a touchstone for the future of regional revitalization in Japan.

Shizuoka Prefecture, however, noted for its inventory of various technologies, is viewed as a “department store” of industries. Leveraging these assets, the Pharma Valley Project is progressing with the aim of developing a world-class medical technology. Moreover, Shizuoka has much to offer, such as a mild climate suitable for the Silver Town Concept addressing the needs of retirees and seniors as well as tourism attractions with scenic areas that enjoy good access from the Tokyo metropolitan area. I believe that capitalizing on Shizuoka Prefecture's attributes and continuing innovative initiatives based on the insights and know-how gathered from industry, academia, government, the financial sector, the labor force, and the mass media can lead Shizuoka Prefecture to recapture dynamism from the metropolis and become a community with plenty of job opportunities that offers lifestyles to which an increasing number of people will gravitate.

For the Shizuoka Bank Group, wholehearted involvement in regional revitalization through finance will enable us to fulfill our dream of helping the region open a gate to the future. The Group companies are resolved to make a concerted effort to accomplish this task with passion.

## Altruistic Management and a World-class Effort

Our guideline for action under the 12th Medium-term Business Plan is to be the best regional bank in the world with “Breakthrough” as our watchword. Everyone in the Group is required to act in accordance with this guideline.

“The best regional bank in the world” is a bank that consistently makes a world-class effort for the local community, its customers, and shareholders. The guideline for action embodies our aspirations to be such a bank.

I am a fervent believer in the power of “altruistic spirit.” This principle of consideration for others encapsulates the idea that actions for the good of others will return as benefits to oneself.

Financing connects people, companies, and society through money, which can help make cherished dreams come true. Thus, benefitting others is an essential part of financing. Indeed, I am convinced that the value of a financial institution is determined by the degree to which it contributes to society.

At the Shizuoka Bank Group, all of us are working together conducting a world-class effort in pursuit of altruistic management at all times.

The business environment is expected to remain challenging in fiscal 2015. In an era where sweeping change is the norm, we see a golden opportunity to create a new business model. We will explore new possibilities through speedy and aggressive management that anticipates change.

I look forward to your continued support in the years ahead.

# 12th Medium-term Business Plan

## TOBIRA — Open a Gate for the Next

Since April 2014, the Shizuoka Bank Group has been implementing its 12th Medium-term Business Plan, “TOBIRA—Open a Gate for the Next.” With this plan, while further advancing the initiatives for region-based relationship banking and productivity improvement implemented under the 11th Medium-term Business Plan, we are emphasizing innovation and speed in the bold exploration of new possibilities in order to build a foundation for the sustainable growth of the Shizuoka Bank Group far into the future.

### 1 Period Covered Three years from FY2014 to FY2016

### 2 Key Concepts

In view of remaining issues subsequent to the completion of the 11th medium-term business plan and changes in the industrial structure, the 12th Medium-term Business Plan is formulated based on the four key concepts described below.

#### Enhance presence and competitiveness

- Implement strategies emphasizing innovation and speed
- Secure competitiveness inside and outside Shizuoka Prefecture

#### Open up a window of new profitable opportunities and rebuild business structure with fresh ideas

- Create new profitable opportunities by thinking outside the box
- Offer products and services attuned to diversifying customer needs
- Offer comprehensive solutions through utilization of Group companies

#### Take over and reinforce the initiatives of the 11th Medium-term Business Plan

- Step up initiatives of the 11th Medium-term Business Plan for region-based relationship banking and productivity improvement

#### Increase stakeholders' satisfaction

- Increase satisfaction of all stakeholders (shareholders, community, customers, and employees)

### 3 Group Vision

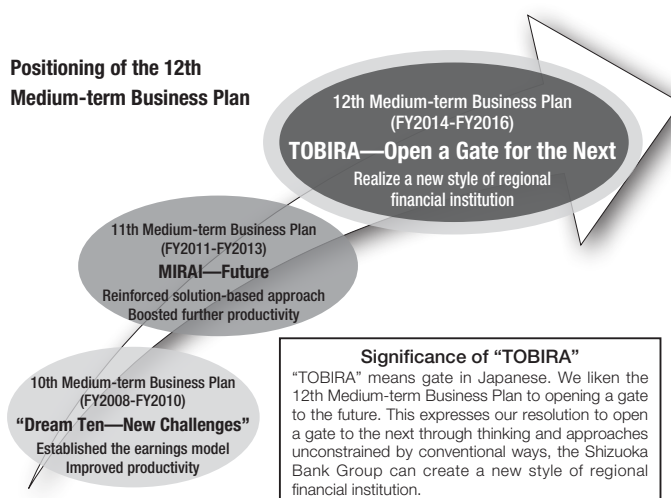
#### “Shizugin” that ventures on the new possibilities

Guideline for action **We aim to be the best regional bank in the world with taking “Breakthrough” to heart**

#### Aspirations articulated by the Group Vision and Guideline for action

- We view the change in the environment as an opportunity. As a financial institution rooted in the region, we aspire to contribute to regional development by reinforcing the initiatives implemented so far and by embracing new challenges through out-of-the-box thinking and process.
- Every one of our employees aspires to develop and improve, for which purpose they continually review their performance. Based on our combined efforts, we aim to be the banking group of choice for all our stakeholders.

#### Positioning of the 12th Medium-term Business Plan



**Significance of “TOBIRA”**  
 “TOBIRA” means gate in Japanese. We liken the 12th Medium-term Business Plan to opening a gate to the future. This expresses our resolution to open a gate to the next through thinking and approaches unconstrained by conventional ways, the Shizuoka Bank Group can create a new style of regional financial institution.

### 4 Basic Strategies

With the 12th Medium-term Business Plan, we are implementing two strategies for top-line growth, a strategy for the operational system, and a branding strategy in a well-balanced manner with the aim of realizing the Group Vision—“Shizugin” that ventures on the new possibilities.

Top-line Growth	
Basic Strategy 1	Basic Strategy 2
Refine region-based relationship banking	Challenge on the new business fields and profitable opportunities
Operating Structure	Branding
Basic Strategy 3	Basic Strategy 4
Build the flexible and robust operating structure	Add more value to “Shizugin” brand



Strategic investment for achievement of the basic strategies

Realize the Group Vision, “Shizugin” that ventures on the new possibilities

### 5 Target performance indicators

		Fiscal 2016 targets	Fiscal 2014 results
Profit targets	Consolidated ordinary profit	¥80.0 billion or more	¥75.1 billion
	Consolidated net income	¥50.0 billion or more	¥49.9 billion
Efficiency indicators	Consolidated ROE (Consolidated Common Equity Tier 1 Basis)	6% level	6.34%
	Consolidated OHR	around 55%	55.69%
Financial soundness indicator	Consolidated Common Equity Tier 1 Ratio	around 14%	15.25%
Indicator for investors	Shareholder return ratio	50% or more over the medium term	49.82%

# SHIZUGIN Headquarters Tower — For Work Style Innovation



As one of the commemorative projects for the 70th anniversary, the Shizuoka Bank constructed SHIZUGIN Headquarters Tower, a new headquarters building that embodies productivity and creativity befitting the new financial era.

The SHIZUGIN Headquarters Tower, equipped with the latest IT, disaster prevention facilities, and environmentally friendly facilities, enables the Bank to boost productivity through work style innovation and further strengthen support for the regional economies. Moreover, the Emergency Countermeasures Office is located in this building to serve as a disaster prevention base for the region.

## Work Style Innovation

**To offer greater support for customers and branches by enhancing productivity and vitalizing teamwork and communication**

Free-address office system where employees can choose their seats according to their task of the day has been adopted, and work documents and meeting materials are now processed and viewed electronically. These initiatives, by speeding up our work process and realizing productivity improvement, enhance support functions of the headquarters.

## Emergency Countermeasures Office

**Reinforcing systems for business continuity in the event of a major earthquake or other eventuality with the establishment of the Emergency Countermeasures Office that serves as a disaster prevention base for the region**

With a 27-screen display that is used for interactive communications with a teleconference system and for information collection with five thousand security cameras installed outside and inside of all branches, the Emergency Countermeasures Office expedites the understanding of situations that change every moment and the giving of directions in response to various events.



## Innovative Energy-saving Technology

**Equipped with LED lighting that automatically adjusts brightness and electric ventilation windows for natural ventilation**



# Financial Highlights

## Business Performance

### Consolidated Financial Summary

	Billions of Yen			YoY change
	2012	2013	2014	
Ordinary income	203.1	220.9	<b>211.6</b>	(9.3)
Ordinary profit	71.3	74.7	<b>75.1</b>	+0.4
Net income	57.0 *1	46.7	<b>49.9</b>	+3.2
Capital adequacy ratio (%)	17.46 *2	16.85 *2	<b>16.55 *2</b>	(0.3)
Tier I ratio (%)	15.55 *3	15.43 *3	<b>15.25 *3</b>	(0.18)

\*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
	2012	2013	2014	
Ordinary income	171.0	186.1	<b>175.4</b>	(10.7)
Gross operating profit	146.3	144.5	<b>144.5</b>	±0
Net operating profit	67.6	64.7	<b>63.0</b>	(1.7)
Actual net operating profit	67.6	64.7	<b>63.0</b>	(1.7)
Core net operating profit	57.9	62.8	<b>49.8</b>	(13.0)
Ordinary profit	65.2	67.2	<b>67.1</b>	(0.1)
Net income	40.9	42.8	<b>42.6</b>	(0.2)
Loans	6,994.0	7,240.8	<b>7,393.1</b>	+152.3
Deposits	7,932.5	8,234.3	<b>8,715.1</b>	+480.8
Net assets	781.4	790.8	<b>891.5</b>	+100.7
Total assets	10,250.2	10,616.6	<b>11,169.3</b>	+552.7

\* 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)

	2012	2013	2014	YoY change
Return on equity (ROE)	5.44 *1	5.44 *1	<b>5.06 *1</b>	(0.38)
Return on assets (ROA)	0.43	0.42	<b>0.41</b>	(0.01)
Overhead ratio (OHR)	53.79	55.19	<b>56.42</b>	+1.23
Net income per share (yen)	62.79	67.83	<b>68.46</b>	+0.63
Net assets per share (yen)	1,204.31	1,257.62	<b>1,440.68</b>	+183.06

### 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.

\*1 The calculation method of ROE (net income basis) has been changed from fiscal 2014 onward. Whereas the average shareholders' equity during the fiscal year was used previously, now the average shareholders' equity, which is the beginning shareholders' equity plus the ending shareholders' equity divided by two, is used. The new calculation method is retroactive to fiscal 2012.

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

## Shareholder Returns

### Cash Dividends

The Shizuoka Bank determines dividend payment taking into consideration the market trend and the Bank's financial performance.

Emphasizing returning profit to shareholders, the Bank increased the dividend per share (full year) for fiscal 2014 by ¥0.5 to ¥16 per share and the payout ratio was 23.24%.

Maintaining its emphasis on shareholder returns, the Bank intends to pay a dividend of ¥20 per share for the full year of fiscal 2015.

### Cash dividends

	FY 2013	FY 2014	FY2015 Forecast
Dividend per share (full year) (yen)	15.50	<b>16.00</b>	20.00
Dividend yield (dividend / share price at year-end) (%)	1.53	<b>1.33</b>	-

## 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 191 million shares by the end of fiscal 2014. We believe increasing the efficiency of capital and enhancing shareholder returns will lead to higher corporate value.

The 12th Medium-term Business Plan launched in April 2014 sets a target for shareholder returns comprising both dividends and stock repurchases. The target shareholder return ratio is 50% or higher for the medium 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 2013	FY 2014	FY2005-FY2014 (10 years)
Annual dividend (billion yen) ①	9.7	<b>9.9</b>	90.6 (accumulated total)
Purchase of treasury stock (billion yen) ②	22.7	<b>11.3</b>	88.4 (accumulated total)
Shareholder returns (billion yen) ③=①+②	32.4	<b>21.2</b>	179.0 (accumulated total)
Net income (billion yen) ④	42.8	<b>42.6</b>	344.0 (accumulated total)
Payout ratio (%) ①/④×100	22.78	<b>23.24</b>	26.32 (average)
Shareholder return ratio (%) ③/④×100	75.73	<b>49.82</b>	52.01 (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 A1 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.

## 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, 2015, risk-monitored loans totaled ¥137.3 billion and the ratio of risk-monitored loans to total loans was 1.85%. 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 ¥15.4 billion and the ratio of net risk-monitored loans to total loans was 0.20%.

Credit costs remained low and the ratio of net credit costs to average balance of total loans was 0.006%.

\* 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.

### The Shizuoka Bank's credit ratings (as of July 1, 2015)

	Long-term rating	Short-term rating
Moody's	A1	P-1*
Standard & Poor's	A+	A-1
Rating and Investment Information, Inc.	AA	-

\* There are four credit ratings, P-1, P-2, P-3, and NP, in descending order. NP indicates "Not Prime" and means speculative grade issuers.

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

	As of March 31, 2013	As of March 31, 2014	As of March 31, 2015
Risk-monitored loans	203.6	165.5	137.3
Ratio of risk-monitored loans *1	2.91%	2.28%	1.85%
Ratio of net risk-monitored loans *2	0.34%	0.26%	0.20%

\*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 2012	FY 2013	FY 2014
Disposal of non-performing loans *3	0.5	1.0	0.5
Transfer to specific allowance for loan losses	-	-	-
Transfer to general allowance for loan losses	*4	-	-
Reversal of allowance for loan losses	0.4	0.5	0.1
Recoveries of written-off claims	-	-	-
Net credit-related costs	0.1	0.5	0.4
Net credit cost ratio *5	0.002%	0.007%	0.006%

\*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 2012, 2013 and 2014, 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 ¥4.5 billion in FY 2012, ¥4.6 billion in FY 2013, and ¥4.2 billion in FY 2014, and provision for specific allowance for loan losses amounted to ¥4.1 billion, ¥4.1 billion and ¥4.1 billion, respectively.

\*5 Net credit cost ratio = Net credit cost / Average balance of total loans

## 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%.

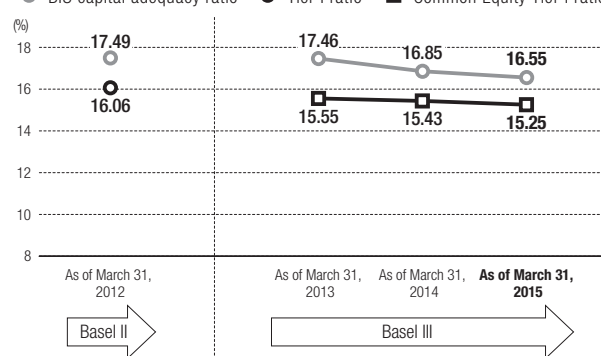
With Basel II, a regulatory standard on capital adequacy introduced in March 2007, banks can choose a method of calculating the capital ratio in accordance with the banks' risk profile and management methodologies. Furthermore, the Bank adopts Basel III, a new standard for regulatory capital adequacy 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, 2015 was 16.55%, and the consolidated Common Equity Tier I ratio was 15.25%, well above the 8% standard for banks with international operations.

