



Shizuoka Bank Group

Annual Report 2016



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

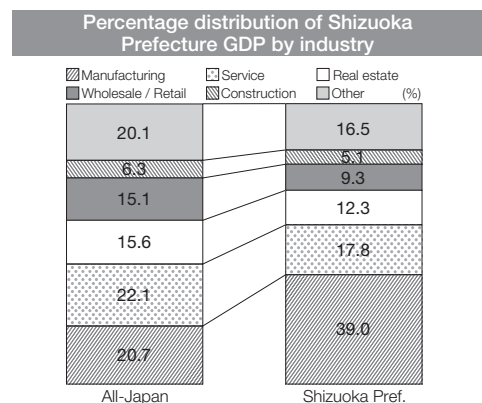
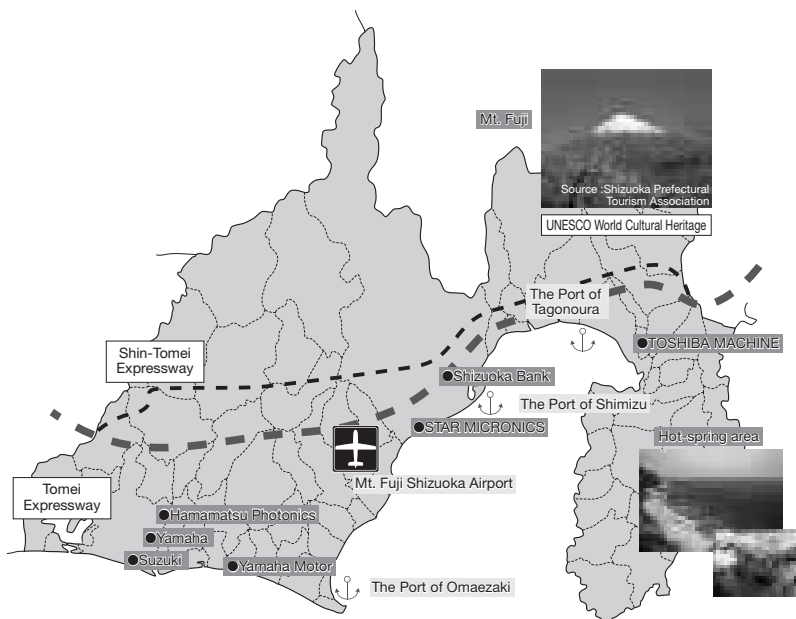
regional economy. We expect that Shizuoka prefecture will be more internationalized, stimulating the interchange of people and ideas with the major urban centers of Eastern Asia, and act as an important driving force for the regional economy.

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.”



Source: Cabinet Office, Government of Japan, FY2013

No. of listed companies with HQs in Shizuoka Prefecture

Listing	No. of companies
TSE 1st section	22
TSE 2nd section	11
Mothers	1
Jasdaq	18
Total	52

*As of the end of Oct. 2015, 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 Kuwait, Vietnam, and Bangladesh.

Shizuoka Prefecture indices

	Share of all-Japan		National ranking
Population(*)	3.70m	2.9%	10th of 47 (2015)
No. of households(*)	1.43m	2.7%	10th of 47 (2015)
Nominal prefectural GDP	JPY 15.9tn	3.1%	10th of 47 (FY2013)
Per-capita income	JPY 3.326m	-	3rd of 47 (FY2013)
No. of business establishments	180k	3.1%	10th of 47 (2014)
Amount of shipments of manufactured goods, etc.	JPY 15.7tn	5.3%	4th of 47 (2014)
Agricultural output	JPY 215.4bn	2.6%	15th of 47 (2014)
Fishery production volume	210k tons	5.9%	4th of 47 (2015)
No. of industrial locations(*)	55	5.1%	4th of 47 (2015)
No. of new housing starts	24k	2.6%	10th of 47 (2015)

*Based on flash reports

Shizuoka Prefecture economic scale

Prefectural GDP (FY2013, Nominal)		
Rank	Prefecture/Region	(US\$ billions)
9	Fukuoka Prefecture	181.5
10	Shizuoka Prefecture	158.4
11	Ibaraki Prefecture	114.8
-	4 prefectures of Shikoku	135.9
-	3 prefectures of Hokuriku	120.0
GDP comparison with various countries (2013)		
Rank	Country (Region)	(US\$ billions)
57	Kuwait	175.8
58	Vietnam	170.6
59	Bangladesh	161.3
-	Shizuoka Prefecture	158.4
60	Hungary	134.4
61	Angola	124.9

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

Shizuoka Bank Group at a Glance

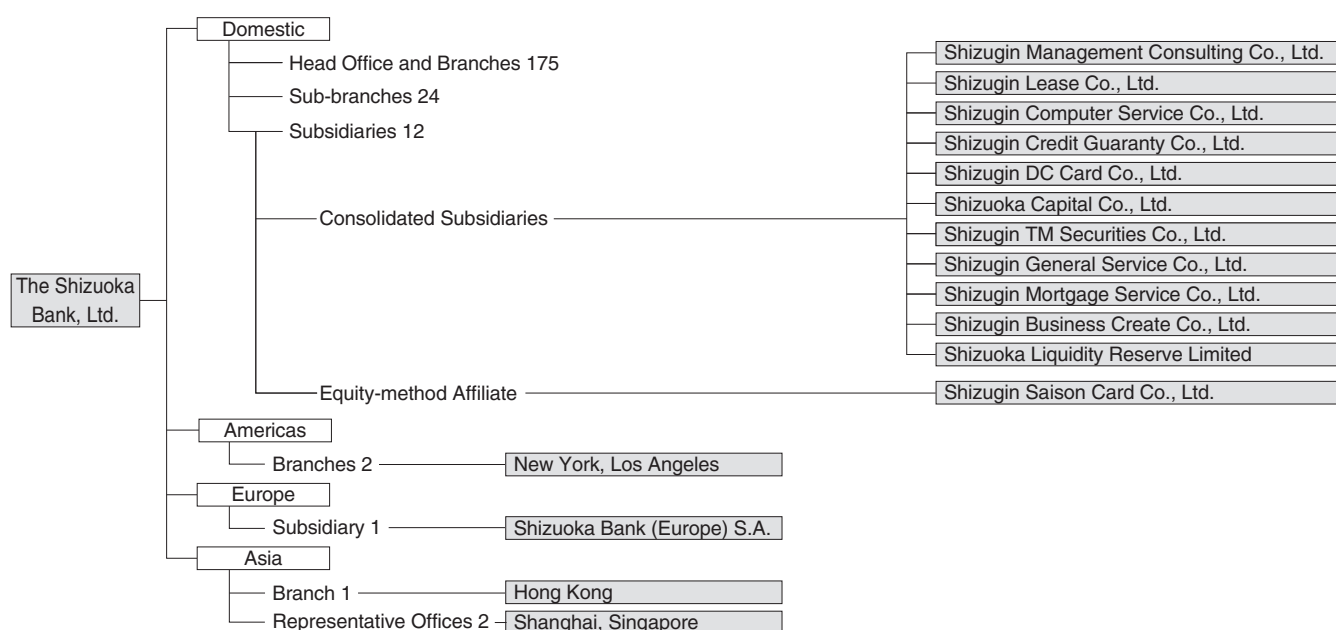
NURTURING THE VISION OF A PROSPEROUS COMMUNITY

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 24 sub-branches, the Group serves the needs of customers not only within Shizuoka Prefecture, its home region, but also three major economic centers in Japan, namely Tokyo, Osaka, and Nagoya, all of which are comparatively nearby. For overseas operation, the Bank operates in New York, Los Angeles, Brussels, Hong Kong, Shanghai, and Singapore.

The Structure of the Shizuoka Bank Group (As of July 1, 2016)



* Other than the above mentioned Group companies, Monex Group, Inc. and Commons Asset Management, Inc. are equity-method affiliates of Shizuoka Bank.

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To Our Shareholders



Katsunori Nakanishi
President & Chief Executive Officer

As we survey the Japanese economy, it is expected to remain on a moderate recovery track led by domestic demand. However, uncertainties about the outlook persist in light of slowing economic growth of emerging-market countries in Asia and turmoil following the UK referendum result in favor of Brexit. As market interest rates will be at low levels owing to the unprecedented extent of monetary easing, the business environment for financial institutions is expected to remain challenging.

In these circumstances, the Shizuoka Bank Group is committed to realizing the vision—“Shizugin’ that ventures on new possibilities”—embodied in the 12th Medium-term Business Plan “TOBIRA—Open a Gate for the Next.” While managing various business risks, we are promoting a growth strategy based on our commitment to region-based relationship banking. At the same time, we will vigorously tackle new business fields and pursue profitable opportunities.

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

July 2016

A handwritten signature of Katsunori Nakanishi in black ink. The signature is written in a cursive style and is enclosed within a large, hand-drawn oval.