### BIS capital adequacy ratio (consolidated basis)

○ BIS capital adequacy ratio ○ Tier I ratio ■ Common Equity Tier I ratio

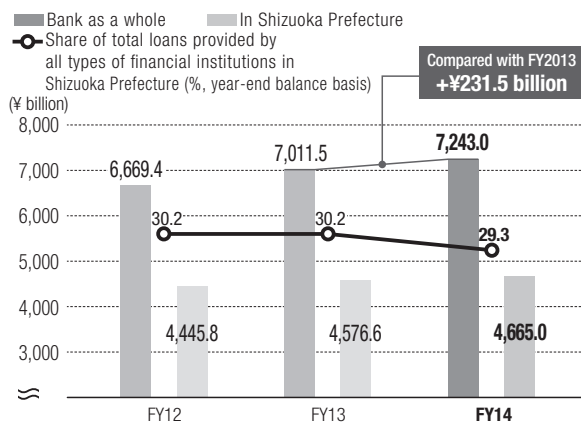


# Results of Initiatives in Fiscal 2014

## Loans (Nonconsolidated)

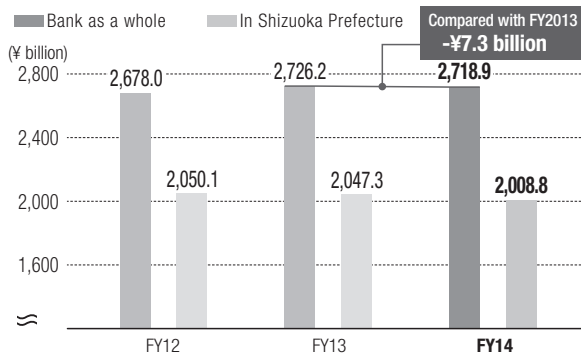
### Total loans (average balance)

The average balance of total loans in fiscal 2014 increased ¥231.5 billion or at an annual rate of 3.3% to ¥7,243.0 billion. Of this amount, the average balance of loans in Shizuoka Prefecture increased ¥88.4 billion to ¥4,665.0 billion. The Bank's share of loans in Shizuoka Prefecture was 29.3% as of March 31, 2015.



### SME loans (average balance)

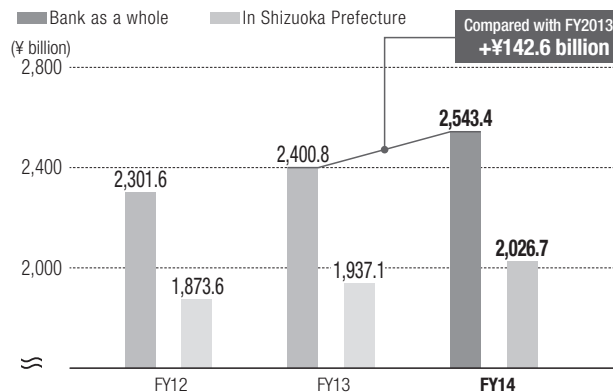
The average balance of loans to small and medium-sized enterprises (SMEs) in fiscal 2014 decreased ¥7.3 billion from fiscal 2013 to ¥2,718.9 billion. Of this amount, the average balance of loans to SMEs in Shizuoka Prefecture decreased ¥38.5 billion to ¥2,008.8 billion.



\* Local public corporations are excluded.

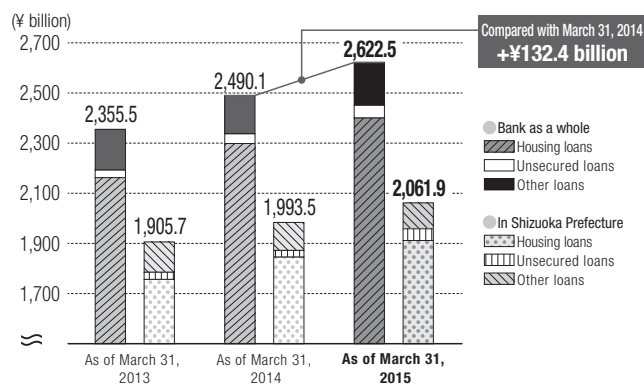
### Retail loans (average balance)

The average balance of retail loans in fiscal 2014 increased ¥142.6 billion from fiscal 2013 to ¥2,543.4 billion. Of this amount, the average balance of retail loans in Shizuoka Prefecture increased ¥89.6 billion to ¥2,026.7 billion.



### Consumer loans (year-end balance)

The balance of consumer loans at the end of fiscal 2014 was ¥2,622.5 billion, having increased ¥132.4 billion from the end of fiscal 2013, centering on housing loans.



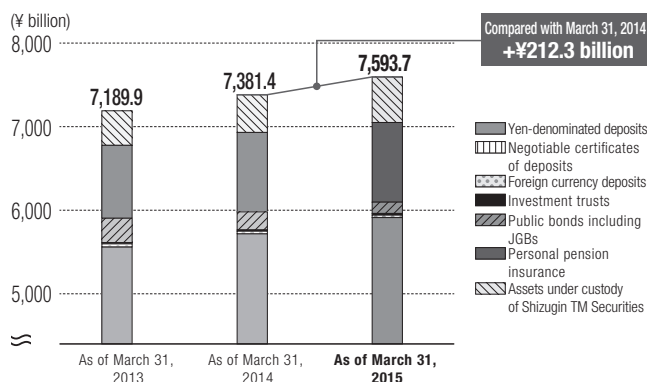
\* Housing loans include loans for condominiums.

\* 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 2014, including that of Shizugin TM Securities Co., Ltd., was ¥7,593.7 billion, having increased ¥212.3 billion from the end of fiscal 2013. The balance of retail customers' assets under custody, excluding yen-denominated deposits and negotiable certificates of deposits, was ¥1,678.9 billion.

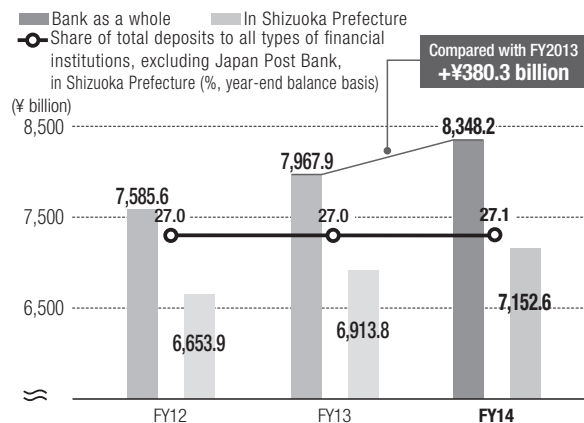


\* Personal pension insurance is presented based upon the market price of current contracts.

## Deposits (Nonconsolidated)

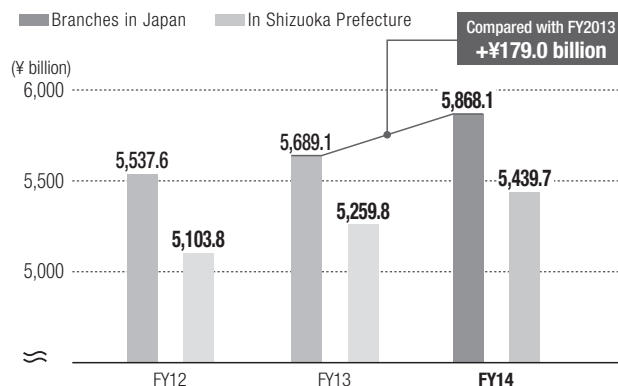
### Total deposits (average balance)

The average balance of total deposits in fiscal 2014 increased ¥380.3 billion or at an annual rate of 4.8% to ¥8,348.2 billion. Of this amount, the average balance of deposits in Shizuoka Prefecture increased ¥238.8 billion to ¥7,152.6 billion.



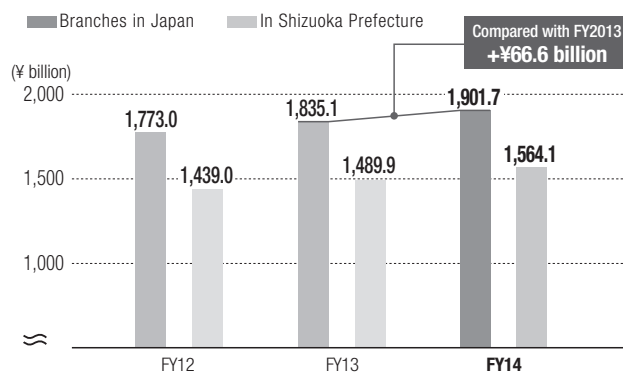
### Deposits from retail customers (average balance)

The average balance of deposits from retail customers in fiscal 2014 increased ¥179.0 billion from fiscal 2013 to ¥5,868.1 billion. Of this amount, the average balance of deposits from retail customers in Shizuoka Prefecture increased ¥179.9 billion to ¥5,439.7 billion.



### Deposits from corporate customers (average balance)

The average balance of deposits from corporate customers in fiscal 2014 increased ¥66.6 billion from fiscal 2013 to ¥1,901.7 billion. Of this amount, the average balance of deposits from corporate customers in Shizuoka Prefecture increased ¥74.2 billion to ¥1,564.1 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 10 directors (including 2 outside directors who are independent officers as stipulated by the Tokyo Stock Exchange Inc.) 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 5 Audit & Supervisory Board Members (including 3 outside Audit & Supervisory Board Members who are independent officers).

Audit & Supervisory Board Members audit directors' performance of their duties based on the auditing standards for Audit & Supervisory Board Members.

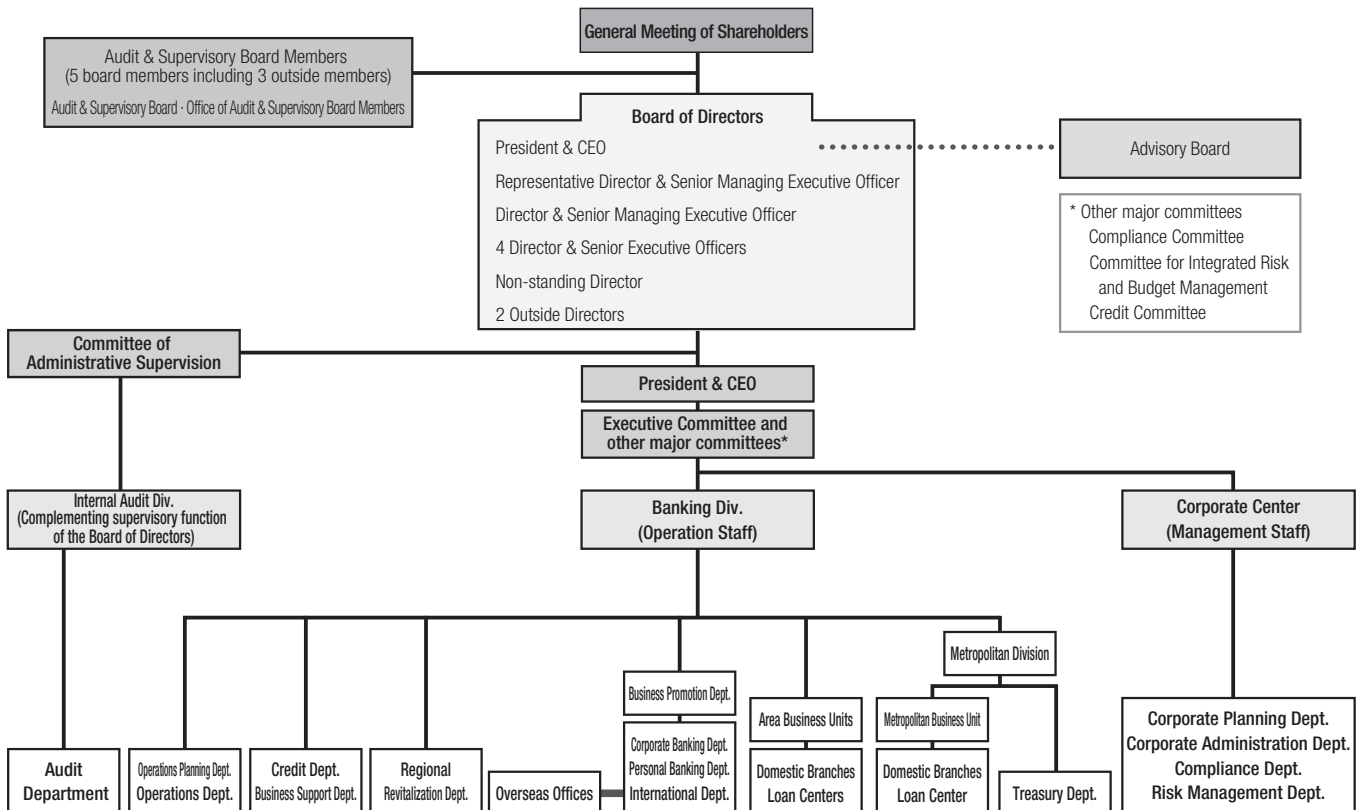
The Committee of Administrative Supervision (which is not a committee pursuant to the Companies Act but an optional organizational body) was established to reinforce supervision of the Directors' execution of operations and to strengthen corporate governance. This committee, consisting mainly of directors 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 and other directors, as well as executive officers appointed by the Board of Directors (17 executive officers, 6 of whom concurrently held the post of director) and requires improvement, if necessary. Decisions on important matters that arise in the course of 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.

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

## Shizuoka Bank Group's Corporate Governance System

(as of July 1, 2015)





## Basic Policy on and Design of Internal Control Systems

### 1) Basic Policy

In accordance with the basic policy regarding the design of internal control systems resolved by the Board of Directors, the Shizuoka Bank designed and is operating internal control systems that are to ensure appropriateness of operations of the Shizuoka Bank and the Shizuoka Bank Group including a system for ensuring that execution of duties of directors complies with laws and regulations and the Articles of Incorporation.

### 2) Design of Internal Control Systems

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 for Administrative Supervision under the Board of Directors. This system is designed to strengthen independence of the Internal Audit Division and the Audit Department from organizations subject to auditing and cross-checking and to verify the appropriateness and effectiveness of internal control.

The Compliance Department and the Risk Management Department are set up within the Corporate Center, which comprises corporate staff operations, to strengthen management supervisory functions.

## Basic Compliance 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	
<b>Gaining Trust</b>	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.
<b>Compliance with Laws, Regulations and Rules</b>	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.
<b>Social Etiquette and Fair Play</b>	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.
<b>Breaking Contact with Anti-Social Forces</b>	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.
<b>Active Communication</b>	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.

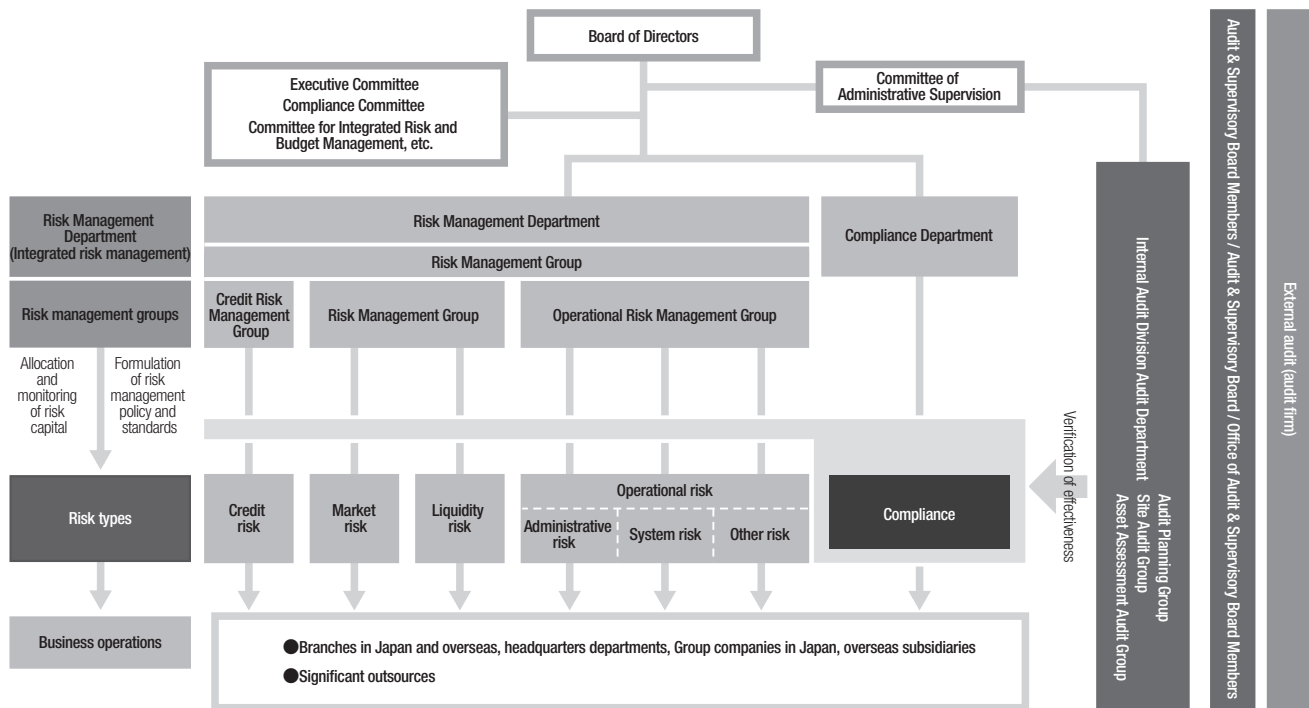
## Prompt and Appropriate Disclosure

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.

\* Common equity Tier 1 capital

### 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 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 take preventive steps 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.

# Region-based Relationship Banking

## Basic Policy

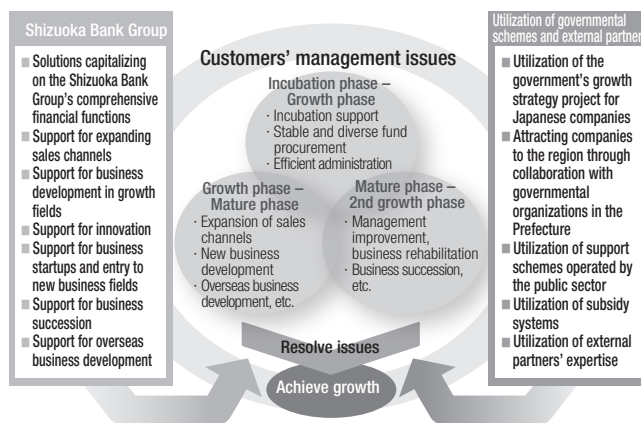
Region-based relationship banking is a business model whereby financial institutions cultivate long-term relationships with customers and offer financial services based on their grasp of customer needs obtained through the relationships.

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 dreams and affluence with our 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.



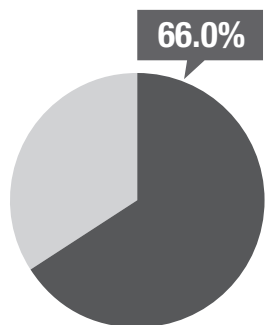
## Smooth Supply of Funds to Companies in the Region

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.

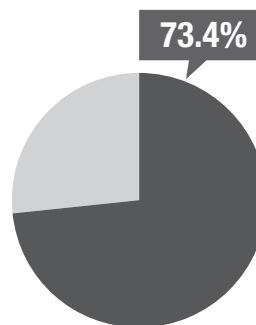
We work to meet funding needs of as many companies as possible by making appropriate loans in light of their circumstances, such as use of guarantees by

Credit Guarantee Corporations through support of companies' management innovation, and creating new demand for funds through provision of appropriate solutions for tackling growth fields.

Ratio of loans in Shizuoka Prefecture to total loans (average balance)



Ratio of loans in Shizuoka Prefecture to total loans for small and medium-sized enterprises (SMEs) (average balance)





# 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. In November 2014, we invested 300 million yen in the Regional Healthcare Industry Support Fund (totaling 10 billion yen) managed by a subsidiary of the Regional Economy Vitalization Corporation of Japan (REVIC) and thereby expanded our support for healthcare industry.

### 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, we proactively provide support for new energy businesses based on the feed-in-tariff system for renewable energy launched in July 2012 and for businesses endeavoring to save energy in response to increases in electricity charge.

### 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.

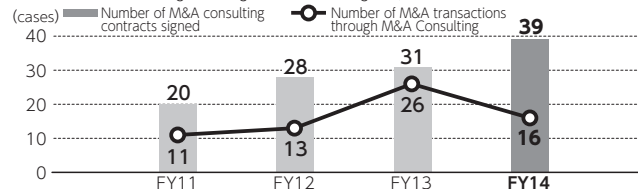
In addition to lectures, seminars and other events, Shizuginship members can access useful information through the dedicated website.

## Consulting

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

### M&A consulting

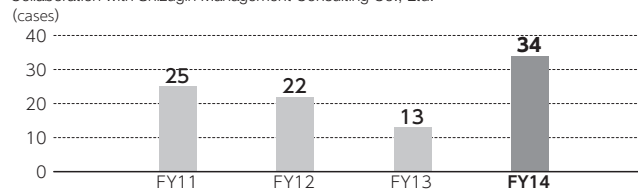
Collaboration with Shizugin Management Consulting Co., Ltd.



\* 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 Small and Medium Enterprise Management Consultants who offer advice.

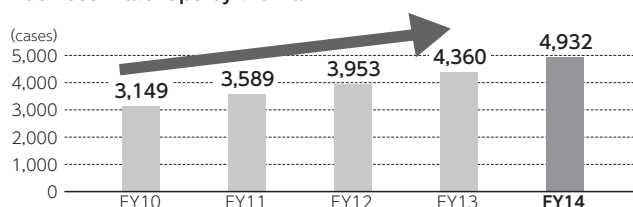
We are providing support for venture businesses through industry-academia-government collaboration, which involves working with universities and technical colleges in Shizuoka Prefecture and elsewhere as well as with the Shizuoka Industrial Foundation and other public organizations. In October 2014, we established the Start-up Support Desk within the headquarters to support start-ups in collaboration with chambers of commerce and industry in Shizuoka Prefecture and other regional institutions offering support for start-ups.

## 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 2014, the Bank arranged 4,932 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 2014, 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.

### Business matchups by the Bank



## 3rd Shizugin Entrepreneur Awards

We hosted the 3rd Shizugin Entrepreneur Awards and commended entrepreneurs engaged in innovative and creative businesses, capable of opening up a bright future for the regional economy.

In fiscal 2014, of the 102 business plan applications received for the three award categories—Next-generation Technology, New Business Plan, and Corporate Innovation—the screening committee consisting of officers and employees of the Shizuoka Bank Group and external experts selected one Excellent Award winner, three Outstanding Award winners, one Female Entrepreneur Award winner, and one Rookie of the Year Award winner. The award winners were commended in April 2015.

The Shizuoka Bank Group will assist the award winners in their efforts to accomplish their business plans by offering them various supports in filing management innovation plan applications and business matching services for developing sales channels.

### Number of applications for the Shizugin Entrepreneur Awards

Category	Definition	Number of applications
Next-generation Technology	Enterprises prior to the start of business or less than 5 years since the start of business that are tackling development of next-generation or other advanced technology	11
New Business Plan	Enterprises prior to the start of business or less than 5 years since the start of business with an innovative, ingenious business plan	32
Corporate Innovation	Enterprises with an innovative business plan venturing into a new field or attempting to transform a business format, regardless of the number of years since the start of business	59
	Total	102

# 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 dispatched one additional staff to Vietnam in July 2014 and now have two staff in Vietnam to further expand our local support.

We are also establishing a strategic framework for supporting overseas business development in cooperation with domestic local governments. In January 2015, in cooperation with Izunokuni City, we held the Inbound Business Seminar with the aim of attracting foreign tourists.

As of July 2015, the Bank has tie-ups with twelve financial institutions in eight countries and regions in Asia and there were a total of 28 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

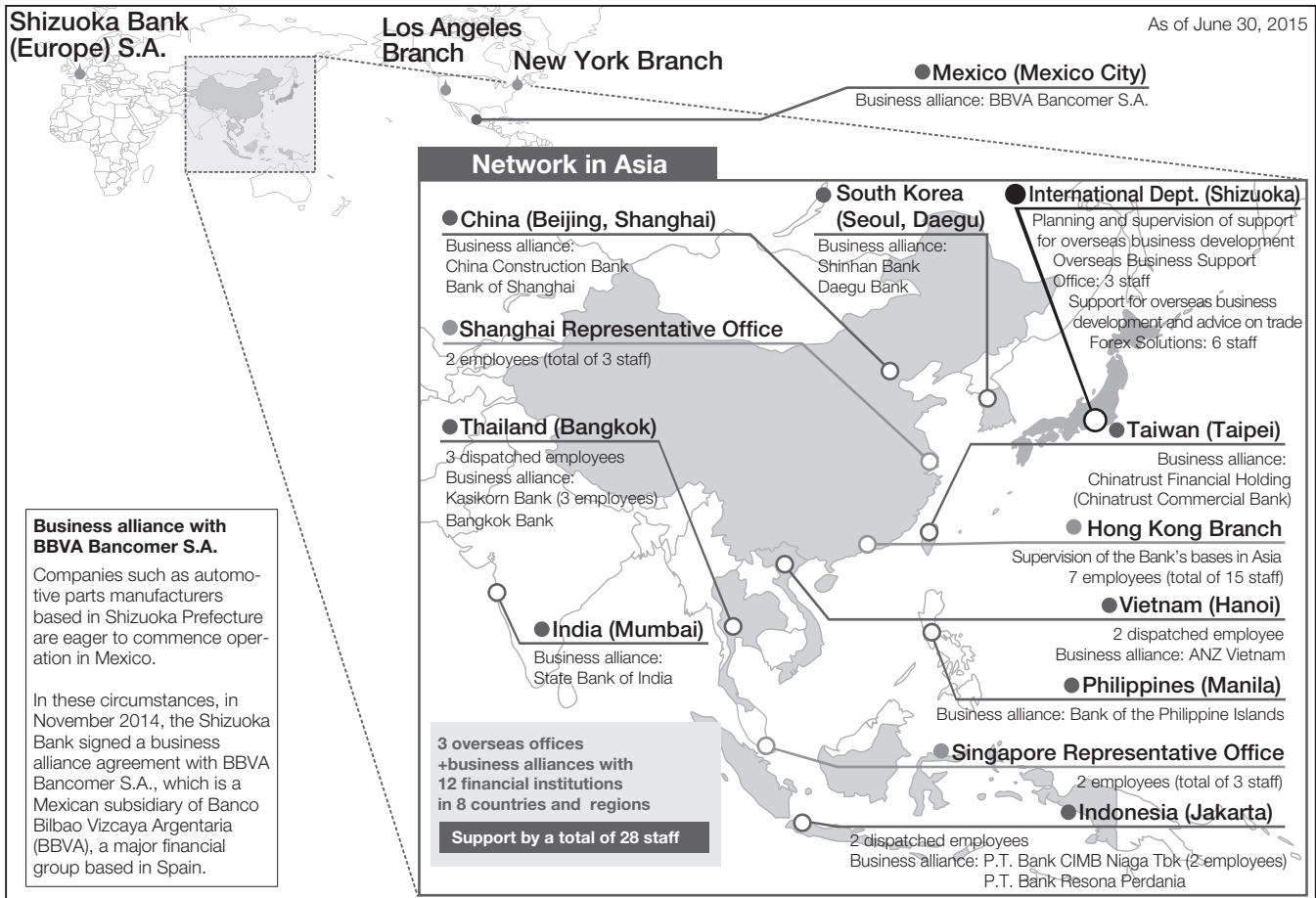
Capitalizing on its experience and overseas network, the Bank facilitates customers' transactions.

#### •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



## 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, 2015, 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, 2015, 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 18, 2015

Member of  
Deloitte Touche Tohmatsu Limited

# Consolidated Balance Sheet

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries March 31, 2015

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2015	2014	2015
<b>Assets:</b>			
Cash and due from banks (Notes 12 and 30)	¥ 644,276	¥ 674,581	\$ 5,361,375
Call loans and bills bought (Note 30)	291,126	125,850	2,422,623
Monetary claims bought	44,816	39,551	372,945
Trading assets (Notes 4 and 30)	39,824	30,086	331,402
Money held in trust (Note 5)	3,100	3,100	25,797
Securities (Notes 6, 12, and 30)	2,596,855	2,378,178	21,609,852
Loans and bills discounted (Notes 7, 13, and 30)	7,367,972	7,218,794	61,312,911
Foreign exchanges (Note 8)	7,923	6,793	65,933
Lease receivables and investment assets (Notes 12 and 28)	50,273	46,843	418,351
Other assets (Notes 9 and 12)	70,182	56,304	584,023
Tangible fixed assets (Note 10)	74,328	64,337	618,527
Intangible fixed assets (Note 10)	18,380	15,892	152,955
Asset for retirement benefits (Note 18)	6,019	782	50,091
Deferred tax assets (Note 27)	1,543	1,581	12,845
Customers' liabilities for acceptances and guarantees (Note 11)	69,502	92,752	578,370
Allowance for loan losses (Note 30)	(52,637)	(57,421)	(438,024)
Allowance for investment losses	(75)	(58)	(631)
<b>Total Assets</b>	<b>¥11,233,412</b>	<b>¥10,697,948</b>	<b>\$ 93,479,345</b>
<b>Liabilities and Equity:</b>			
<b>Liabilities:</b>			
Deposits (Notes 12, 14, and 30)	¥ 9,191,906	¥ 8,684,659	\$ 76,490,857
Call money and bills sold (Note 30)	125,577	340,841	1,045,000
Payables under securities lending transactions (Notes 12 and 30)	423,020	313,569	3,520,185
Trading liabilities (Note 4)	25,877	17,835	215,345
Borrowed money (Notes 12, 15, and 30)	171,561	185,026	1,427,655
Foreign exchanges (Note 8)	193	113	1,614
Bonds payable (Note 16)	10,000	20,000	83,215
Bonds with stock acquisition rights (Note 16)	60,085	51,460	500,000
Other liabilities (Notes 12 and 17)	138,631	118,532	1,153,631
Liability for retirement benefits (Note 18)	21,841	24,027	181,752
Provision for losses from reimbursement of inactive accounts	527	686	4,385
Provision for contingent losses	2,243	2,845	18,672
Provision for point program	256	238	2,133
Reserves under special laws	11	11	97
Deferred tax liabilities (Note 27)	62,890	28,644	523,345
Acceptances and guarantees (Note 11)	69,502	92,752	578,370
<b>Total Liabilities</b>	<b>10,304,127</b>	<b>9,881,244</b>	<b>85,746,256</b>
<b>Equity: (Notes 19, 20, 21, and 35)</b>			
Capital stock,			
authorized, 2,414,596 thousand shares;	90,845	90,845	755,977
issued, 665,129 thousand shares in 2015 and 665,129 thousand shares in 2014	54,884	54,884	456,720
Capital surplus	331	345	2,755
Subscription rights to shares	631,218	590,414	5,252,709
Retained earnings	(47,512)	(36,260)	(395,376)
Treasury stock-at cost,			
46,529 thousand shares in 2015 and 36,601 thousand shares in 2014	198,581	110,991	1,652,508
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	198,543	120,408	1,652,192
Deferred gains or losses on hedges	886	(177)	7,379
Foreign currency translation adjustments	4,818	(491)	40,095
Defined retirement benefit plans	(5,666)	(8,748)	(47,158)
<b>Total</b>	<b>928,348</b>	<b>811,220</b>	<b>7,725,293</b>
Minority interests	936	5,483	7,796
<b>Total Equity</b>	<b>929,285</b>	<b>816,703</b>	<b>7,733,089</b>
<b>Total Liabilities and Equity</b>	<b>¥11,233,412</b>	<b>¥10,697,948</b>	<b>\$ 93,479,345</b>

See notes to consolidated financial statements.