Katsunori Nakanishi
President & Chief Executive Officer

Message from the President

“TOBIRA — Open a Gate for the Next”

First of all, I would like to express my sympathy to the victims of the 2016 Kumamoto Earthquake. I also wish to pay my respects to all the people who are doing their utmost to achieve recovery from this calamity. May their efforts be blessed with early success.

Under the 12th Medium-term Business Plan

The 12th Medium-term Business Plan “TOBIRA—Open a Gate for the Next” that we are currently implementing sets out the actions the Shizuoka Bank Group will take to fulfill its mission of contributing to regional development in an era of unprecedented change. At the same time, with “breakthrough” as the watchword, it is the declaration of our resolve to explore new possibilities with bold ideas and approaches that are not dependent on conventional wisdom or past experience of success.

In fiscal 2015, the second year of the plan, the Group continued an all-out effort to implement the four basic strategies, namely, “Refine region-based relationship banking,” “Challenge on new business fields and profitable opportunities,” “Build a flexible and robust operating structure,” and “Add more value to the ‘Shizugin’ brand,” in order to realize the Group Vision: “‘Shizugin’ that ventures on new possibilities.”

Let me introduce some of our initiatives in fiscal 2015, which are presented in this report. In corporate banking, capitalizing on the Shizuoka Bank Group’s comprehensive consulting functions and information networks among other things, we offered local enterprises diverse support, going beyond financial one, to help them resolve management issues. In providing support, we placed particular emphasis on encouraging creativity and unleashing business potential. With the aim of enhancing the vitality of the regional economy, we continued to host the Shizugin Entrepreneur Awards and helped new business creation through the Start-up Support Desk. In addition, we pursued initiatives to help financially Shizuoka Prefecture thrive as one of manufacturing centers in Japan. For example, our Public Support Advisory Desk handled the largest number of applications for the Manufacturing Subsidy among private financial institutions for three consecutive years.

In retail banking, new housing loan products with group credit life insurance offering more extensive coverage of illness and injuries than conventional insurance were well received by consumers. We also introduced a preliminary credit-screening model that uses an artificial intelligence system. Moreover, we redesigned features of one of our card loan products, taking advantage of immediacy and convenience—the characteristics of the Internet, to address wide-ranging needs extending beyond the traditional business territory. In addition, we strove to offer a lineup of products to meet diversifying customer needs, including a variety of investment products to help customers build assets.

Through these proactive business development initiatives, we achieved a strong financial performance. Loans to small and medium-sized enterprises and retail loans both trended upward, and we reported record-high net income on a nonconsolidated basis in fiscal 2015. We would like to express our gratitude to our shareholders and other stakeholders for the support that made this possible.

Venturing on New Possibilities

As the business environment for regional financial institutions is changing greatly in line with rapid evolution of the social structure, it is crucially important to commit to creating a new business model unconstrained by conventional wisdom and traditional mechanisms so as to meet diverse customer needs and earn customers’ enduring loyalty. From this perspective and eyeing the future expansion of financial services, we are working to expand the scope of our business through collaboration with companies in other business sectors than banking. Our aim is to offer attractive products and services that are beyond the concept of traditional financial institutions.

Specifically, we intend to strengthen the relationship with Monex Group, Inc., with which we entered into a capital and business alliance in April 2014. In September 2015, we established a joint-venture company HOSALL Corporation with five companies from other sectors with an aim of providing one-stop services relating to housing and lifestyles. We have also entered into capital and business alliances with Money Forward, Inc., which offers advanced online services for asset management and such, and Commons Asset Management, Inc., which offers distinctive asset-building services for the younger generation, and have launched products and services developed jointly with these new partners.

Moreover, through a business alliance with HOKEN NO MADOGUCHI GROUP INC., a leading operator of insurance shops, we have started constructing a framework for one-stop provision of proposals of financial services attuned to customers’ life plans.

Furthermore, we are involved in experiments conducted jointly with NTT DATA Corporation and three other companies to verify the feasibility of block-

chain technology, which is expected to fulfill an increasingly important role in the FinTech field. These are just a few examples of our initiatives to open up possibilities corresponding to our role and aspirations as a regional financial institution.

In addition to these unique initiatives, in order to secure new earnings opportunities, we are strengthening market-oriented indirect financing, including investment in overseas private equity funds, and are promoting loans to help customers, mainly in the Tokyo Metropolitan area, build assets.

Grand Opening of the SHIZUGIN Headquarters Tower

March 31, 2016 marked the grand opening of the SHIZUGIN Headquarters Tower with the completion of a pedestrian walkway and the SHIZUGIN Forest that harmonizes with the surrounding landscape.

The environment in which the financial sector operates is changing much faster than even a decade ago. The values of consumers have diversified and their behavior has changed greatly along with the rise of the Internet. In addition, not only is the business of financial institutions changing rapidly but the ways in which they interface with consumers are evolving swiftly too.

On the other hand, regional development projects, large-scale private-sector investment, support for business start-ups that invigorate the regional economy, turnaround support, and so on require increasingly sophisticated know-how and skills. Moreover, there is a growing need for the expertise of specialists simultaneously drawn from diverse fields. Therefore, what is required is a new type of headquarters that integrates diverse financial functions and connects them organically.

The Shizuoka Bank Group’s new SHIZUGIN Headquarters Tower is our answer based on this recognition. Located in the Headquarters Tower is the Emergency Countermeasures Office to support continuity of the provision of stable financial services to the regional society even in the event of a major disaster. Capable of collecting information from some 170 branches in real time and equipped for interactive communication, the Emergency Countermeasures Office can serve as a disaster prevention base for the region.

With “work style innovation” as the watchword, the Headquarters Tower is a center of excellence realizing high creativity and productivity in our operations. All of us at the Shizuoka Bank Group will make a concerted effort to make the SHIZUGIN Headquarters Tower the shining symbol of the “‘Shizuoka Bank Group’ that ventures on new possibilities” vision.

For the Region, Together with the Region

Regional revitalization initiatives capitalizing on the characteristics of each region that seek to cultivate autonomous, sustainable societies are now getting into full swing in Japan. The Shizuoka Bank Group has entered into alliance agreements with 33 municipalities to offer comprehensive support for their regional revitalization initiatives.

For these initiatives to achieve excellent results, it is vital that all elements of regional society, including industry, government, academia, the financial sector, the labor force, and the mass media, work together. In this regard, financial institutions are expected to act as coordinators by utilizing their long-cultivated networks. One of the Shizuoka Bank Group’s unique initiatives was that the Group organized a Conference on Regional Revitalization in September 2015 in which some 470 people promoting regional revitalization participated via a teleconference system installed in the Headquarters Tower. They included mayors of municipalities in Shizuoka Prefecture, people involved in regional revitalization at municipalities, representatives from universities and economic institutions, and officers and employees of Shizuoka Bank.

We are also further enhancing region-based relationship banking, including provision of funds for regional enterprises based on appropriate assessment of such business factors as technological capabilities and potential, support for business succession to maintain the vigor of the regional economy, and fostering of the next generation of managerial talent. At the same time, we will step up efforts to realize regional revitalization, identifying what the region wants us to do and what we should do for the region through dialogues with the region.

The business environment for financial institutions remains challenging amid unprecedented monetary easing policies, notably the introduction of negative interest rates, coupled with Brexit-related turmoil in international financial markets.

With acute sensibility to change and emphasis on speedy management that anticipates change, we are resolved to fulfill your expectations by making a concerted effort of the Group companies to accomplish our mission of helping create an affluent future for the region.

I would be grateful for 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

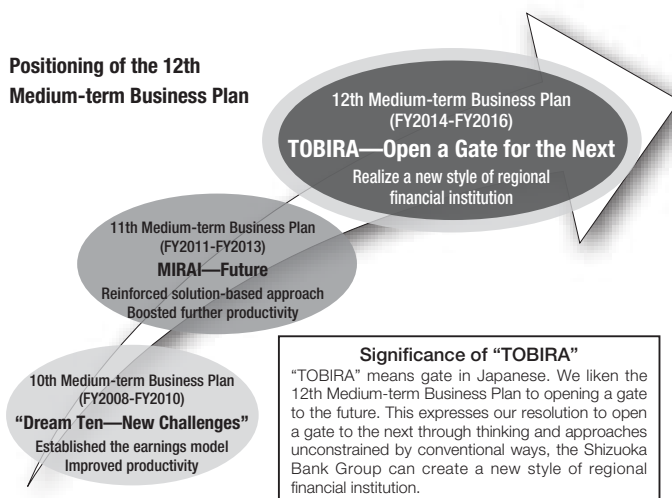
“Shizugin” that ventures on new possibilities

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



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 a flexible and robust operating structure	Add more value to the “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 2015 results
Profit targets	Consolidated ordinary profit	¥80.0 billion or more	¥72.8 billion
	Consolidated net income(*)	¥50.0 billion or more	¥47.9 billion
Efficiency indicators	Consolidated ROE (Consolidated Common Equity Tier I Basis)	6% level	5.85%
	Consolidated OHR	around 55%	54.38%
Financial soundness indicator	Consolidated Common Equity Tier I Ratio	around 14%	14.79%
Indicator for investors	Shareholder return ratio	50% or more over the medium term	43.82%

*Net income attributable to owners of the parent

Challenge on New Business Fields

The Shizuoka Bank Group is committed to opening a gate to new growth opportunities through creation of business unconstrained by the traditional framework and conventional concepts.

<p>● Apr. 2014 Capital and business alliance with Monex Group, Inc.</p> <p>Expanding future-oriented online financial services</p>	
<p>● Aug. 2015 Capital and business alliance with Money Forward, Inc.</p> <p>Offering financial services in the FinTech field</p>	
<p>● Sep. 2015 Establishment of HOUSALL Corporation</p> <p>Establishing a housing-related service platform</p>	
<p>● Oct. 2015 Capital and business alliance with Commons Asset Management, Inc.</p> <p>Offering asset-building services for the working-age people and young adults</p>	
<p>● Dec. 2015 Investment in Global Catalyst Partners Japan, LPS. *1</p> <p>Gaining ideas about new business, and fostering human resources who have startup know-how of new business and discerning ability</p>	
<p>● Feb. 2016 Participation in joint research on blockchain technology *2</p> <p>Developing new financial services utilizing blockchain technology</p>	
<p>● Jun. 2016 Business alliance with HOKEN NO MADOGUCHI GROUP INC.</p> <p>Jointly operating desks specializing in insurance consultation, and developing a one-stop channel for financial services</p>	

Identifying new growth opportunities to support sustained growth and strengthen the earnings base

*1 The Bank invested in Global Catalyst Partners Japan, LPS. (GCPJ), an investment limited partnership focused on funding entrepreneurial ventures in Japan. GCPJ was formed by the members of Global Catalyst Partners, which is a worldwide independent venture capital firm based in Silicon Valley in the U.S. Utilizing GCPJ's ability to foster entrepreneurial ventures, its hands-on investment approach, and its global network to the full, the Bank intends to gain ideas about new business, acquire know-how about starting up new business and commercializing them, cultivate discernment, and foster human resources with such expertise.
 *2 The Bank conducted joint research on utilization of blockchain technology with ORIX Corporation, ORIX Bank Corporation, NTT DATA Corporation, and NTT DOCOMO Ventures, Inc.

Grand Opening of the SHIZUGIN Headquarters Tower



March 31, 2016 marked the grand opening of the 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.

Financial Highlights

Business Performance

Consolidated Financial Summary

	Billions of Yen			YoY change
	2013	2014	2015	
Ordinary income	220.9	211.6	223.6	+12.0
Ordinary profit	74.7	75.1	72.8	(2.3)
Net income attributable to owners of the parent	46.7	49.9	47.9	(2.0)
Capital adequacy ratio (%) *1	16.80	16.45	15.09	(1.36)
Tier I ratio (%) *2	15.38	15.16	14.79	(0.37)

*1 Based on Basel III standard

*2 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
	2013	2014	2015	
Ordinary income	186.1	175.4	187.0	+11.6
Gross operating profit	144.5	144.5	145.4	+0.9
Net operating profit	64.7	63.0	67.5	+4.5
Actual net operating profit	64.7	63.0	65.9	+2.9
Core net operating profit	62.8	49.8	54.6	+4.8
Ordinary profit	67.2	67.1	66.1	(1.0)
Net income	42.8	42.6	44.0	+1.4
Loans	7,240.8	7,393.1	7,663.7	+270.6
Deposits	8,234.3	8,715.1	9,002.4	+287.3
Net assets	790.8	891.5	882.1	(9.4)
Total assets	10,616.6	11,169.3	11,085.0	(84.3)

* 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)

	2013	2014	2015	YoY change
Return on equity (ROE) *1	5.44	5.06	4.96	(0.10)
Return on assets (ROA)	0.42	0.41	0.41	±0
Overhead ratio (OHR)	55.19	56.42	54.65	(1.77)
Net income per share (yen)	67.83	68.46	71.42	+2.96
Net assets per share (yen)	1,257.62	1,440.68	1,436.53	(4.15)

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 2013.

* 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 2015 by ¥4 to ¥20 per share and the payout ratio was 27.91%.

Maintaining its emphasis on shareholder returns, the Bank intends to pay a dividend of ¥20 per share for the full year of fiscal 2016.

Cash dividends

	FY 2014	FY 2015	FY2016 Forecast
Dividend per share (full year) (yen)	16.00	20.00	20.00
Dividend yield (dividend / share price at year-end) (%)	1.33	2.46	-

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 196 million shares by the end of fiscal 2015. 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 corporate value.

Shareholder returns

	FY 2014	FY 2015	FY2006-FY2015 (10 years)
Annual dividend (billion yen) ①	9.9	12.3	95.8 (accumulated total)
Purchase of treasury stock (billion yen) ②	11.3	7.0	95.4 (accumulated total)
Shareholder returns (billion yen) ③=①+②	21.2	19.3	191.1 (accumulated total)
Net income (billion yen) ④	42.6	44.0	356.6 (accumulated total)
Payout ratio (%) ①/④×100	23.24	27.91	26.85 (average)
Shareholder return ratio (%) ③/④×100	49.82	43.82	53.60 (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.

The Shizuoka Bank's credit ratings (as of July 1, 2016)

	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.

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, 2016, risk-monitored loans totaled ¥117.7 billion and the ratio of risk-monitored loans to total loans was 1.53%.

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 ¥14.7 billion and the ratio of net risk-monitored loans to total loans was 0.19%.

Credit costs remained low and the ratio of net credit costs to average balance of total loans was 0.03%.

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

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

	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016
Risk-monitored loans	165.5	137.3	117.7
Ratio of risk-monitored loans *1	2.28%	1.85%	1.53%
Ratio of net risk-monitored loans *2	0.26%	0.20%	0.19%

*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 2013	FY 2014	FY 2015
Disposal of non-performing loans *3	1.0	0.5	4.0
Provision for specific allowance for loan losses	-	-	3.6
Provision for general allowance for loan losses *4	-	-	(1.6)
Reversal of allowance for loan losses	0.5	0.1	-
Recoveries of written-off claims	0.0	0.0	0.0
Net credit-related costs	0.5	0.4	2.4
Net credit cost ratio *5	0.007%	0.006%	0.03%

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

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

High Capital Adequacy

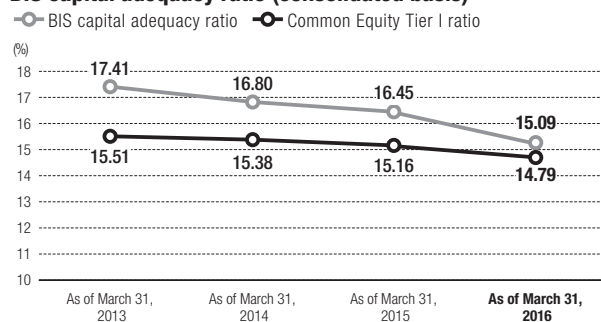
The capital adequacy ratio based on the formula specified by the Basel Committee on Banking Supervision (capital adequacy ratio based on the standard set by the Bank for International Settlements (BIS)) is an important indicator of soundness and credibility of banks. Banks with international operations, 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, 2016 was 15.09%, and the consolidated Common Equity Tier I ratio was 14.79%, well above the 8% standard for banks with international operations.

BIS capital adequacy ratio (consolidated basis)

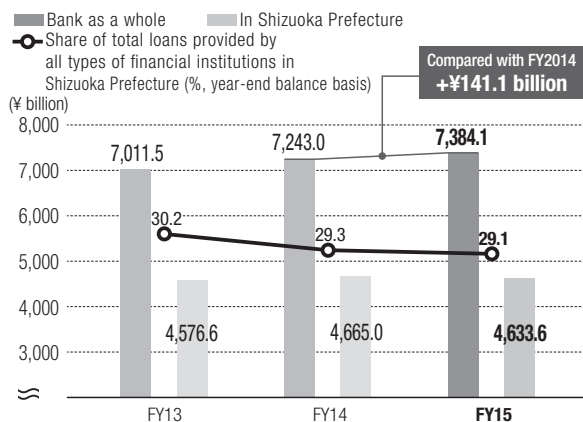


Results of Initiatives in Fiscal 2015

Loans (Nonconsolidated)

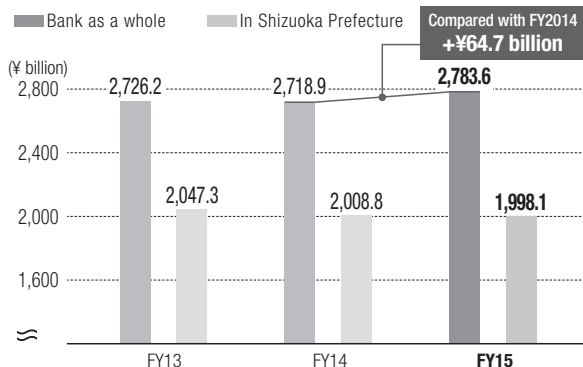
Total loans (average balance)

The average balance of total loans in fiscal 2015 increased ¥141.1 billion or at an annual rate of 1.9% to ¥7,384.1 billion. Of this amount, the average balance of loans in Shizuoka Prefecture decreased ¥31.4 billion to ¥4,633.6 billion. The Bank's share of loans in Shizuoka Prefecture was 29.1% as of March 31, 2016.