# Consolidated Statement of Income

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2015

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2015	2014	2015
<b>Income:</b>			
<b>Interest Income:</b>			
Interest on loans and discounts	¥ 92,563	¥ 93,911	\$ 770,271
Interest and dividends on securities	28,701	39,118	238,844
Other interest income	2,432	1,546	20,245
Subtotal	123,698	134,575	1,029,360
<b>Fees and Commissions</b>	55,590	52,114	462,602
<b>Trading Income</b>	2,450	2,063	20,388
<b>Other Operating Income</b> (Note 22)	16,093	19,977	133,924
<b>Other Income</b> (Note 23)	16,307	12,393	135,706
Total Income	214,140	221,123	1,781,980
<b>Expenses:</b>			
<b>Interest Expense:</b>			
Interest on deposits	5,661	5,163	47,115
Interest on borrowings and rediscounts	961	719	8,000
Other interest expense	2,184	2,222	18,178
Subtotal	8,807	8,104	73,293
<b>Fees and Commission Payments</b>	27,050	25,187	225,101
<b>Other Operating Expenses</b> (Note 24)	2,519	17,019	20,963
<b>General and Administrative Expenses</b> (Note 25)	90,928	88,746	756,670
<b>Other Expenses</b> (Note 26)	8,395	8,235	69,866
Total Expenses	137,701	147,292	1,145,893
<b>Income before Income Taxes and Minority Interests</b>	76,438	73,830	636,087
<b>Income Taxes:</b> (Note 27)			
Current	22,647	22,807	188,462
Deferred	3,817	3,708	31,767
<b>Net Income before Minority Interests</b>	49,973	47,314	415,858
<b>Minority Interests in Net Income of Consolidated Subsidiaries</b>	30	590	251
Net Income	¥ 49,943	¥ 46,723	\$ 415,607
		Yen	U.S. Dollars (Note 2)
<b>Per Share:</b> (Note 34)			
Basic net income	¥80.30	¥74.12	\$0.67
Diluted net income	75.73	70.21	0.63
Cash dividends applicable to the year	16.00	15.50	0.13

See notes to consolidated financial statements.

# Consolidated Statement of Comprehensive Income

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2015

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2015	2014	2015
<b>Net Income before Minority Interests</b>	¥ 49,973	¥47,314	\$ 415,858
<b>Other Comprehensive Income (Loss):</b> (Note 33)			
Valuation difference on available-for-sale securities	78,093	(718)	649,860
Deferred gains or losses on hedges	1,014	(5)	8,444
Foreign currency translation adjustments	4,486	666	37,333
Defined retirement benefit plans	3,081		25,646
Share of other comprehensive income in associates	1,019		8,483
Total other comprehensive income (loss)	87,696	(57)	729,766
<b>Comprehensive Income</b>	137,669	47,256	1,145,624
<b>Total Comprehensive Income Attributable To:</b>			
Owners of the parent	¥137,534	¥46,623	\$1,144,497
Minority interests	135	632	1,127

See notes to consolidated financial statements.

# Consolidated Statement of Changes in Equity

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2015

	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	Defined Retirement Benefit Plans			
<b>Balance at April 1, 2013</b>	665,129	¥90,845	¥54,884	¥337	¥553,598	¥(13,623)	¥121,169	¥(171)	¥(1,158)		¥805,882	¥4,862	¥810,744
Change during the period:													
Cash dividends, ¥15.50 per share					(9,902)						(9,902)		(9,902)
Net income					46,723						46,723		46,723
Purchase of treasury stock (20,079 thousand shares)						(22,730)					(22,730)		(22,730)
Disposal of treasury stock (94 thousand shares)					(5)	93					87		87
Net changes other than shareholders' equity				8			(761)	(5)	666	¥(8,748)	(8,841)	621	(8,219)
<b>Total changes during the period</b>				<b>8</b>	<b>36,816</b>	<b>(22,637)</b>	<b>(761)</b>	<b>(5)</b>	<b>666</b>	<b>(8,748)</b>	<b>5,337</b>	<b>621</b>	<b>5,958</b>
<b>Balance at March 31, 2014</b>	665,129	¥90,845	¥54,884	¥345	¥590,414	¥(36,260)	¥120,408	¥(177)	¥(491)	¥(8,748)	¥811,220	¥5,483	¥816,703
<b>Balance, March 31, 2014 (April 1, 2014, as previously reported)</b>	665,129	¥90,845	¥54,884	¥345	¥590,414	¥(36,260)	¥120,408	¥(177)	¥(491)	¥(8,748)	¥811,220	¥5,483	¥816,703
Cumulative effect of accounting change					853						853		853
<b>Balance, April 1, 2014 (as restated)</b>	<b>665,129</b>	<b>90,845</b>	<b>54,884</b>	<b>345</b>	<b>591,267</b>	<b>(36,260)</b>	<b>120,408</b>	<b>(177)</b>	<b>(491)</b>	<b>(8,748)</b>	<b>812,073</b>	<b>5,483</b>	<b>817,557</b>
Change during the period:													
Cash dividends, ¥16.00 per share					(9,977)						(9,977)		(9,977)
Net income					49,943						49,943		49,943
Purchase of treasury stock (10,059 thousand shares)						(11,382)					(11,382)		(11,382)
Disposal of treasury stock (131 thousand shares)					(15)	130					114		114
Net changes other than shareholders' equity				(14)			78,135	1,063	5,309	¥ 3,081	87,576	(4,546)	83,029
<b>Total changes during the period</b>				<b>(14)</b>	<b>39,950</b>	<b>(11,251)</b>	<b>78,135</b>	<b>1,063</b>	<b>5,309</b>	<b>3,081</b>	<b>116,275</b>	<b>(4,546)</b>	<b>111,728</b>
<b>Balance at March 31, 2015</b>	<b>665,129</b>	<b>¥90,845</b>	<b>¥54,884</b>	<b>¥331</b>	<b>¥631,218</b>	<b>¥(47,512)</b>	<b>¥198,543</b>	<b>¥886</b>	<b>¥4,818</b>	<b>¥(5,666)</b>	<b>¥928,348</b>	<b>¥936</b>	<b>¥929,285</b>

Thousands of U.S. Dollars (Note 2)

	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	Defined Retirement Benefit Plans			
<b>Balance, March 31, 2014 (April 1, 2014, as previously reported)</b>	\$755,977	\$456,720	\$2,876	\$4,913,159	\$(301,745)	\$1,001,985	\$(1,473)	\$(4,090)	\$(72,804)	\$6,750,605	\$45,633	\$6,796,238
Cumulative effect of accounting change				7,099						7,099		7,099
<b>Balance, April 1, 2014 (as restated)</b>	<b>755,977</b>	<b>456,720</b>	<b>2,876</b>	<b>4,920,259</b>	<b>(301,745)</b>	<b>1,001,985</b>	<b>(1,473)</b>	<b>(4,090)</b>	<b>(72,804)</b>	<b>6,757,705</b>	<b>45,633</b>	<b>6,803,338</b>
Change during the period:												
Cash dividends, \$0.13 per share				(83,026)						(83,026)		(83,026)
Net income				415,607						415,607		415,607
Purchase of treasury stock					(94,718)					(94,718)		(94,718)
Disposal of treasury stock				(131)	1,087					956		956
Net changes other than shareholders' equity			(121)			650,207	8,852	44,185	25,646	728,769	(37,837)	690,932
<b>Total changes during the period</b>			<b>(121)</b>	<b>332,450</b>	<b>(93,631)</b>	<b>650,207</b>	<b>8,852</b>	<b>44,185</b>	<b>25,646</b>	<b>967,588</b>	<b>(37,837)</b>	<b>929,751</b>
<b>Balance at March 31, 2015</b>	<b>\$755,977</b>	<b>\$456,720</b>	<b>\$2,755</b>	<b>\$5,252,709</b>	<b>\$(395,376)</b>	<b>\$1,652,192</b>	<b>\$7,379</b>	<b>\$40,095</b>	<b>\$(47,158)</b>	<b>\$7,725,293</b>	<b>\$7,796</b>	<b>\$7,733,089</b>

See notes to consolidated financial statements.

# Consolidated Statement of Cash Flows

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2015

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2015	2014	2015
<b>I. Operating Activities:</b>			
Income before income taxes and minority interests	¥ 76,438	¥ 73,830	\$ 636,087
Adjustments for:			
Income taxes paid	(23,788)	(18,205)	(197,957)
Depreciation and amortization	11,057	10,809	92,012
Impairment losses	11	324	96
Gains on negative goodwill	(2,255)		(18,769)
Equity in (earnings) losses of affiliated companies	(426)	(52)	(3,549)
Increase (decrease) in allowance for loan losses	(4,784)	(7,613)	(39,813)
Increase (decrease) in allowance for investment losses	17	(3)	142
Increase (decrease) in asset and liability for retirement benefits	(6,111)	(726)	(50,856)
Increase (decrease) in provision for reimbursement of inactive accounts	(159)	(102)	(1,323)
Increase (decrease) in provision for contingent losses	(601)	(129)	(5,005)
Increase (decrease) in provision for point program	17	68	144
Interest income	(123,698)	(134,575)	(1,029,360)
Interest expense	8,807	8,104	73,293
Losses (gains) on securities	(18,583)	(4,975)	(154,640)
Losses (gains) on money held in trust	(35)	(34)	(292)
Losses (gains) on sale of fixed assets	935	542	7,786
Net decrease (increase) in trading assets	(9,738)	1,513	(81,037)
Net increase (decrease) in trading liabilities	8,042	134	66,928
Net decrease (increase) in loans and bills discounted	(69,592)	(215,068)	(579,113)
Net increase (decrease) in deposits	415,288	229,029	3,455,838
Net increase (decrease) in borrowed money	(22,745)	127,546	(189,276)
Net decrease (increase) in due from banks (excluding deposits paid to Bank of Japan)	134,742	(174,164)	1,121,266
Net decrease (increase) in call loans	(151,389)	(37,375)	(1,259,796)
Net decrease (increase) in monetary claims bought	(5,265)	792	(43,818)
Net increase (decrease) in call money	(240,475)	4,194	(2,001,126)
Net increase (decrease) in payables under securities lending transactions	71,698	(129,690)	596,642
Net decrease (increase) in foreign exchanges (assets)	(857)	(1,528)	(7,134)
Net increase (decrease) in foreign exchanges (liabilities)	81	(144)	678
Net decrease (increase) in lease receivables and investment assets	(4,027)	(5,098)	(33,515)
Increase (decrease) in straight bonds-issuance and redemption	(10,000)		(83,215)
Interest and dividends received	136,004	138,725	1,131,770
Interest paid	(8,297)	(8,302)	(69,052)
Other-net	(12,410)	(210)	(103,276)
Total Adjustments	71,461	(216,218)	594,673
Net Cash Provided by (Used in) Operating Activities	147,900	(142,387)	1,230,760
<b>II. Investing Activities:</b>			
Purchases of securities	(2,138,114)	(2,206,122)	(17,792,415)
Proceeds from sales of securities	1,964,877	2,234,243	16,350,816
Proceeds from redemptions of securities	166,639	186,168	1,386,698
Increase in money held in trust		(500)	
Purchases of tangible fixed assets	(17,981)	(14,144)	(149,635)
Purchases of intangible fixed assets	(6,302)	(8,277)	(52,451)
Proceeds from sales of tangible fixed assets	789	821	6,569
Payments for execution of asset retirement obligations		(26)	
Purchase of investments in subsidiaries	(2,415)		(20,097)
Increase in investments in affiliated companies	(25,141)		(209,216)
Net Cash Provided by (Used in) Investing Activities	(57,649)	192,161	(479,731)
<b>III. Financing Activities:</b>			
Proceeds from issuance of bonds with stock acquisition rights		47,025	
Dividends paid	(9,961)	(9,883)	(82,897)
Dividends paid to minority interests	(11)	(11)	(99)
Purchases of treasury stock	(11,382)	(22,730)	(94,718)
Proceeds from sales of treasury stock	0	2	7
Net Cash Provided by (Used in) Financing Activities	(21,355)	14,401	(177,707)
<b>IV. Foreign Currency Translation Adjustments on Cash and Cash Equivalents</b>	59	45	495
<b>V. Net Increase (Decrease) in Cash and Cash Equivalents</b>	68,955	64,221	573,817
<b>VI. Cash and Cash Equivalents at Beginning of Year</b>	222,883	158,662	1,854,736
<b>VII. Cash and Cash Equivalents at End of Year</b>	¥ 291,839	¥ 222,883	\$ 2,428,553

See notes to consolidated financial statements.

Cash and due from banks on the consolidated balance sheet at March 31, 2015 and 2014, 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)
	2015	2014	2015
Cash and due from banks	¥644,276	¥674,581	\$5,361,375
Due from banks other than the Bank of Japan	(352,437)	(451,697)	(2,932,822)
Cash and cash equivalents, end of year	¥291,839	¥222,883	\$2,428,553

# Notes to Consolidated Financial Statements

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2015

## 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 that 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 ¥120.17 to \$1, the approximate rate of exchange at March 31, 2015. 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, 2015, include the accounts of the Bank, its 12 (11 in 2014) significant subsidiaries, and two (one in 2014) companies accounted for by the equity method.

Under the control and influence concepts, 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 the year ended March 31, 2015, Shizuoka Liquidity Reserve Limited was newly consolidated as a result of its establishment, and Monex Group Inc. was newly included as an affiliated company accounted for by the equity method as a result of purchase of shares.