SME loans (average balance)

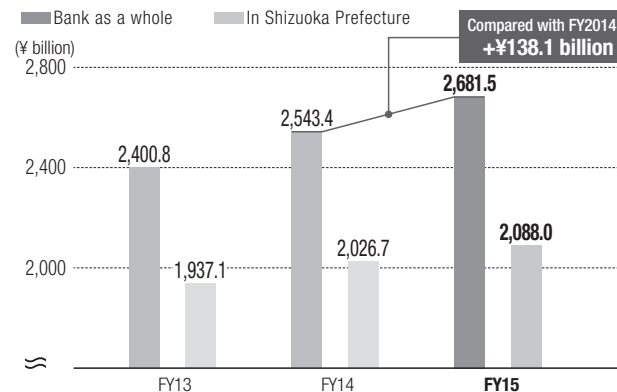
The average balance of loans to small and medium-sized enterprises (SMEs) in fiscal 2015 increased ¥64.7 billion from fiscal 2014 to ¥2,783.6 billion. Of this amount, the average balance of loans to SMEs in Shizuoka Prefecture decreased ¥10.7 billion to ¥1,998.1 billion.



* Local public corporations are excluded.

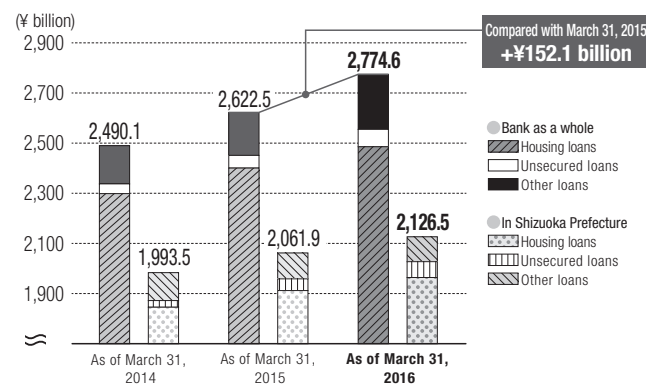
Retail loans (average balance)

The average balance of retail loans in fiscal 2015 increased ¥138.1 billion from fiscal 2014 to ¥2,681.5 billion. Of this amount, the average balance of retail loans in Shizuoka Prefecture increased ¥61.3 billion to ¥2,088.0 billion.



Consumer loans (year-end balance)

The balance of consumer loans at the end of fiscal 2015 was ¥2,774.6 billion, having increased ¥152.1 billion from the end of fiscal 2014, centering on housing loans.



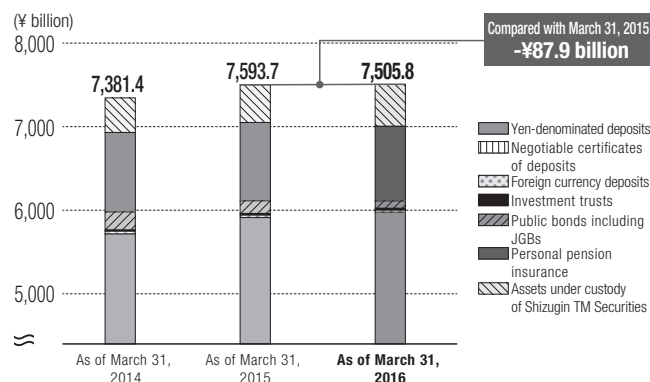
* Housing loans include loans for condominiums.

* Unsecured loans include loans for car purchases, educational expenses, fulfilling lives, and various purposes, in addition to loans taken out using bank cards. Other loans include capital loans.

Assets under Custody

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

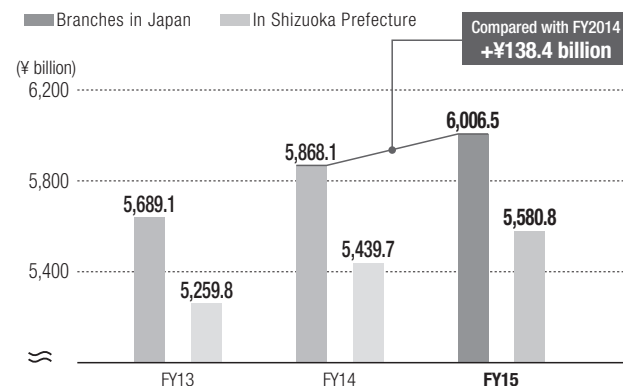
The balance of retail customers' assets under custody at the end of fiscal 2015, including that of Shizugin TM Securities Co., Ltd., was ¥7,505.8 billion, having decreased ¥87.9 billion from the end of fiscal 2014. The balance of retail customers' assets under custody, excluding yen-denominated deposits and negotiable certificates of deposits, was ¥1,526.5 billion.



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

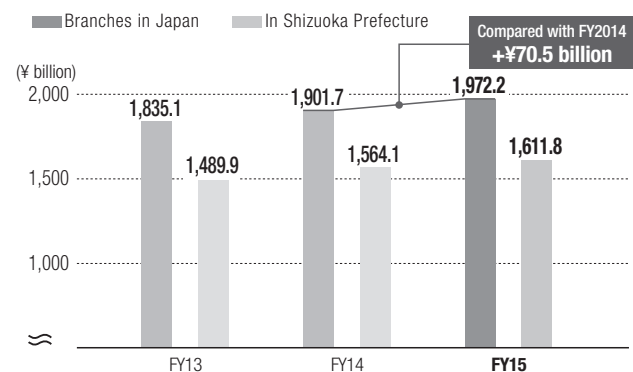
Deposits from retail customers (average balance)

The average balance of deposits from retail customers in fiscal 2015 increased ¥138.4 billion from fiscal 2014 to ¥6,006.5 billion. Of this amount, the average balance of deposits from retail customers in Shizuoka Prefecture increased ¥141.1 billion to ¥5,580.8 billion.



Deposits from corporate customers (average balance)

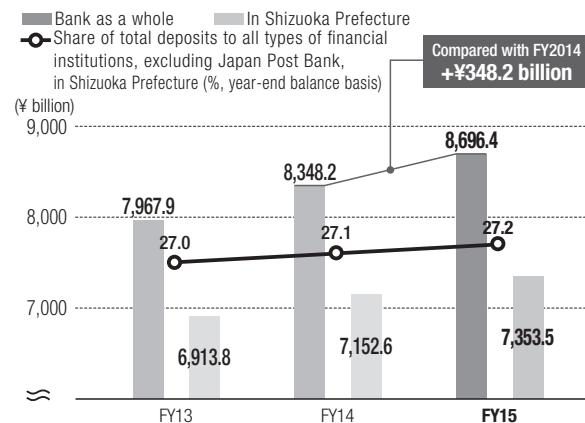
The average balance of deposits from corporate customers in fiscal 2015 increased ¥70.5 billion from fiscal 2014 to ¥1,611.8 billion. Of this amount, the average balance of deposits from corporate customers in Shizuoka Prefecture increased ¥47.7 billion to ¥1,611.8 billion.



Deposits (Nonconsolidated)

Total deposits (average balance)

The average balance of total deposits in fiscal 2015 increased ¥348.2 billion or at an annual rate of 4.2% to ¥8,696.4 billion. Of this amount, the average balance of deposits in Shizuoka Prefecture increased ¥200.9 billion to ¥7,353.5 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.