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:

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 the 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 recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; (d) can-

cellation 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:

The accounting standard for business combinations states the following: (1) The standard requires accounting for business combinations only by the purchase method. (2) Under the standard, in-process research and development costs (IPR&D) acquired in the business combination are capitalized as an intangible asset. (3) Under the 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.

### 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 using 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 mainly using the declining-balance method over the estimated useful lives.

The range of useful lives is principally from 3 to 50 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 using 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.

#### **Retirement and pension plans:**

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

The projected benefit obligations are attributed to periods on a straight-line basis. Actuarial gains and losses are amortized on a straight-line basis over 10 years within the average remaining service period. Past service costs are recognized in the applicable year.

In May 2012, the Accounting Standards Board of Japan (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 were followed by partial amendments from time to time through 2009.

(a) Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus is recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(b) The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts are recognized in profit or loss over a certain period no longer than the expected average remaining service period of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss are included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period are treated as reclassification adjustments.

(c) The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases.

This accounting standard and the guidance for (a) and (b) above are

effective for the end of annual periods beginning on or after April 1, 2013, and for (c) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, all with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Group applied the revised accounting standard and guidance for retirement benefits for (a) and (b) above, effective March 31, 2014, and for (c) above, effective April 1, 2014.

With respect to (c) above, the Group changed the method of attributing the expected benefit to periods from a straight-line basis to a benefit formula basis, and the method of determining the discount rate from using the period which approximates the expected average remaining service period to using a single weighted-average discount rate reflecting the estimated timing and amount of benefit payment, and recorded the effect of (c) above as of April 1, 2014, in retained earnings. As a result, asset for liability for retirement benefits and liability for retirement benefits as of April 1, 2014, decreased by ¥121 million (\$1,008 thousand) and by ¥1,432 million (\$11,924 thousand), respectively, and retained earnings as of April 1, 2014, increased by ¥853 million (\$7,100 thousand). The effect of this change on operating income and income before income taxes and minority interests for the year ended March 31, 2015, was immaterial. In addition, the effect on basic net income per share and diluted net income per share for the year ended March 31, 2015, was also immaterial.

#### **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 the 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, Article 46-5 of the Financial Instruments and Exchange Act.

#### **Asset retirement obligations:**

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 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 be recognized as lease receivables, and all finance leases that are deemed not to transfer ownership of the leased property to the lessee 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 for when lease payments are paid.

#### Stock options:

The accounting standard for stock options 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 nonemployees based on the fair value of either the stock option or the goods or services received. In the balance sheet, the stock options are presented as stock acquisition rights 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 the Japan Institute of Certified Public Accountant Industry Audit Committee Report No. 24, “Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in the Banking Industry.” 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 the JICPA Industry Audit Committee Report No. 25, “Accounting and Auditing Treatment of Accounting Treatment on Foreign Currency Transactions in the Banking Industry.”

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 621,918 thousand shares for 2015 and 630,361 thousand shares for 2014.

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.

#### New Accounting Pronouncements:

In September 2013, the ASBJ issued revised ASBJ Statement No. 21, “Accounting Standard for Business Combinations,” revised ASBJ Guidance No. 10, “Guidance on Accounting Standards for Business Combinations and Business Divestitures,” and revised ASBJ Statement No. 22, “Accounting Standard for Consolidated Financial Statements.” Major accounting changes are (a) transactions with noncontrolling interest, (b) acquisition-related costs, (c) provisional accounting treatments for a business combination, and (d) presentation on the consolidated balance sheet and consolidated statement of income.

The Group expects to apply the revised accounting standard and guidance from the beginning of the annual period beginning on April 1, 2015, and is in the process of measuring the effects of applying the revised accounting standards and guidance in the future applicable periods.

#### 4. TRADING ASSETS AND LIABILITIES

Trading assets and liabilities at March 31, 2015 and 2014, consisted of the following:

##### (a) Trading assets

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Trading securities:			
Japanese government bonds	¥ 3,243	¥ 986	\$ 26,994
Local government bonds (Government-guaranteed bonds)	2,586	2,550	21,526
Foreign securities	29	696	244
Subtotal	5,859	4,232	48,764
Trading security derivatives:			
(Bond futures)			
Other (Note)	29		244
Subtotal	29		244
Financial derivatives:			
(Option premium)			
Other (Note)	26,835	18,854	223,312
Subtotal	26,835	18,854	223,312
Other trading assets:			
Commercial paper	7,097	6,997	59,066
Other (Note)	1	1	16
Subtotal	7,099	6,998	59,082
Total	¥39,824	¥30,086	\$331,402

##### (b) Trading liabilities

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
(Trading security derivatives):			
Subtotal			
Financial derivatives:			
(Option premium)			
Other (Note)	¥25,877	¥17,835	\$215,345
Subtotal	25,877	17,835	215,345
Total	¥25,877	¥17,835	\$215,345

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

#### 5. MONEY HELD IN TRUST

Money held in trust at March 31, 2015 and 2014, consisted of the following:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
<b>March 31, 2015</b>				
Money held in trust classified as:				
Held to maturity	¥3,100	¥0		¥3,100

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2014				
Money held in trust classified as:				
Held to maturity	¥3,100	¥0		¥3,100

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
<b>March 31, 2015</b>				
Money held in trust classified as:				
Held to maturity	\$25,797	\$0		\$25,797

#### 6. SECURITIES

Securities at March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Japanese government bonds	¥ 935,858	¥1,122,378	\$ 7,787,789
Local government bonds	51,544	59,915	428,933
Corporate bonds	194,913	282,215	1,621,982
Corporate stocks	374,629	265,228	3,117,498
Other securities	1,039,909	648,440	8,653,650
Total	¥2,596,855	¥2,378,178	\$21,609,852

As of March 31, 2015 and 2014, securities included equity investments in unconsolidated subsidiaries and affiliated companies that amounted to ¥28,284 million (\$235,374 thousand) and ¥2,082 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, 2015 and 2014, was as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
<b>March 31, 2015</b>				
Securities classified as:				
Trading				¥ 12,959
Available-for-sale:				
Equity securities	¥ 102,021	¥240,042	¥ 174	341,888
Debt securities	1,166,067	9,504	189	1,175,383
Others	993,628	40,354	2,695	1,031,287
Held to maturity	11,134	398	0	11,532

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2014				
Securities classified as:				
Trading				¥ 11,231
Available-for-sale:				
Equity securities	¥ 104,631	¥154,991	¥ 646	258,976
Debt securities	1,446,662	11,594	352	1,457,905
Others	624,946	16,136	442	640,641
Held to maturity	11,216	264	6	11,473

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
<b>March 31, 2015</b>				
Securities classified as:				
Trading				\$ 107,846
Available-for-sale:				
Equity securities	\$ 848,973	\$1,997,523	\$ 1,452	2,845,044
Debt securities	9,703,485	79,096	1,575	9,781,006
Others	8,268,522	335,813	22,429	8,581,906
Held to maturity	92,654	3,318	3	95,969

Available-for-sale securities sold during the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		
	Proceeds from Sales	Total Amount of Gains on Sales	Total Amount of Losses on Sales
<b>Year Ended March 31, 2015</b>			
Equity securities	¥ 17,411	¥ 5,360	¥ 14
Debt securities	939,553	6,714	462
Others	921,625	13,889	2,869
Total	¥1,878,589	¥25,963	¥3,347

	Millions of Yen		
	Proceeds from Sales	Total Amount of Gains on Sales	Total Amount of Losses on Sales
Year Ended March 31, 2014			
Equity securities	¥ 11,072	¥ 3,008	¥ 63
Debt securities	1,221,756	12,668	4,597
Others	969,193	18,445	12,714
Total	¥2,202,022	¥34,122	¥17,376

Year Ended	Thousands of U.S. Dollars		
	Proceeds from Sales	Total Amount of Gains on Sales	Total Amount of Losses on Sales
<b>March 31, 2015</b>			
Equity securities	\$ 144,888	\$ 44,605	\$ 125
Debt securities	7,818,537	55,873	3,846
Others	7,669,345	115,578	23,883
<b>Total</b>	<b>\$15,632,770</b>	<b>\$216,056</b>	<b>\$27,854</b>

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.

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, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Bills discounted	¥ 28,463	¥ 29,672	\$ 236,856
Loans on bills	190,795	185,035	1,587,716
Loans on deeds	6,081,623	5,911,939	50,608,498
Overdrafts	1,067,090	1,092,146	8,879,841
<b>Total</b>	<b>¥7,367,972</b>	<b>¥7,218,794</b>	<b>\$61,312,911</b>

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, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Loans under bankruptcy proceedings	¥ 3,839	¥ 5,030	\$ 31,952
Past-due loans	119,716	145,201	996,229
Loans past due for three months or more	694	939	5,781
Restructured loans	14,236	15,456	118,467
<b>Total</b>	<b>¥138,487</b>	<b>¥166,628</b>	<b>\$1,152,429</b>

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 the JICPA Industry Audit Committee Report No. 24, "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in the Banking Industry." As of March 31, 2015 and 2014, 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 ¥28,564 million (\$237,697 thousand) and ¥29,972 million, respectively.

## 8. FOREIGN EXCHANGES

Foreign exchange assets and liabilities at March 31, 2015 and 2014, consisted of the following:

### (a) Assets

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Due from foreign banks	¥6,400	¥4,850	\$53,265
Foreign exchange bills bought	101	299	841
Foreign exchange bills receivable	1,421	1,643	11,827
<b>Total</b>	<b>¥7,923</b>	<b>¥6,793</b>	<b>\$65,933</b>

### (b) Liabilities

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Foreign exchange bills sold	¥ 67	¥ 87	\$ 562
Foreign exchange bills payable	126	26	1,052
<b>Total</b>	<b>¥193</b>	<b>¥113</b>	<b>\$1,614</b>

## 9. OTHER ASSETS

Other assets at March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Accrued income	¥10,911	¥10,236	\$ 90,801
Derivative products	22,489	13,058	187,151
Guarantee deposits	2,245	2,280	18,683
Others	34,535	30,728	287,388
<b>Total</b>	<b>¥70,182</b>	<b>¥56,304</b>	<b>\$584,023</b>

## 10. TANGIBLE FIXED ASSETS AND INTANGIBLE FIXED ASSETS

Tangible fixed assets and intangible fixed assets at March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Tangible fixed assets			
Buildings	¥38,696	¥24,702	\$322,016
Land	22,143	22,292	184,269
Lease assets	2	3	18
Construction in progress	577	6,261	4,806
Other tangible fixed assets	12,908	11,077	107,418
Subtotal	74,328	64,337	618,527
Intangible fixed assets			
Software	17,926	15,436	149,178
Other intangible assets	453	455	3,777
Subtotal	18,380	15,892	152,955
<b>Total</b>	<b>¥92,709</b>	<b>¥80,230</b>	<b>\$771,482</b>

Tangible fixed assets are stated at cost, less accumulated depreciation of ¥100,221 million (\$833,998 thousand) and ¥103,904 million in 2015 and 2014, respectively.

As of March 31, 2015 and 2014, deferred gains for tax purposes of ¥9,713 million (\$80,829 thousand) and ¥9,824 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, 2015 and 2014. As a result, the Group recognized an impairment loss of ¥11 million (\$96 thousand) and ¥324 million, respectively, 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, 2015 and 2014, amounted to ¥16,176 million (\$134,609 thousand) and ¥18,604 million, respectively.



## 12. ASSETS PLEDGED

Assets pledged as collateral and their relevant liabilities at March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Assets pledged as collateral:			
Due from banks	¥ 241	¥ 241	\$ 2,007
Securities	887,465	825,226	7,385,083
Lease receivables and investment assets	19	81	163
Relevant liabilities to above assets:			
Deposits	¥ 90,749	¥ 82,100	\$ 755,176
Payables under securities lending transactions	423,020	313,569	3,520,185
Borrowed money	149,271	169,030	1,242,165
Other liabilities	25	94	209

In addition to the above, the Bank has provided ¥83,106 million (\$691,577 thousand) and ¥211,270 million in securities and ¥240 million (\$2,000 thousand) and ¥205 million in due from banks as collateral for foreign exchange settlements and certain other transactions and as security for futures transactions at March 31, 2015 and 2014, respectively.

Guarantee deposits on office space are included in other assets in the amount of ¥2,245 million (\$18,683 thousand) and ¥2,280 million at March 31, 2015 and 2014, respectively, and cash collateral paid for financial instruments are included in other assets in the amount of ¥1 million (\$12 thousand) at March 31, 2015.

## 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 not yet undisbursed under these agreements at March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Undisbursed loan commitments outstanding			
Loans due within one year	¥1,539,424	¥1,538,122	\$12,810,391
Loans due over one year	105,756	89,051	880,058
Total	¥1,645,181	¥1,627,173	\$13,690,449

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. The Bank or its consolidated subsidiaries can refuse to advance loans and reject applications that have been received or can reduce the maximum amounts under the agreements for reasonable reasons, such as changes in the financial situation and preservation of credit. In addition, at the time the agreements are entered into, borrowers may when necessary, be required to provide collateral, such as real estate or securities, and after the agreements have been signed, the state of the borrower'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, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Current deposits	¥ 367,024	¥ 370,052	\$ 3,054,207
Savings deposits	4,225,326	4,031,255	35,161,240
Deposits at notice	25,883	26,961	215,388
Time deposits	3,585,098	3,447,830	29,833,558
Negotiable certificates of deposit	511,241	435,688	4,254,322
Other	477,332	372,869	3,972,142
Total	¥9,191,906	¥8,684,659	\$76,490,857

## 15. BORROWED MONEY

At March 31, 2015 and 2014, the weighted-average annual interest rates applicable to borrowed money were 0.26% and 0.21%, respectively.

Borrowed money consists of borrowings from financial institutions. Annual maturities of borrowed money as of March 31, 2015, were as follows:

Years Ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2016	¥154,350	\$1,284,437
2017	5,343	44,467
2018	2,814	23,420
2019	6,482	53,940
2020 and thereafter	2,570	21,391
Total	¥171,561	\$1,427,655

## 16. BONDS PAYABLE

Bonds at March 31, 2015 and 2014, consisted of the following:

	Rate (%)	Millions of Yen		Thousands of U.S. Dollars
		2015	2014	2015
Unsecured bonds, payable in Japanese yen, due September 2014	1.59		¥10,000	
Unsecured bonds, payable in Japanese yen, due June 2015	1.37	¥10,000	10,000	\$ 83,215
Unsecured convertible bonds with stock acquisition rights, payable in U.S. dollars, due April 2018		60,085	51,460	500,000
Total		¥70,085	¥71,460	\$583,215

Annual maturities of bonds as of March 31, 2015, were as follows:

Years Ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2016	¥10,000	\$ 83,215
2017		
2018		
2019	60,085	500,000
2020		
Total	¥70,085	\$583,215

The following is a summary of the terms for conversion and redemption of the convertible bonds with stock acquisition rights:

	Conversion Price	Number of shares of common stock (thousand)	Exercise Period
Unsecured convertible bonds with stock acquisition rights, payable in U.S. dollar, due April 2018	\$13.45	37,174	From May 10, 2013 to April 11, 2018

The conversion price is subject to adjustment for certain subsequent events, such as the issuance of common stock or disposal of treasury stock at less than market price, and stock splits.

## 17. OTHER LIABILITIES

Other liabilities at March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Income taxes payable	¥ 10,688	¥ 11,824	\$ 88,949
Accrued expenses	8,739	9,040	72,727
Deposits from employees	2,669	2,723	22,217
Unearned income	11,260	10,826	93,705
Derivative products	24,036	16,386	200,022
Cash collateral received for financial products	21,574	13,351	179,531
Other	59,662	54,380	496,480
Total	¥138,631	¥118,532	\$1,153,631

## 18. RETIREMENT AND PENSION PLANS

The Bank and certain consolidated subsidiaries 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 certain 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 by voluntary retirement at certain specific ages prior to the mandatory retirement age.

1. The changes in defined benefit obligation for the year ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Balance at beginning of year (as previously reported)	¥79,359	¥80,838	\$660,397
Cumulative effect of accounting change	(1,311)		(10,916)
Balance at beginning of year (as restated)	78,048	80,838	649,481
Current service cost	2,054	2,039	17,096
Interest cost	776	803	6,459
Actuarial gains and losses	(58)	157	(489)
Benefits paid	(5,014)	(4,585)	(41,727)
Past service cost		(42)	
Others	147	148	1,226
Balance at end of year	¥75,953	¥79,359	\$632,046

2. The changes in plan assets for the year ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Balance at beginning of year	¥56,115	¥55,199	\$466,964
Expected return on plan assets	1,189	1,156	9,902
Actuarial gains and losses	3,234	90	26,914
Contributions from the employer	2,135	2,122	17,773
Benefits paid	(2,686)	(2,598)	(22,358)
Others	143	144	1,191
Balance at end of year	¥60,131	¥56,115	\$500,386

3. Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Funded defined benefit obligation	¥ 54,111	¥ 55,332	\$ 450,295
Plan assets	(60,131)	(56,115)	(500,386)
	(6,019)	(782)	(50,091)
Unfunded defined benefit obligation	21,841	24,027	181,752
Net liability (asset) arising from defined benefit obligation	15,821	23,244	131,661

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Liability for retirement benefits	¥21,841	¥24,027	\$181,752
Asset for retirement benefits	(6,019)	(782)	(50,091)
Net liability (asset) arising from defined benefit obligation	15,821	23,244	131,661

4. The components of net periodic benefit costs for the year ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Service cost	¥ 2,054	¥ 2,039	\$ 17,096
Interest cost	776	803	6,459
Expected return on plan assets	(1,189)	(1,156)	(9,902)
Amortization of prior service cost	1,835	1,734	15,271
Amortization of transitional obligation		(42)	
Others	79	133	662
Net periodic benefit costs	¥ 3,555	¥ 3,512	\$ 29,586

5. Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2015 and 2014

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Prior service cost			
Actuarial (gains) losses	¥5,128	¥	\$42,674
Others			
Total	¥5,128	¥	\$42,674

6. Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2015 and 2014

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Unrecognized prior service cost			
Unrecognized actuarial gains and losses	¥8,297	¥13,425	\$69,049
Others			
Total	¥8,297	¥13,425	\$69,049

7. Plan assets

(1) Components of plan assets

Plan assets consisted of the following:

	2015	2014
Debt investments	29%	29%
Equity investments	38%	37%
Cash and cash equivalents	1%	1%
General account of life insurance companies	32%	33%
Others	0%	0%
Total	100%	100%

(2) Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

8. Assumptions used for the year ended March 31, 2015 and 2014, were set forth as follows:

	2015	2014
Discount rate	1.0%	1.0%
Expected rate of return on plan assets	2.0%	2.0%
Expected rate of salary increase	6.3%	6.3%

9. Defined Contribution

The amounts to be contributed by the Bank and certain consolidated subsidiaries for the years ended March 31, 2015 and 2014, were ¥464 million (\$3,863 thousand) and ¥464 million, respectively.

## 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 and supervisory board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year 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 within equity 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 using a 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 ¥99 million (\$827 thousand) and ¥93 million for the years ended March 31, 2015 and 2014, respectively.

The stock options outstanding as of March 31, 2015, 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
2013 Stock Option	8 directors	88,000 shares	2013.7.23	¥ 1 (\$0.01)	From July 24, 2013 to July 23, 2038
2014 Stock Option	8 directors	92,000 shares	2014.7.22	¥ 1 (\$0.01)	From July 23, 2014 to July 22, 2039

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	2013 Stock Option	2014 Stock Option
For the year ended March 31, 2014								
Non vested								
March 31, 2013—Outstanding						100,000		
Granted							88,000	
Vested						100,000		
March 31, 2014—Outstanding							88,000	
Vested								
March 31, 2013—Outstanding	47,000	46,000	76,000	79,000	80,000			
Vested						100,000		
Exercised	20,000	19,000	26,000	10,000	8,000	9,000		
March 31, 2014—Outstanding	27,000	27,000	50,000	69,000	72,000	91,000		
For the year ended March 31, 2015								
Non vested								
March 31, 2014—Outstanding							88,000	
Granted								92,000
Vested							88,000	
March 31, 2015—Outstanding								92,000
Vested								
March 31, 2014—Outstanding	27,000	27,000	50,000	69,000	72,000	91,000		
Vested							88,000	
Exercised	9,000	9,000	18,000	23,000	23,000	25,000	24,000	
March 31, 2015—Outstanding	18,000	18,000	32,000	46,000	49,000	66,000	64,000	
Exercise price	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)
Average stock price at exercise	¥1,090 (\$ 9.07)	¥1,090 (\$ 9.07)	¥1,090 (\$ 9.07)	¥1,090 (\$ 9.07)	¥1,090 (\$ 9.07)	¥1,090 (\$ 9.07)	¥1,090 (\$ 9.07)	¥ (\$ )
Fair value price at grant date	¥1,153 (\$ 9.59)	¥1,057 (\$ 8.80)	¥ 875 (\$ 7.28)	¥ 704 (\$ 5.86)	¥ 709 (\$ 5.90)	¥ 743 (\$ 6.18)	¥1,135 (\$ 9.44)	¥1,079 (\$ 8.98)

The assumptions used to measure the fair value of the 2014 stock option are as follows:

Estimate method: Black-Scholes option-pricing model

Volatility of stock price: 23.3%

Estimated remaining outstanding period: three years

Estimated dividend: ¥15.5 per share

Risk-free interest rate: 0.08%

## 21. VALUATION DIFFERENCE ON AVAILABLE-FOR-SALE SECURITIES

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

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Valuation difference	¥286,842	¥181,281	\$2,386,976
Deferred tax liabilities	(88,166)	(60,685)	(733,680)
Amounts equivalent to difference on available-for-sale securities	¥198,676	¥120,596	\$1,653,296
Minority interests adjustment	¥ (279)	¥ (187)	\$ (2,326)
Share of valuation difference on available- for-sale securities in affiliated companies	¥ 146		\$ 1,222
Valuation difference on available-for-sale securities	¥198,543	¥120,408	\$1,652,192

## 22. OTHER OPERATING INCOME

Other operating income for the years ended March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Gains on foreign exchange transactions	¥ 1,403	¥ 864	\$ 11,683
Gains on sales of bonds	14,646	18,996	121,878
Gains on financial derivatives		113	
Other	43	3	363
Total	¥16,093	¥19,977	\$133,924

## 23. OTHER INCOME

Other income for the years ended March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Gains on sales of stocks and other securities	¥ 5,360	¥ 3,008	\$ 44,605
Gains on negative goodwill	2,255		18,769
Other	8,692	9,384	72,332
Total	¥16,307	¥12,393	\$135,706

## 24. OTHER OPERATING EXPENSES

Other operating expenses for the years ended March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Losses on sales of bonds	¥1,466	¥17,019	\$12,200
Losses on redemption of bonds			
Losses on devaluation of bonds			
Expenses of derivatives transactions	1,040		8,659
Amortized bond issue cost			
Other	12		104
Total	¥2,519	¥17,019	\$20,963



## 25. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Salary	¥35,989	¥36,156	\$299,488
Depreciation expenses	10,295	10,104	85,679
Other	44,643	42,485	371,503
Total	¥90,928	¥88,746	\$756,670

## 26. OTHER EXPENSES

Other expenses for the years ended March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Provision of allowance for loan losses	¥ 161		\$ 1,345
Losses on written-off claims	216	¥ 262	1,805
Losses on sales of stocks and other securities	14	78	125
Losses on devaluation of stocks and other securities	18	7	153
Losses on money held in trust	4		37
Losses on disposition of fixed assets	1,235	794	10,280
Impairment losses	11	324	96
Other	6,732	6,767	56,025
Total	¥8,395	¥8,235	\$69,866

## 27. INCOME TAXES

The Bank and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 34.8% and 37.2% for the years ended March 31, 2015 and 2014, respectively.

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Deferred tax assets:			
Allowance for loan losses	¥ 15,351	¥ 18,394	\$ 127,749
Liability for retirement benefits	11,390	15,091	94,788
Other	7,665	8,088	63,788
Deferred tax assets	34,407	41,574	286,325
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	(88,166)	(60,685)	(733,680)
Gain on establishment of employee retirement benefit trust	(5,497)	(6,066)	(45,747)
Other	(2,090)	(1,884)	(17,398)
Deferred tax liabilities	(95,754)	(68,636)	(796,825)
Net deferred tax assets (liabilities)	¥(61,346)	¥(27,062)	\$(510,500)

A reconciliation between the normal effective tax rates for the year ended March 31, 2015 and 2014, and the actual effective tax rates reflected in the accompanying consolidated statement of income is not required under Japanese accounting standard due to immaterial differences.

New tax reform laws enacted in 2015 in Japan changed the normal effective statutory tax rate for the fiscal year beginning on or after April 1, 2015, to approximately 32.3% and for the fiscal year beginning on or after April 1, 2016, to approximately 31.5%. The effect of this change was to decrease deferred tax assets and deferred tax liabilities by ¥62 million (\$517 thousand) and by ¥6,743 million (\$56,114 thousand), increase accumulated other comprehensive income for unrealized gain on available-for-sale securities by ¥9,098 million (\$75,714 thousand) in the consolidated balance sheet as of March 31, 2015, and increase income taxes—deferred in the consolidated statement of income for the year then ended by ¥2,204 million (\$18,346 thousand).

## 28. 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 consolidated 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:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Tangible Fixed Assets			
Acquisition cost	¥176	¥258	\$1,468
Accumulated depreciation	(85)	(134)	(716)
Net leased property	¥ 90	¥123	\$ 752

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Tangible Fixed Assets			
Due within one year	¥ 7	¥ 12	\$ 61
Due after one year	129	179	1,075
Total	¥136	¥191	\$1,136

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

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Depreciation expense	¥12	¥12	\$107
Interest expense	22	24	190
Total	¥35	¥37	\$297
Lease payments	¥34	¥34	\$291

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
	2015	2014	2015
Gross lease receivables	¥52,283	¥48,694	\$435,077
Estimate residual values	2,375	2,361	19,766
Unearned interest income	(5,048)	(4,679)	(42,009)
Lease investment assets	¥49,610	¥46,377	\$412,834

Maturities of lease receivables are as follows:

Years Ending March 31,	Millions of Yen	Thousands of U.S. Dollars
	2015	2015
2016	¥166	\$1,388
2017	144	1,206
2018	104	870
2019	99	826
2020	84	703
2021	109	912
Total	¥709	\$5,905

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

Years Ending March 31,	Millions of Yen	Thousands of U.S. Dollars
	2015	2015
2016	¥14,919	\$124,153
2017	12,322	102,542
2018	9,665	80,433
2019	6,839	56,912
2020	3,853	32,067
2021	4,682	38,970
Total	¥52,283	\$435,077

## (2) Operating Lease

### (a) Lessee

The minimum rental commitments under noncancelable operating leases at March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Due within one year	¥ 540	¥ 438	\$ 4,501
Due after one year	3,113	2,723	25,909
Total	¥3,654	¥3,161	\$30,410

### (b) Lessor

The future lease payment receivables under noncancelable operating leases at March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Due within one year	¥ 471	¥ 374	\$ 3,927
Due after one year	1,069	825	8,899
Total	¥1,541	¥1,199	\$12,826

## 29. SEGMENT INFORMATION

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 separate 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's reportable segments consist of the banking operations and leasing operations. Banking operations consist of the 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, 2015	Millions of Yen						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking Operations	Leasing Operations	Total				
Ordinary income:							
Ordinary income from external customers	¥ 173,833	¥22,946	¥ 196,780	¥ 14,805	¥ 211,585		¥ 211,585
Ordinary income from intersegment transactions	2,247	1,367	3,614	4,998	8,613	¥ (8,613)	
Total	¥ 176,081	¥24,313	¥ 200,394	¥ 19,804	¥ 220,198	¥ (8,613)	¥ 211,585
Segment profit	¥ 67,273	¥ 1,368	¥ 68,642	¥ 6,757	¥ 75,399	¥ (268)	¥ 75,130
Segment assets	11,189,854	72,525	11,262,379	122,021	11,384,400	(150,987)	11,233,412
Segment liabilities	10,328,339	57,942	10,386,282	25,669	10,411,951	(107,824)	10,304,127
Other:							
Depreciation	10,042	799	10,841	340	11,181	(124)	11,057
Interest income	123,873	7	123,881	149	124,030	(332)	123,698
Interest expense	8,860	253	9,113	9	9,123	(316)	8,807
Equity in earnings of affiliated companies				426	426		426
Investments in affiliated companies				26,645	26,645		26,645
Increase in property, plant, equipment, and intangible assets	23,551	847	24,398	118	24,517	(232)	24,284

Year Ended March 31, 2014	Millions of Yen						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking Operations	Leasing Operations	Total				
Ordinary income:							
Ordinary income from external customers	¥ 185,032	¥22,420	¥ 207,452	¥13,418	¥ 220,871		¥ 220,871
Ordinary income from intersegment transactions	1,783	1,875	3,658	4,498	8,157	¥ (8,157)	
Total	¥ 186,815	¥24,296	¥ 211,111	¥17,916	¥ 229,028	¥ (8,157)	¥ 220,871
Segment profit	¥ 67,336	¥ 1,617	¥ 68,954	¥ 5,894	¥ 74,849	¥ (150)	¥ 74,698
Segment assets	10,654,647	67,677	10,722,324	50,694	10,773,019	(75,070)	10,697,948
Segment liabilities	9,871,645	53,976	9,925,621	21,518	9,947,140	(65,895)	9,881,244
Other:							
Depreciation	9,884	741	10,626	278	10,904	(95)	10,809
Interest income	134,668	10	134,679	138	134,817	(242)	134,575
Interest expense	8,134	267	8,402	11	8,414	(309)	8,104
Equity in earnings of affiliated companies				52	52		52
Investments in affiliated companies				127	127		127
Increase in property, plant, equipment, and intangible assets	20,808	817	21,626	1,052	22,679	(257)	22,422