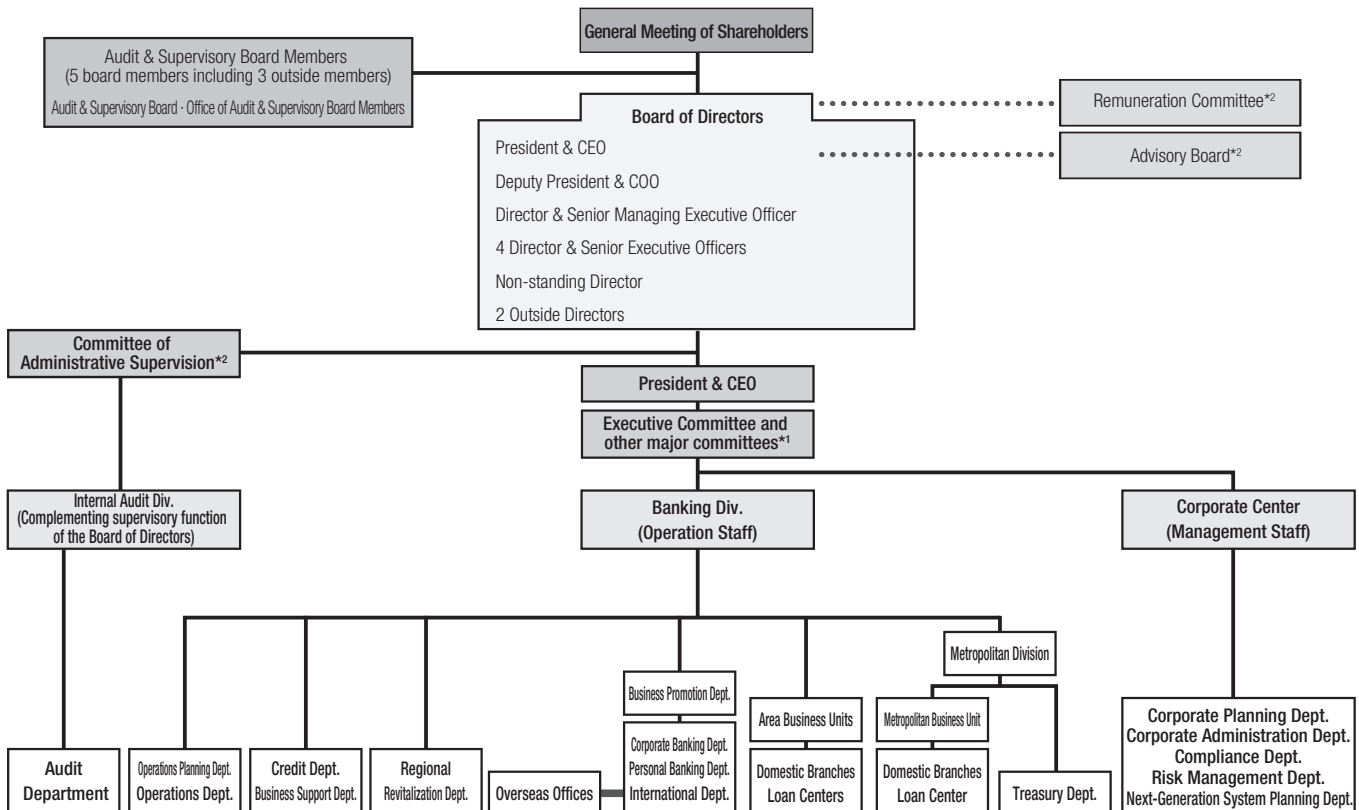
The Committee of Administrative Supervision was established to reinforce supervision of the Directors' execution of operations and to strengthen corporate governance. This

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 (15 executive officers, 5 of whom concurrently hold 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, 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, 2016)



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

*2 These are not committees pursuant to the Companies Act but optional organizational bodies.

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

Compliance System

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

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

The Compliance Department monitors the functioning of the compliance system through integrated management of compliance-related information to prevent possible compliance violations and strengthen the compliance system. Compliance Officers and officers responsible for the management of risk-bearing products assigned to the Compliance Department provide guidance to the Bank's branch offices and conduct monitoring, through on-site checks.

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

Cultivating Compliance-centered Corporate Culture

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

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

Shizugin Compliance Book

The Bank has established standards of conduct vis-à-vis laws and regulations that must be observed in the execution of day-to-day business activities. The Shizugin Compliance Book, which is on the enterprise network for reference by all officers and employees of the Shizuoka Bank Group, 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, by email, or through the enterprise network software.

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.

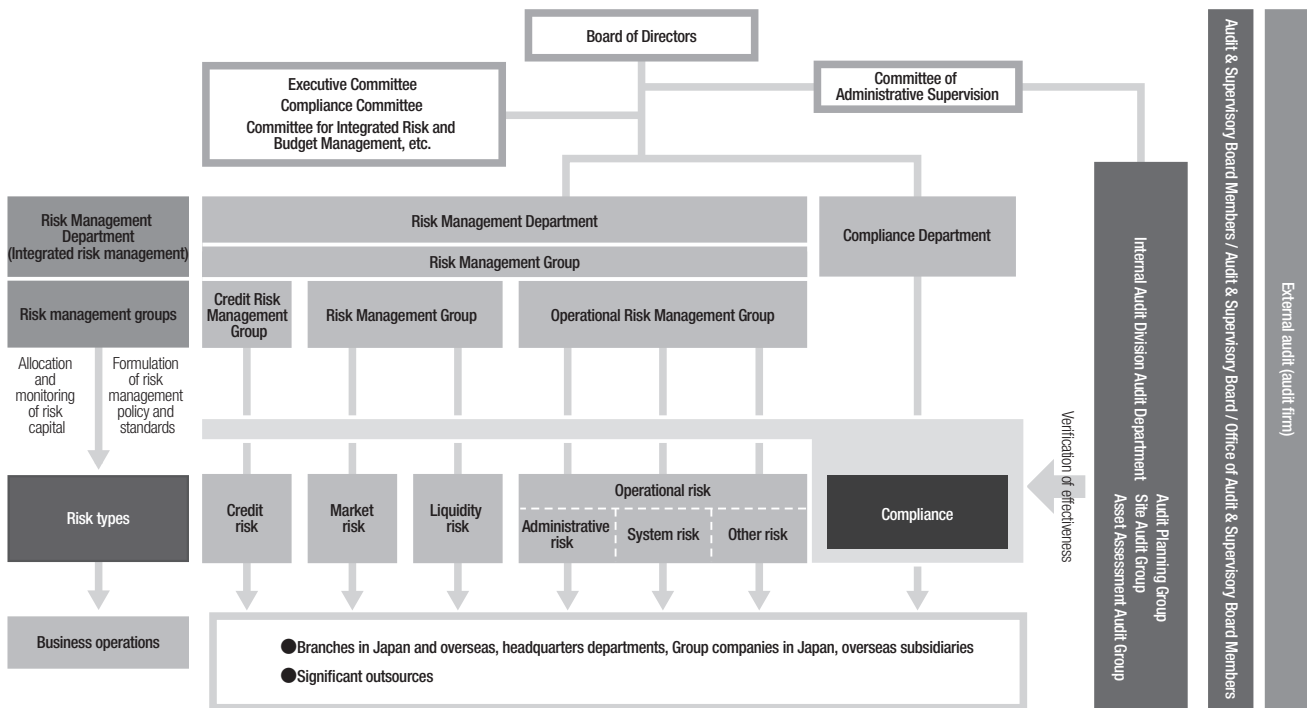
Prompt and Appropriate Disclosure

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, etc.), 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

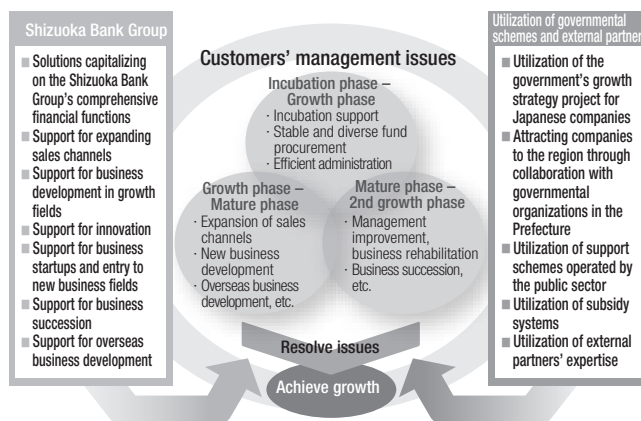
Region-based relationship banking is a business model whereby financial institutions cultivate long-term relationships with customers and offer financial services based on their grasp of customer needs obtained through the relationships.

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.



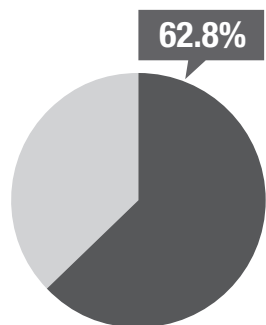
Smooth Supply of Funds to Companies in the Region

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.

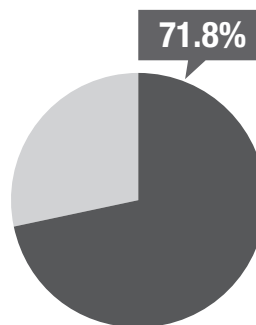
We work to meet funding needs of as many companies as possible by making appropriate loans in light of their circumstances, such as use of guarantees by

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.

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 and for businesses endeavoring to save energy.

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 external experts such as tax accountant corporations and lawyer's offices in addition to the subsidiaries such as Shizugin Management Consulting Co., Ltd. and Shizuoka Capital 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.

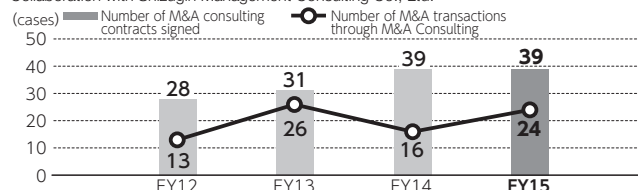
In addition to lectures, seminars and other events, Shizuginship members can access useful information through the dedicated website.