Year Ended March 31, 2015	Thousands of U.S. Dollars						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking Operations	Leasing Operations	Total				
Ordinary income:							
Ordinary income from external customers	\$ 1,446,566	\$190,948	\$ 1,637,514	\$ 123,204	\$ 1,760,718		\$ 1,760,718
Ordinary income from intersegment transactions	18,702	11,376	30,078	41,599	71,677	\$ (71,677)	
Total	\$ 1,465,268	\$202,324	\$ 1,667,592	\$ 164,803	\$ 1,832,395	\$ (71,677)	\$ 1,760,718
Segment profit	\$ 559,820	\$ 11,388	\$ 571,208	\$ 56,231	\$ 627,439	\$ (2,238)	\$ 625,201
Segment assets	93,116,869	603,522	93,720,391	1,015,406	94,735,797	(1,256,452)	93,479,345
Segment liabilities	85,947,738	482,170	86,429,908	213,612	86,643,520	(897,264)	85,746,256
Other:							
Depreciation	83,566	6,651	90,217	2,831	93,048	(1,036)	92,012
Interest income	1,030,822	66	1,030,888	1,241	1,032,129	(2,769)	1,029,360
Interest expense	73,730	2,110	75,840	83	75,923	(2,630)	73,293
Equity in earnings of affiliated companies				3,549	3,549		3,549
Investments in affiliated companies				221,732	221,732		221,732
Increase in property, plant, equipment, and intangible assets	195,987	7,050	203,037	984	204,021	(1,935)	202,086

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										
<b>Year ended March 31, 2015</b>	<b>¥91,732</b>	<b>¥48,784</b>	<b>¥22,939</b>	<b>¥48,128</b>	<b>¥211,585</b>	<b>\$763,356</b>	<b>\$405,962</b>	<b>\$190,894</b>	<b>\$400,506</b>	<b>\$1,760,718</b>
Year ended March 31, 2014	¥93,476	¥61,198	¥22,250	¥43,944	¥220,871					

##### (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										
<b>Year ended March 31, 2015</b>	<b>¥ 11</b>		<b>¥ 11</b>		<b>¥ 11</b>	<b>\$96</b>		<b>\$96</b>		<b>\$96</b>
Year ended March 31, 2014	¥324		¥324		¥324					

### 30. 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 Related Risks

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. As 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 severe 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 financial 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 confirms whether credit risk management is performed in conformance with 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 departments subject to audit, 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 the 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, 2015 and 2014, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
VaR	<b>¥151,158</b>	¥114,300	<b>\$1,257,868</b>

The assumptions used to measure VaR are as follows:

Observation period: five years

Confidence interval: 99%

Holding period: 125 days for banking transactions and 10 days for trading transactions

The due dates of core deposits, defined as demand deposits staying long term without withdrawal, are allocated within 10 years based on an internal model using a 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 manage 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, 2015 and 2014, consisted of the following:

	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gains (Losses)
<b>March 31, 2015</b>			
Cash and due from banks	¥ 644,276	¥ 644,276	
Call loans and bills bought	291,126	291,126	
Trading assets:			
Trading securities	12,959	12,959	
Securities:			
Held to maturity	11,134	11,532	¥ 398
Available for sale	2,548,560	2,548,560	
Loans and bills discounted	7,367,972		
Allowance for loan losses	(50,885)		
Subtotal	7,317,086	7,352,872	35,785
Total	¥10,825,144	¥10,861,327	¥36,183
Deposits	¥ 9,191,906	¥ 9,193,086	¥ 1,180
Call money and bills sold	125,577	125,577	
Payables under securities lending transactions	423,020	423,020	
Borrowed money	171,561	171,712	151
Total	¥ 9,912,065	¥ 9,913,397	¥ 1,331
Derivative transactions:			
Nonhedging derivatives	¥ 1,844	¥ 1,844	
Hedging derivatives	(2,404)	(2,404)	
Total	¥ (560)	¥ (560)	

	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gains (Losses)
March 31, 2014			
Cash and due from banks	¥ 674,581	¥ 674,581	
Call loans and bills bought	125,850	125,850	
Trading assets:			
Trading securities	11,231	11,231	
Securities:			
Held to maturity	11,216	11,473	¥ 257
Available for sale	2,357,522	2,357,522	
Loans and bills discounted	7,218,794		
Allowance for loan losses	(56,733)		
Subtotal	7,162,060	7,203,100	41,040
Total	¥10,342,462	¥10,383,761	¥41,298
Deposits	¥ 8,684,659	¥ 8,686,168	¥ 1,508
Call money and bills sold	340,841	340,841	
Payables under securities lending transactions	313,569	313,569	
Borrowed money	185,026	185,032	6
Total	¥ 9,524,096	¥ 9,525,611	¥ 1,515
Derivative transactions:			
Nonhedging derivatives	¥ 1,339	¥ 1,339	
Hedging derivatives	(3,648)	(3,648)	
Total	¥ (2,308)	¥ (2,308)	

	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gains (Losses)
<b>March 31, 2015</b>			
Cash and due from banks	\$ 5,361,375	\$ 5,361,375	
Call loans and bills bought	2,422,623	2,422,623	
Trading assets:			
Trading securities	107,846	107,846	
Securities:			
Held to maturity	92,654	95,969	\$ 3,315
Available for sale	21,207,956	21,207,956	
Loans and bills discounted	61,312,911		
Allowance for loan losses	(423,447)		
Subtotal	60,889,464	61,187,252	297,788
Total	\$90,081,918	\$90,383,021	\$301,103
Deposits	\$76,490,857	\$76,500,679	\$ 9,822
Call money and bills sold	1,045,000	1,045,000	
Payables under securities lending transactions	3,520,185	3,520,185	
Borrowed money	1,427,655	1,428,915	1,260
Total	\$82,483,697	\$82,494,779	\$ 11,082
Derivative transactions:			
Nonhedging derivatives	\$ 15,350	\$ 15,350	
Hedging derivatives	(20,010)	(20,010)	
Total	\$ (4,660)	\$ (4,660)	

- 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) Call loans and bills bought

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

##### (3) 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.

##### (4) 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 (5) below after adjusting to reflect guarantee commissions received, among other factors.

##### (5) 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 payments 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

Fair value information for derivatives is included in Note 31.

Carrying amount of financial instruments whose fair value cannot be reliably determined at March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Unlisted stocks	¥ 6,280	¥ 6,253	\$52,266
Investments in partnerships and others	4,419	3,185	36,776
Total	¥10,700	¥ 9,439	\$89,042

Notes: 1. Unlisted stocks without market prices, and whose fair values are difficult to determine, are not included in fair value information.  
2. The impairment losses on unlisted stocks for the year ended March 31, 2015, and unlisted stocks and investments in partnerships for the year ended March 31, 2014, were ¥18 million (\$153 thousand) and ¥7 million, respectively.  
3. Investments in partnerships, whose assets include unlisted stocks and other assets, are not included in fair value disclosures as it is difficult to determine 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
<b>March 31, 2015</b>						
Due from banks	¥ 561,308					
Call loans and bills bought	291,126					
Securities:	43,474	¥ 480,084	¥ 581,242	¥148,052	¥203,933	¥ 526,268
Held-to-maturity	1,800	1,823	1,981	1,380	2,500	1,395
Available-for-sale	41,674	478,261	579,261	146,671	201,433	524,872
Loans and bills discounted	2,111,076	1,387,317	1,000,614	534,766	582,417	1,484,801
Total	¥3,006,985	¥1,867,402	¥1,581,857	¥682,818	¥786,350	¥2,011,069

	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
<b>March 31, 2015</b>						
Due from banks	\$ 4,670,952					
Call loans and bills bought	2,422,623					
Securities:	361,775	\$ 3,995,045	\$ 4,836,839	\$1,232,023	\$1,697,038	\$ 4,379,363
Held-to-maturity	14,979	15,175	16,489	11,489	20,804	11,613
Available-for-sale	346,796	3,979,870	4,820,350	1,220,534	1,676,234	4,367,750
Loans and bills discounted	17,567,416	11,544,628	8,326,657	4,450,084	4,846,615	12,355,842
Total	\$25,022,766	\$15,539,673	\$13,163,496	\$5,682,107	\$6,543,653	\$16,735,205

Notes: 1. The amount of loans and bills discounted without due dates which have been excluded is ¥143,421 million (\$1,193,488 thousand).

2. The amount of loans and bills discounted for "possible bankruptcy," "virtual bankruptcy," and "legal bankruptcy," excluding those without due dates, which have been included is ¥123,556 million (\$1,028,181 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
<b>March 31, 2015</b>						
Deposits	¥8,673,344	¥446,870	¥62,456	¥4,890	¥4,345	
Call money and bills sold	125,577					
Payables under securities lending transactions	423,020					
Borrowed money	154,350	8,157	7,850	1,201		
Total	¥9,376,293	¥455,027	¥70,307	¥6,091	¥4,345	

	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
<b>March 31, 2015</b>						
Deposits	\$72,175,619	\$3,718,649	\$519,734	\$40,694	\$36,161	
Call money and bills sold	1,045,000					
Payables under securities lending transactions	3,520,185					
Borrowed money	1,284,437	67,886	65,332	10,000		
Total	\$78,025,241	\$3,786,535	\$585,066	\$50,694	\$36,161	

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

### 31. DERIVATIVES

Qualitative information on derivatives, such as the nature and the purpose of derivative financial instruments, is included in Note 30.

Derivative transactions to which hedge accounting is not applied at March 31, 2015 and 2014, consisted of the following:

	Millions of Yen			
	Contract or Notional Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains (Losses)
<b>March 31, 2015</b>				
Listed:				
Bond futures	¥ 18,702		¥ 29	¥ 29
Over the counter:				
Interest rate swaps	1,531,472	¥1,011,381	682	682
Interest rate options	12,000		0	0
Currency swaps	247,003	202,176	364	364
Forward contracts	95,693	6,233	730	730
Currency options	217,231	128,617		
Other	6,281	3,345	37	37

	Millions of Yen			
	Contract or Notional Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains (Losses)
March 31, 2014				
Listed:				
Bond futures	¥ 578			
Over the counter:				
Interest rate swaps	1,466,421	1,231,838	622	622
Currency swaps	300,389	226,799	523	523
Forward contracts	87,928	8,233	150	150
Currency options	167,405	92,153	(2)	(2)
Other	8,069	5,523	44	44

	Thousands of U.S. Dollars			
	Contract or Notional Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains (Losses)
<b>March 31, 2015</b>				
Listed:				
Bond futures	\$ 155,635		\$ 244	\$ 244
Over the counter:				
Interest rate swaps	12,744,219	\$8,416,258	5,680	5,680
Interest rate options	99,859		4	4
Currency swaps	2,055,447	1,682,418	3,032	3,032
Forward contracts	796,318	51,876	6,077	6,077
Currency options	1,807,700	1,070,293		
Other	52,273	27,839	312	312

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, 2015 and 2014, consisted of the following:

	Millions of Yen			
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
<b>March 31, 2015</b>				
Principled treatment				
Interest rate swaps	Deposits	¥100,371	¥100,371	¥1,232
Currency swaps	Loans, deposits, and securities in foreign currencies	32,836	31,815	(2,931)
Forward contracts	Loans, deposits, and securities in foreign currencies	255,768		(706)
Special hedging treatment				
Interest rate swaps	Loans and bonds payable	45,574	32,018	

	Hedged Item	Millions of Yen		
		Contract Amount	Contract Amount Due after One Year	Fair Value
March 31, 2014				
Principled treatment				
Interest rate swaps	Deposits	¥ 40,298	¥40,298	¥ 93
Currency swaps	Loans, deposits, and securities in foreign currencies	17,554	17,554	176
Forward contracts	Loans, deposits, and securities in foreign currencies	254,716		(3,918)
Special hedging treatment				
Interest rate swaps	Loans and bonds payable	56,303	27,248	

	Hedged Item	Thousands of U.S. Dollars		
		Contract Amount	Contract Amount Due after One Year	Fair Value
<b>March 31, 2015</b>				
Principled treatment				
Interest rate swaps	Deposits	\$ 835,242	\$835,242	\$10,260
Currency swaps	Loans, deposits, and securities in foreign currencies	273,252	264,752	(24,393)
Forward contracts	Loans, deposits, and securities in foreign currencies	2,128,390		(5,877)
Special hedging treatment				
Interest rate swaps	Loans and bonds payable	379,249	266,443	

Notes: 1. Principally, deferral hedge accounting is applied as stipulated in JICPA Industry Audit Committee Report No.24, "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in the Banking Industry," and No.25, "Accounting and Auditing Treatment of Accounting Treatment on Foreign Currency Transactions in the Banking Industry."  
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 30.

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.

### 32. RELATED-PARTY TRANSACTIONS

Related-party transactions for the years ended March 31, 2015 and 2014, were as follows:

#### 1. Related-Party Transactions with the Bank

Related Party	Category	Description of Transactions	Thousands of U.S. Dollars		
			2015	2014	2015
Yasuhiko Saito Lawyer	Audit & Supervisory Board Member of Shizuoka Bank	Legal service fees	¥ 20	¥ 20	\$ 168
Kai Goto	Close relative of a director of Shizuoka Bank	Loans	63	67	528
Kenji Mizuguchi	Close relative of a director of Shizuoka Bank	Loans	150	161	1,252
			37	39	309

Note: 1. Related-party transactions stated above are processed under equal conditions to transactions with general customers.