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

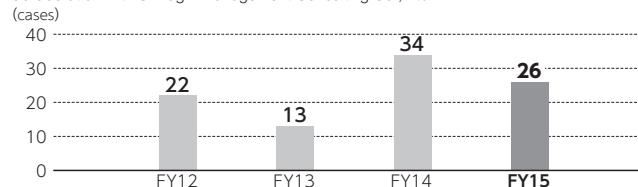
Collaboration with Shizugin Management Consulting Co., Ltd.



* 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 those of our own, 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.

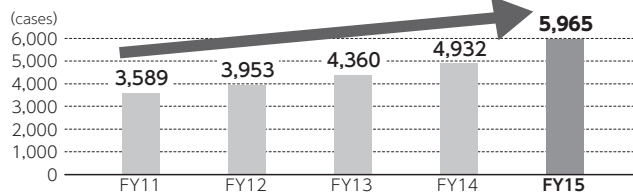
The Start-up Support Desk in the headquarters supports start-ups in collaboration with chambers of commerce and industry in Shizuoka Prefecture and other regional institutions offering support for start-ups.

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 2015, the Bank arranged 5,965 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 February 2016, for the Supermarket Trade Show 2016, one of the largest exhibitions about foods, and a good opportunity for business talks, we organized a booth titled "Fujinokuni Shizuoka Yumekaido (meaning The Dream Road - Mt. Fuji area, Shizuoka)" in cooperation with Shizuoka Prefectural government and Shizuoka Industrial Foundation, and jointly held exhibitions in the trade show with 62 of our customers.

Business matchups by the Bank



4th Shizugin Entrepreneur Awards

We hosted the 4th 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 2015, we invited applications for business plans for two award categories, Entrepreneurship and Corporate Innovation, each of which was divided into two fields, technology and service. From the viewpoint of regional revitalization, utilization of local resources and creation of employment were newly included in the judging criteria. Of 124 applications, the screening committee consisting of officers and employees of the Shizuoka Bank Group and external experts selected one Excellent Award winner, four Outstanding Award winners, one Female Entrepreneur Award winner, and one Rookie of the Year Award winner. The award winners were commended in April 2016.

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 4th Shizugin Entrepreneur Awards

Category	Eligibility	Field	Number of applications
Entrepreneurship	Enterprises and individuals at the business planning stage or less than 5 years since the start of business with an innovative, ingenious business plan	Technology field	19
		Service field	53
Corporate Innovation	Enterprises or individuals 5 years or more since the start of business with an innovative business plan attempting to venture into a new field or to convert a business format, tackling development of next-generation or other advanced technology, or vigorously expanding or developing existing business	Technology field	25
		Service field	27
Total			124

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 business alliances 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 started dispatching staff to Chinatrust Commercial Bank in October 2015, a Taiwanese bank with which we have a business alliance.

Moreover, in view of the increasing overseas entry of our corporate customers and the growing associated needs for on-site comprehensive financial support, we formed business alliances with Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV) in Vietnam in April 2016, and with BDO Unibank in Philippines in July 2016, to further strengthen the local support system.

As of the end of July 2016, the Bank has business alliances with fourteen financial institutions in eight countries and regions in Asia and there were a total of 29 Shizuoka Bank staff stationed at the Bank's offices or at partners' offices in Asia to meet wide-ranging customer needs.

In addition, in response to a recent increase in the number of foreign tourists visiting Japan, we held business seminars in

cities in our business territory in Japan with an aim to attract foreign tourists, and established support systems in cooperation with the local government. At the same time, we are working to revitalize the region through inbound tourism.

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 and those 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.

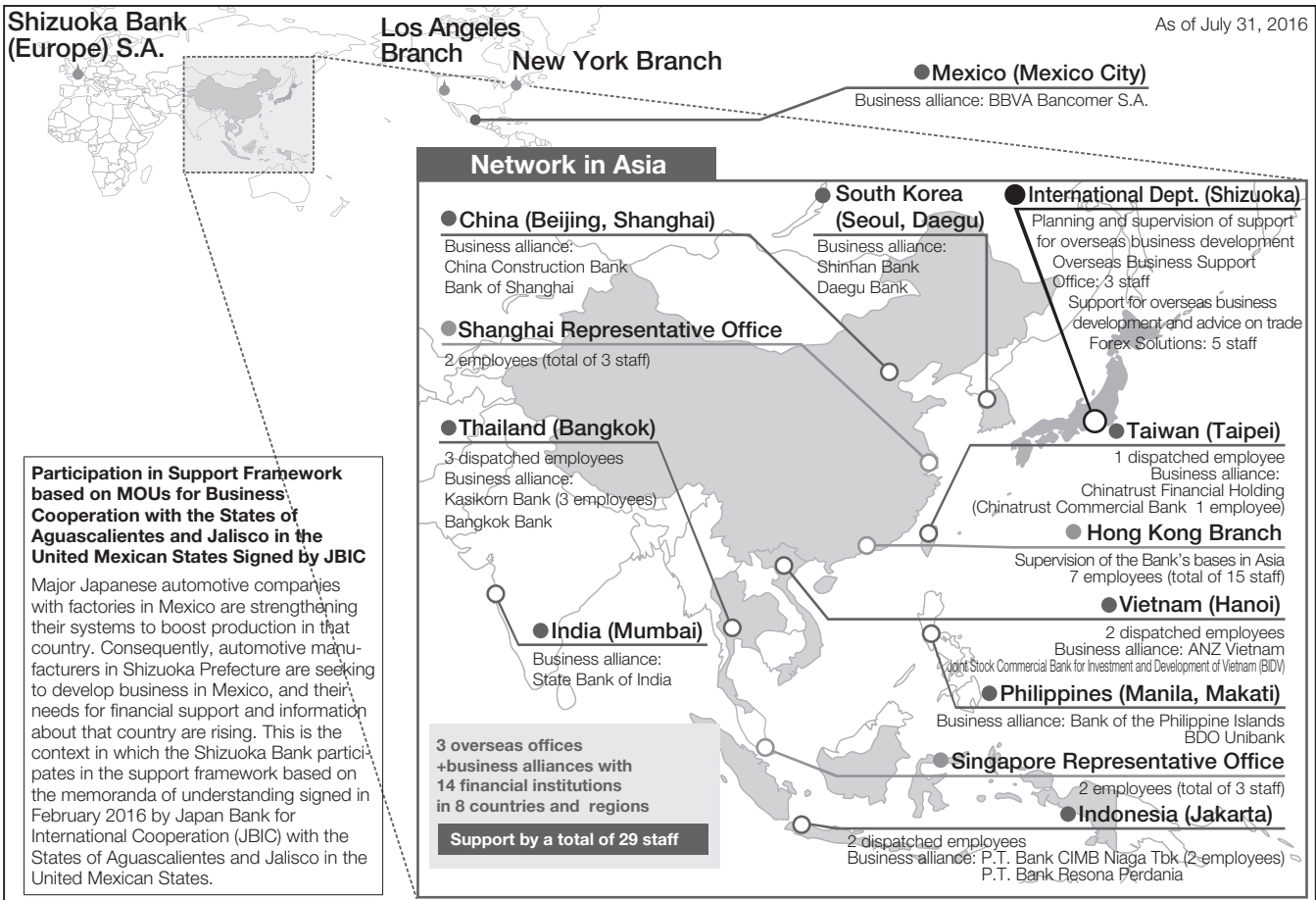
● Financing services (foreign-currency-denominated loans, guarantees, etc.)

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

As of July 31, 2016



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, 2016, 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, 2016, 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 10, 2016

Member of
Deloitte Touche Tohmatsu Limited

Consolidated Balance Sheet

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries March 31, 2016

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2016	2015	2016
Assets:			
Cash and due from banks (Notes 12 and 30)	¥ 578,327	¥ 644,276	\$ 5,132,478
Call loans and bills bought (Note 30)	369,194	291,126	3,276,491
Monetary claims bought	40,285	44,816	357,521
Trading assets (Notes 4 and 30)	33,799	39,824	299,963
Money held in trust (Note 5)	3,200	3,100	28,399
Securities (Notes 6, 12, and 30)	2,181,076	2,596,855	19,356,379
Loans and bills discounted (Notes 7, 13, and 30)	7,643,361	7,367,972	67,832,460
Foreign exchanges (Note 8)	7,608	7,923	67,523
Lease receivables and investment assets (Notes 12 and 28)	56,333	50,273	499,946
Other assets (Notes 9 and 12)	74,555	70,182	661,658
Tangible fixed assets (Note 10)	71,994	74,328	638,926
Intangible fixed assets (Note 10)	23,318	18,380	206,941
Asset for retirement benefits (Note 18)	11,011	6,019	97,720
Deferred tax assets (Note 27)	1,985	1,543	17,625
Customers' liabilities for acceptances and guarantees (Note 11)	69,806	69,502	619,507
Allowance for loan losses (Note 30)	(48,556)	(52,637)	(430,923)
Allowance for investment losses	(54)	(75)	(480)
Total Assets	¥11,117,249	¥11,233,412	\$ 98,662,134
Liabilities and Equity:			
Liabilities:			
Deposits (Notes 12, 14, and 30)	¥ 9,122,971	¥ 9,191,906	\$ 80,963,537
Call money and bills sold (Note 30)	223,394	125,577	1,982,554
Payables under repurchase agreements	48,416		429,686
Payables under securities lending transactions (Notes 12 and 30)	310,984	423,020	2,759,893
Trading liabilities (Note 4)	23,219	25,877	206,066
Borrowed money (Notes 12, 15, and 30)	154,904	171,561	1,374,733
Foreign exchanges (Note 8)	140	193	1,245
Bonds payable (Note 16)		10,000	
Bonds with stock acquisition rights (Note 16)	56,340	60,085	500,000
Borrowed money from trust account	3		27
Other liabilities (Notes 12 and 17)	115,021	138,439	1,020,777
Liability for retirement benefits (Note 18)	21,676	21,841	192,372
Provision for directors' retirement benefits	238	192	2,121
Provision for losses from reimbursement of inactive accounts	333	527	2,955
Provision for contingent losses	1,730	2,243	15,358
Provision for point program	305	256	2,713
Reserves under special laws	11	11	103
Deferred tax liabilities (Note 27)	45,390	62,890	402,826
Acceptances and guarantees (Note 11)	69,806	69,502	619,507
Total Liabilities	10,194,888	10,304,127	90,476,473
Equity: (Notes 19, 20, 21, and 35)			
Capital stock,			
authorized, 2,414,596 thousand shares;			
issued, 665,129 thousand shares in 2016 and 665,129 thousand shares in 2015	90,845	90,845	806,228
Capital surplus	54,884	54,884	487,079
Subscription rights to shares	367	331	3,265
Retained earnings	668,039	631,218	5,928,647
Treasury stock-at cost,			
51,328 thousand shares in 2016 and 46,529 thousand shares in 2015	(54,559)	(47,512)	(484,203)
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	161,690	198,581	1,434,953
Deferred gains or losses on hedges	162,340	198,543	1,440,723
Deferred gains or losses on hedges	2,187	886	19,414
Foreign currency translation adjustments	152	4,818	1,351
Defined retirement benefit plans	(2,990)	(5,666)	(26,535)
Total	921,268	928,348	8,175,969
Noncontrolling Interests	1,092	936	9,692
Total Equity	922,360	929,285	8,185,661
Total Liabilities and Equity	¥11,117,249	¥11,233,412	\$ 98,662,134

See notes to consolidated financial statements.

Consolidated Statement of Income

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2016

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2016	2015	2016
Income:			
Interest Income:			
Interest on loans and discounts	¥ 94,538	¥ 92,563	\$ 839,002
Interest and dividends on securities	28,372	28,701	251,802
Other interest income	2,177	2,432	19,328
Subtotal	125,089	123,698	1,110,132
Fees and Commissions	58,669	55,590	520,675
Trading Income	3,282	2,450	29,135
Other Operating Income (Note 22)	23,631	16,093	209,720
Other Income (Note 23)	13,039	16,307	115,720
Total Income	223,712	214,140	1,985,382
Expenses:			
Interest Expense:			
Interest on deposits	6,273	5,661	55,677
Interest on borrowings and rediscounts	1,302	961	11,555
Other interest expense	3,036	2,184	26,945
Subtotal	10,611	8,807	94,177
Fees and Commission Payments	29,312	27,050	260,139
Other Operating Expenses (Note 24)	10,948	2,519	97,163
General and Administrative Expenses (Note 25)	88,691	90,928	787,110
Other Expenses (Note 26)	11,501	8,395	102,068
Total Expenses	151,065	137,701	1,340,657
Income before income taxes	72,647	76,438	644,725
Income Taxes: (Note 27)			
Current	22,798	22,647	202,334
Deferred	1,895	3,817	16,821
Total income taxes	24,694	26,464	219,155
Net Income	47,953	49,973	425,570
Net Income Attributable to Noncontrolling Interests	43	30	388
Net Income Attributable to Owners of the Parent	¥ 47,909	¥ 49,943	\$ 425,182

	Yen	U.S. Dollars (Note 2)
Per Share: (Note 34)		
Basic net income	¥77.79	¥80.30
Diluted net income	73.32	75.73
Cash dividends applicable to the year	20.00	16.00

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2016

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2016	2015	2016
Net Income	¥ 47,953	¥ 49,973	\$ 425,570
Other Comprehensive Income (Loss): (Note 33)			
Valuation difference on available-for-sale securities	(36,500)	78,093	(323,932)
Deferred gains or losses on hedges	1,155	1,014	10,257
Foreign currency translation adjustments	(4,210)	4,486	(37,366)
Defined retirement benefit plans	2,676	3,081	23,757
Share of other comprehensive income in associates	100	1,019	896
Total other comprehensive income (loss)	(36,777)	87,696	(326,388)
Comprehensive Income	11,175	137,669	99,182
Total Comprehensive Income Attributable To:			
Owners of the parent	¥ 11,018	¥137,534	\$ 97,782
Noncontrolling Interests	157	135	1,400

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2016

	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	Non-controlling Interests	Total Equity
							Valuation Difference on Available-for-Sale Securities	Deferred Gains or Losses on Hedges	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans				
Balance, April 1, 2014 (as previously reported)	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	
Balance, April 1, 2014 (as restated)	665,129	90,845	54,884	345	591,267	(36,260)	120,408	(177)	(491)	(8,748)	812,073	5,483	817,557	
Cash dividends, ¥16.00 per share					(9,977)						(9,977)		(9,977)	
Net Income attributable to owners of the parent					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	
Balance, March 31, 2015 (April 1, 2015, as previously reported)	665,129	¥90,845	¥54,884	¥331	¥631,218	¥(47,512)	¥198,543	¥886	¥4,818	¥(5,666)	¥928,348	¥936	¥929,285	
Cumulative effect of accounting change														
Balance, April 1, 2015 (as restated)	665,129	90,845	54,884	331	631,218	(47,512)	198,543	886	4,818	(5,666)	928,348	936	929,285	
Cash dividends, ¥20.00 per share					(11,086)						(11,086)		(11,086)	
Net Income attributable to owners of the parent					47,909						47,909		47,909	
Purchase of treasury stock (4,831 thousand shares)						(7,080)					(7,080)		(7,080)	
Disposal of treasury stock (31 thousand shares)					(0)	32					32		32	
Net changes other than shareholders' equity				36		(36,203)	1,300	(4,665)	2,676	(36,854)	155	(36,699)		
Balance, March 31, 2016	665,129	¥90,845	¥54,884	¥367	¥668,039	¥(54,559)	¥162,340	¥2,187	¥152	¥(2,990)	¥921,268	1,092	¥922,360	

	Thousands of U.S. Dollars (Note 2)												
	Capital Stock	Capital Surplus	Subscription Rights to Shares	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income					Total	Non-controlling Interests	Total Equity
						Valuation Difference on Available-for-Sale Securities	Deferred Gains or Losses on Hedges	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans				
Balance, March 31, 2015 (April 1, 2015, as previously reported)	\$806,228	\$487,079	\$2,938	\$5,601,864	\$(421,658)	\$1,762,016	\$7,869	\$42,760	\$(50,292)	\$8,238,804	\$8,314	\$8,247,118	
Cumulative effect of accounting change													
Balance, April 1, 2015 (as restated)	806,228	487,079	2,938	5,601,864	(421,658)	1,762,016	7,869	42,760	(50,292)	8,238,804	8,314	8,247,118	
Cash dividends, \$0.18 per share				(98,393)						(98,393)		(98,393)	
Net Income attributable to owners of the parent				425,182						425,182		425,182	
Purchase of treasury stock					(62,836)					(62,836)		(62,836)	
Disposal of treasury stock				(6)	291					285		285	
Net changes other than shareholders' equity			327		(321,293)	11,545	(41,409)	23,757	(327,073)	1,378	(325,695)		
Balance, March 31, 2016	\$806,228	\$487,079	\$3,265	\$5,928,647	\$(484,203)	\$1,440,723	\$19,414	\$1,351	\$(26,535)	\$8,175,969	\$9,692	\$8,185,661	