## 2. Related-Party Transactions with Subsidiaries

Related Party	Category	Description of Transactions	Millions of Yen		Thousands of U.S. Dollars
			2015	2014	2015
	Audit & Supervisory	Legal service fees	¥2	¥ 2	\$17
Yasuhiko Saito	Board Member of	Lease payments	4	4	38
Lawyer	Shizuoka Bank and its subsidiaries	Lease investment assets on Mar 31	7	11	60

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

## 33. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Unrealized gain on available-for-sale securities			
Gains arising during the year	¥129,116	¥15,475	\$1,074,447
Reclassification adjustments to profit and loss	(23,541)	(17,600)	(195,904)
Amount before income tax effect	105,574	(2,125)	878,543
Income tax effect	(27,480)	1,406	(228,683)
Total	¥ 78,093	¥ (718)	\$ 649,860
Deferred gains on derivatives under hedge accounting			
Gains arising during the year	¥161	¥ (862)	\$ 1,340
Reclassification adjustments to profit and loss	1,334	866	11,107
Amount before income tax effect	1,495	3	12,447
Income tax effect	(481)	(9)	(4,003)
Total	¥ 1,014	¥ (5)	\$ 8,444
Foreign currency translation adjustments			
Gains arising during the year	¥ 4,486	¥ 666	\$ 37,333
Reclassification adjustments to profit and loss			
Amount before income tax effect	4,486	666	37,333
Income tax effect			
Total	¥ 4,486	¥ 666	\$ 37,333
Defined retirement benefit plans			
Adjustments arising during the year	¥ 3,293	¥	\$ 27,403
Reclassification adjustments to profit or loss	1,835		15,271
Amount before income tax effect	5,128		42,674
Income tax effect	(2,046)		(17,028)
Total	¥ 3,081	¥	\$ 25,646
Share of other comprehensive income in affiliated companies			
Gains arising during the year	¥ 1,019	¥	\$ 8,483
Adjustments arising during the year			
Reclassification adjustments to profit or loss			
Amount before income tax effect	1,019		8,483
Income tax effect			
Total	¥ 1,019	¥	\$ 8,483
Total other comprehensive income	¥ 87,696	¥ (57)	\$ 729,766

## 34. NET INCOME PER SHARE

Basic net income per share (EPS) for the years ended March 31, 2015 and 2014, is computed as follows:

Year ended	Millions of Yen	Thousands of	Yen	U.S. Dollars	
		Shares			
March 31, 2015	Net Income	Weighted-Average Shares	EPS		
Basic EPS					
	Net income available to common shareholders	¥49,943	621,918	¥80.30	\$0.668
	Effect of dilutive securities				
	Stock options		387	(0.04)	(0.000)
	Convertible bonds with stock acquisition rights		37,174	(4.52)	(0.038)
Diluted EPS					
	Net income for computation	¥49,943	659,480	¥75.73	\$0.630

Year ended	Millions of Yen	Thousands of	Yen	
		Shares		
March 31, 2014	Net Income	Weighted-Average Shares	EPS	
Basic EPS				
	Net income available to common shareholders	¥46,723	630,361	¥74.12
	Effect of dilutive securities			
	Stock options		418	(0.04)
	Convertible bonds with stock acquisition rights		34,704	(3.86)
Diluted EPS				
	Net income for computation	¥46,723	665,484	¥70.21

## 35. SUBSEQUENT EVENTS

Appropriation of Retained Earnings

The following appropriation of retained earnings was authorized at the ordinary general shareholders' meeting held on June 19, 2015:

	Millions of Yen	Thousands of U.S. Dollars
	Cash dividends, ¥8.0 (\$0.07) per share	¥4,948
Total	¥4,948	\$41,182



# Key Consolidated Financial Indicators

## Summary of Profits (Losses)

Years ended March 31	Millions of Yen			Percentage Change
	2015	2014	Increase (Decrease)	
Net interest income	<b>¥114,890</b>	¥126,470	¥(11,579)	(9.2)%
Net fees and commissions	<b>28,540</b>	26,927	1,613	6.0
Net trading income	<b>2,450</b>	2,063	386	18.8
Net other operating income	<b>13,574</b>	2,958	10,616	358.9
General and administrative expenses	<b>90,928</b>	88,746	2,182	2.5
Net other ordinary income	<b>6,603</b>	5,025	1,578	31.4
Ordinary profits	<b>75,130</b>	74,698	432	0.6
Income before income taxes and minority interests	<b>76,438</b>	73,830	2,608	3.5
Income taxes:				
Current	<b>22,647</b>	22,807	(160)	(0.7)
Deferred	<b>3,817</b>	3,708	109	2.9
Minority interest in net income of consolidated subsidiaries	<b>30</b>	590	(560)	(94.9)
Net income	<b>49,943</b>	46,723	3,219	6.9
Comprehensive income	<b>137,669</b>	47,256	90,413	191.3

## Breakdown of Net Interest Margin

Year ended March 31	Billions of Yen
	2015
Interest income	<b>¥ 123.6</b>
Average interest-earning assets	<b>10,086.5</b>
Average interest rate of interest-earning assets (%)	<b>1.22</b>
Interest expense (Note)	<b>8.8</b>
Average interest-bearing liabilities	<b>9,586.5</b>
Average interest rate of interest-bearing liabilities (%)	<b>0.09</b>
Net interest income	<b>114.8</b>

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		
	2015	2014	Increase (Decrease)
Gains on foreign exchange transactions	<b>¥ 1,403</b>	¥ 864	<b>¥ 539</b>
Gains/losses on government bonds	<b>13,179</b>	1,976	<b>11,202</b>
Gains on sales	<b>14,646</b>	18,996	<b>(4,350)</b>
Losses on sales	<b>(1,466)</b>	(17,019)	<b>15,552</b>
Losses on redemptions			
Amortized bond issue cost			
Gains/losses on derivative transactions	<b>(1,040)</b>	113	<b>(1,153)</b>
Proceeds from derivative transactions		113	<b>(113)</b>
Expenses for derivative products	<b>(1,040)</b>		<b>(1,040)</b>
Others	<b>31</b>	3	<b>27</b>
Gains/losses on other business	<b>13,574</b>	2,958	<b>10,616</b>
Other operating income	<b>16,093</b>	19,977	<b>(3,883)</b>
Other operating expenses	<b>(2,519)</b>	(17,019)	<b>14,499</b>

## Loans Outstanding by Type of Borrower

March 31	Billions of Yen, % Share			
	2015		2014	
Domestic branches:				
Manufacturing	¥1,273.1	17.91%	¥1,249.0	17.87%
Agriculture and forestry	5.4	0.08	4.5	0.06
Fishery	4.2	0.06	3.4	0.05
Mining and quarrying	10.1	0.14	14.6	0.21
Construction	238.0	3.35	256.3	3.67
Utilities	55.0	0.78	47.0	0.67
Telecommunications	51.8	0.73	51.7	0.74
Transportation and mail service	263.7	3.71	253.9	3.63
Wholesale and retailing	765.8	10.77	777.2	11.12
Finance and insurance	489.9	6.89	495.9	7.09
Real estate, lease, and rental	1,391.6	19.58	1,382.6	19.78
Medical, welfare, lodging, and other services	456.2	6.42	458.0	6.55
Local governments	143.9	2.02	149.3	2.14
Other	1,959.5	27.56	1,846.5	26.42
Subtotal	7,109.1	100.00	6,990.6	100.00
Overseas branches and offshore accounts:				
Banks and other financial institutions	8.0	3.13	5.0	2.21
Other	250.7	96.87	223.0	97.79
Subtotal	258.8	100.00	228.1	100.00
Total	¥7,367.9		¥7,218.7	

## Risk-Monitored Asset Information

March 31	Millions of Yen		
	2015	2014	Increase (decrease)
Loans under bankruptcy proceedings A	¥ 3,839	¥ 5,030	¥ (1,191)
% of loans and bills discounted	0.05	0.06	(0.01)
Past-due loans B	119,716	145,201	(25,484)
% of loans and bills discounted	1.62	2.01	(0.38)
Loans past due for three months or more C	694	939	(245)
% of loans and bills discounted	0.00	0.01	(0.00)
Restructured loans D	14,236	15,456	(1,220)
% of loans and bills discounted	0.19	0.21	(0.02)
Risk-monitored loan total E (E=A+B+C+D)	138,487	166,628	(28,141)
% of loans and bills discounted	1.87	2.30	(0.42)
Value covered with collateral, guarantees, etc. F	123,112	147,387	(24,274)
Cover ratio (%) F/E	88.89	88.45	0.44

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	
	2015	2014
General allowance for loan losses	¥32,235	¥36,387
Specific allowance for loan losses	20,401	21,033
Total	¥52,637	¥57,421
[Loans on written-off claims for the year]	¥ [216]	¥ [262]

## Financial Index

Years ended March 31	Consolidated			Nonconsolidated		
	2015	2014	Increase (Decrease)	2015	2014	Increase (Decrease)
Per share (Yen):						
Net income	¥ 80.30	¥ 74.12	¥ 6.18	¥ 68.46	¥ 67.83	¥ 0.63
Net assets	1,500.19	1,290.11	210.08	1,440.68	1,257.62	183.06
Cash dividends	16.00	15.50	0.50	16.00	15.50	0.50
Dividend payout ratio (%)				23.37	22.84	0.53
Return on equity (%) (Note)	5.74	5.78	(0.04)	5.06	5.44	(0.38)
Price earnings ratio (%)	14.94	13.58	1.36	17.52	14.84	2.68

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

## Capital Adequacy Ratio

March 31	Billions of Yen			
	Consolidated		Nonconsolidated	
	2015	2014	2015	2014
1. Total capital ratio (%)	<b>16.55</b>	16.85	<b>15.41</b>	16.37
2. Tier 1 ratio (%)	<b>15.29</b>	15.45	<b>14.22</b>	14.98
3. Common Equity Tier 1 ratio (%)	<b>15.25</b>	15.43	<b>14.22</b>	14.98
4. Total capital	<b>854.5</b>	782.9	<b>808.2</b>	747.8
5. Tier 1 capital	<b>789.2</b>	717.5	<b>745.5</b>	684.5
6. Common Equity Tier 1 capital	<b>787.3</b>	716.8	<b>745.5</b>	684.5
7. Total risk-weighted assets	<b>5,161.2</b>	4,643.5	<b>5,241.8</b>	4,568.3
8. Total capital requirements	<b>412.9</b>	371.4	<b>419.3</b>	365.4

Notes: 1. Capital ratios were calculated both on a consolidated and nonconsolidated basis conforming to the Ministry of Finance guidelines, based on Article 14-2 of the Banking Act.

2. The Group has 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.

# 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, 2015)  
2,992

### DATE OF ESTABLISHMENT

March 1, 1943

### DOMESTIC NETWORK

(As of July 1, 2015)  
Head Office, 174 branches,  
25 sub-branches

### OVERSEAS NETWORK

(As of July 1, 2015)  
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

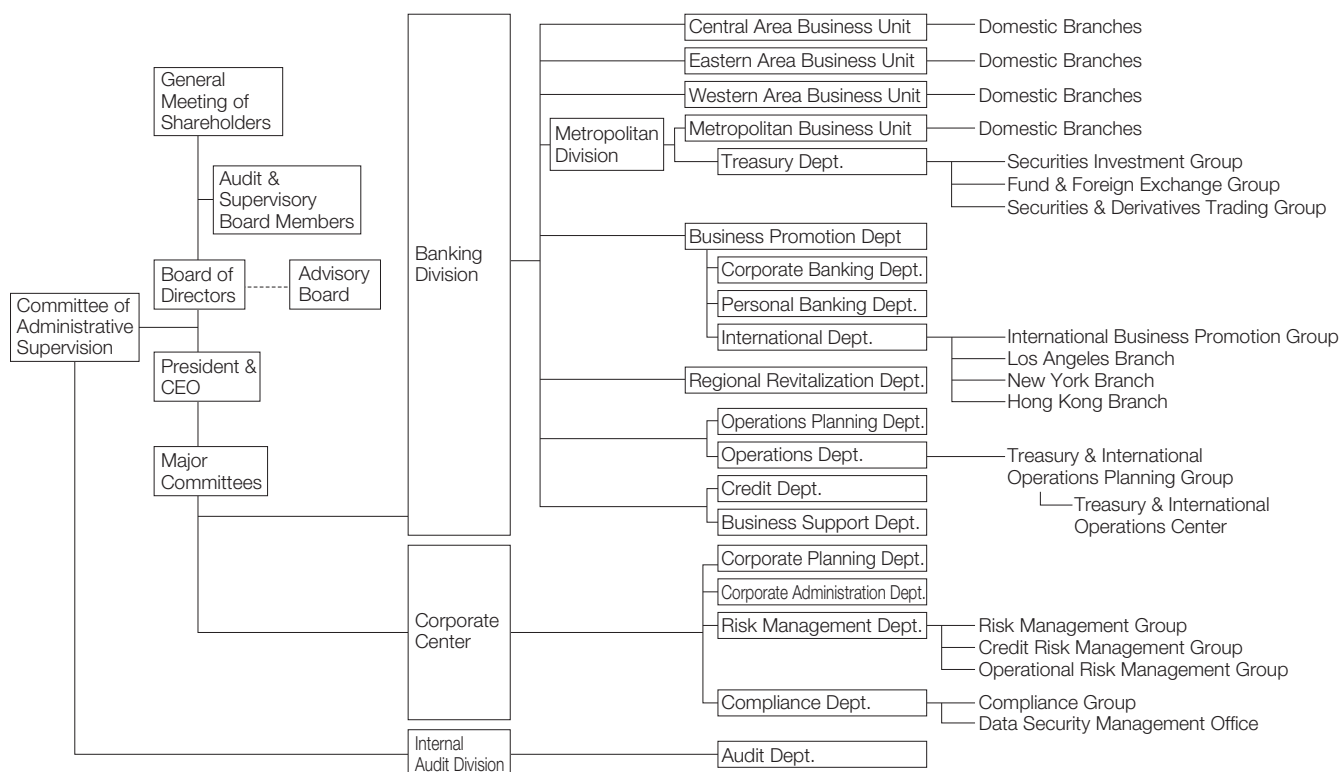
### Shanghai Representative Office

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 Cockx 8-10, 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

President & CEO

**Katsunori Nakanishi**

Representative Director & Senior Managing Executive Officer  
COO

**Akihiro Nakamura**

Director & Senior Managing Executive Officer

**Itsuro Hitosugi**

Director & Senior Executive Officers

**Yoshihiro Nagasawa**

**Hirotohi Sugimoto**

**Hisashi Shibata**

**Minoru Yagi**

Directors

**Masahiro Goto**

**Kumi Fujisawa**

**Kazuyasu Kato**

Audit & Supervisory Board Members

**Hiroki Saito**

**Yutaka Okoshi**

**Mitsuhiro Ishibashi**

**Kazuo Kouduki**

**Yoshihiro Yamashita**

CEO=Chief Executive Officer

COO=Chief Operating Officer

(As of July 1, 2015)

## Investor Information

### CAPITAL STOCK (As of March 31, 2015)

Common stock..... ¥90,845 million

### NUMBER OF SHARES (As of March 31, 2015)

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

Issued and outstanding ..... 665,129,069 shares

### NUMBER OF SHAREHOLDERS (As of March 31, 2015)

20,862

### 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	2011	2012	2013	2014	2015
High	834	867	1,078	1,310	<b>1,292</b>
Low	617	682	752	926	<b>938</b>

Monthly high/low stock price (six months)

(Yen)

Month	Oct. 2014	Nov. 2014	Dec. 2014	Jan. 2015	Feb. 2015	Mar. 2015
High	1,142	1,199	1,167	1,101	1,245	1,292
Low	959	1,123	1,052	999	1,057	1,194

### PRINCIPAL SHAREHOLDERS

The 10 largest shareholders of the Bank and their respective shareholdings at March 31, 2015 were as follows:

	Number of Shares in Thousands	Percentage of Total Shares Outstanding
Nippon Life Insurance Company	29,745	4.80%
Meiji Yasuda Life Insurance Company	29,117	4.70
The Master Trust Bank of Japan, Ltd. (trust account)	24,247	3.91
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	23,884	3.86
Japan Trustee Services Bank, Ltd. (trust account)	21,987	3.55
Sumitomo Life Insurance Company	13,070	2.11
Tokio Marine & Nichido Fire Insurance Co., Ltd.	11,608	1.87
The Dai-ichi Mutual Life Insurance Company	11,546	1.86
Daiichi Sankyo Company, Limited	9,343	1.51
State Street Bank West Client-Treaty 505234	7,415	1.19
Total	181,962	29.36%

## 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.

Computer system development and operation

#### 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

#### Shizuoka Liquidity Reserve Limited

Purchases of monetary receivables

### Affiliates under Equity Method

#### SHIZUGIN SAISON CARD CO., LTD.

Credit card and guarantee of consumer loans

\* Other than the above mentioned Group companies, Monex Group, Inc. is an equity-method affiliate of Shizuoka Bank.



THE SHIZUOKA BANK, LTD.