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2016

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2016	2015	2016
I. Operating Activities:			
Income before income taxes	¥ 72,647	¥ 76,438	\$ 644,726
Adjustments for:			
Income taxes paid	(25,214)	(23,788)	(223,767)
Depreciation and amortization	11,602	11,057	102,969
Impairment losses	13	11	118
Gains on negative goodwill		(2,255)	
Equity in (earnings) losses of affiliated companies	(158)	(426)	(1,411)
Increase (decrease) in allowance for loan losses	(4,080)	(4,784)	(36,217)
Increase (decrease) in allowance for investment losses	(21)	17	(193)
Increase (decrease) in asset and liability for retirement benefits	(5,156)	(6,111)	(45,761)
Increase (decrease) in provision for directors' retirement benefits	46	9	414
Increase (decrease) in provision for reimbursement of inactive accounts	(194)	(159)	(1,722)
Increase (decrease) in provision for contingent losses	(513)	(601)	(4,556)
Increase (decrease) in provision for point program	49	17	439
Interest income	(125,089)	(123,698)	(1,110,132)
Interest expense	10,611	8,807	94,177
Losses (gains) on securities	(14,868)	(18,583)	(131,956)
Losses (gains) on money held in trust	(34)	(35)	(305)
Losses (gains) on sale of fixed assets	108	935	967
Net decrease (increase) in trading assets	6,024	(9,738)	53,468
Net increase (decrease) in trading liabilities	(2,658)	8,042	(23,593)
Net decrease (increase) in loans and bills discounted	(315,715)	(69,592)	(2,801,880)
Net increase (decrease) in deposits	(14,739)	415,288	(130,805)
Net increase (decrease) in borrowed money	(11,765)	(22,745)	(104,415)
Net decrease (increase) in due from banks (excluding deposits paid to Bank of Japan)	32,813	134,742	291,210
Net decrease (increase) in call loans	(89,994)	(151,389)	(798,672)
Net decrease (increase) in monetary claims bought	4,531	(5,265)	40,214
Net increase (decrease) in call money	105,643	(240,475)	937,554
Net increase (decrease) in payables under securities lending transactions	(90,895)	71,698	(806,668)
Net decrease (increase) in foreign exchanges (assets)	224	(857)	1,996
Net increase (decrease) in foreign exchanges (liabilities)	(53)	81	(474)
Net decrease (increase) in lease receivables and investment assets	(6,655)	(4,027)	(59,069)
Increase (decrease) in straight bonds-issuance and redemption	(10,000)	(10,000)	(88,747)
Net increase (decrease) in borrowed money from trust account	3		27
Interest and dividends received	130,265	136,004	1,156,068
Interest paid	(10,810)	(8,297)	(95,939)
Other-net	45,306	(12,420)	402,077
Total Adjustments	(381,374)	71,461	(3,384,584)
Net Cash Provided by (Used in) Operating Activities	(308,727)	147,900	(2,739,858)
II. Investing Activities:			
Purchases of securities	(2,459,647)	(2,138,114)	(21,828,610)
Proceeds from sales of securities	2,671,705	1,964,877	23,710,558
Proceeds from redemptions of securities	114,462	166,639	1,015,821
Increase in money held in trust	(100)		(887)
Purchases of tangible fixed assets	(5,490)	(17,981)	(48,724)
Purchases of intangible fixed assets	(9,544)	(6,302)	(84,708)
Proceeds from sales of tangible fixed assets	298	789	2,646
Payments for execution of asset retirement obligations	(27)		(249)
Purchase of investments in subsidiaries		(2,415)	
Increase in investments in affiliated companies	(4,406)	(25,141)	(39,110)
Net Cash Provided by (Used in) Investing Activities	307,248	(57,649)	2,726,737
III. Financing Activities:			
Dividends paid	(11,079)	(9,961)	(98,323)
Dividends paid to noncontrolling interests	(2)	(11)	(22)
Purchases of treasury stock	(7,080)	(11,382)	(62,836)
Proceeds from sales of treasury stock	6	0	58
Net Cash Provided by (Used in) Financing Activities	(18,155)	(21,355)	(161,123)
IV. Foreign Currency Translation Adjustments on Cash and Cash Equivalents	(32)	59	(290)
V. Net Increase (Decrease) in Cash and Cash Equivalents	(19,666)	68,955	(174,534)
VI. Cash and Cash Equivalents at Beginning of Year	291,839	222,883	2,589,983
VII. Cash and Cash Equivalents at End of Year	¥ 272,172	¥ 291,839	\$ 2,415,449

See notes to consolidated financial statements.

Cash and due from banks on the consolidated balance sheets at March 31, 2016 and 2015, are reconciled with cash and cash equivalents on the consolidated statements of cash flows as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2016	2015	2016
Cash and due from banks	¥578,327	¥644,276	\$5,132,478
Due from banks other than the Bank of Japan	(306,154)	(352,437)	(2,717,029)
Cash and cash equivalents, end of year	¥272,172	¥291,839	\$2,415,449

Notes to Consolidated Financial Statements

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2016

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.

In addition, certain reclassifications have been made in the 2015 consolidated financial statements to conform to the classifications used in 2016.

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 ¥112.68 to \$1, the approximate rate of exchange at March 31, 2016. 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, 2016, include the accounts of the Bank, its 12 (12 in 2015) significant subsidiaries, and three (two in 2015) 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 the year ended March 31, 2016, Commons Asset Management, 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) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model accounting.

Business Combinations:

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 as follows:

(a) Transactions with noncontrolling interest - A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of noncontrolling interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Under the previous accounting standard, any difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted is accounted for as an adjustment of goodwill or as profit or loss in the consolidated statement of income. Under the revised accounting standard, such difference is accounted for as capital surplus as long as the parent retains control over its subsidiary.

(b) Presentation of the consolidated balance sheet - In the consolidated balance sheet, "minority interest" under the previous accounting standard is changed to "noncontrolling interest" under the revised accounting standard.

(c) Presentation of the consolidated statement of income - In the consolidated statement of income, "income before minority interest" under the previous accounting standard is changed to "net income" under the revised accounting standard, and "net income" under the previous accounting standard is changed to "net income attributable to owners of the parent" under the revised accounting standard.

(d) Provisional accounting treatments for a business combination - If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. Under the previous accounting standard guidance, the impact of adjustments to provisional amounts recorded in a business combination on profit or loss is recognized as profit or loss in the year in which the measurement is completed. Under the revised accounting standard guidance, during the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date.

(e) Acquisition-related costs - Acquisition-related costs are costs, such as advisory fees or professional fees, which an acquirer incurs to effect a business combination. Under the previous accounting standard, the acquirer accounts for acquisition-related costs by including them in the acquisition costs of the investment. Under the revised accounting standard, acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred.

The above accounting standards and guidance for (a) transactions with noncontrolling interest, (b) presentation of the consolidated balance sheet, (c) presentation of the consolidated statement of income, and (e) acquisition-related costs are effective for the beginning of annual periods beginning on or after April 1, 2015.

Either retrospective or prospective application of the revised accounting standards and guidance for (a) transactions with noncontrolling interest and (e) acquisition-related costs is permitted. In retrospective application of the revised standards and guidance, the accumulated effects of retrospective adjustments for all (a) transac-

tions with noncontrolling interest and (e) acquisition-related costs which occurred in the past shall be reflected as adjustments to the beginning balance of capital surplus and retained earnings for the year of the first-time application. In prospective application, the new standards and guidance shall be applied prospectively from the beginning of the year of the first-time application.

The revised accounting standards and guidance for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income shall be applied to all periods presented in financial statements containing the first-time application of the revised standards and guidance.

The revised standards and guidance for (d) provisional accounting treatments for a business combination are effective for a business combination which occurs on or after the beginning of annual periods beginning on or after April 1, 2015.

The Company applied the revised accounting standards and guidance for (a) transactions with noncontrolling interest, (b) presentation of the consolidated balance sheet, (c) presentation of the consolidated statement of income, and (e) acquisition-related costs above, effective April 1, 2015, and (d) provisional accounting treatments for a business combination above for a business combination which occurred on or after April 1, 2015.

There was no impact from these accounting changes.

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.

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 retirement benefits to directors and corporate auditors:

The provision for retirement benefits to directors and corporate auditors is provided for the payments which have occurred up to the end of the fiscal year to pay for retirement benefits to directors and corporate auditors.

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 account-

ing 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 non-employees based on the fair value of either the stock options 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 attributable to common shareholders 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 615,808 thousand shares for 2016 and 621,918 thousand shares for 2015.

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:

Tax Effect Accounting—On December 28, 2015, the ASBJ issued ASBJ Guidance No. 26, "Guidance on Recoverability of Deferred Tax Assets," which included certain revisions of the previous accounting and auditing guidance issued by the Japanese Institute of Certified Public Accountants. While the new guidance continues to follow the basic framework of the previous guidance, it provides new guidance for the application of judgment in assessing the recoverability of deferred tax assets.

The previous guidance provided a basic framework which included certain specific restrictions on recognizing deferred tax assets depending on the company's classification in respect of its profitability, taxable profit and temporary differences, etc.

The new guidance does not change such basic framework but, in limited cases, allows companies to recognize deferred tax assets even for a deductible temporary difference for which it was specifically

prohibited to recognize a deferred tax asset under the previous guidance, if the company can justify, with reasonable grounds, that it is probable that the deductible temporary difference will be utilized against future taxable profit in some future period.

The new guidance is effective for the beginning of annual periods beginning on or after April 1, 2016. Earlier application is permitted for annual periods ending on or after March 31, 2016. The new guidance shall not be applied retrospectively and any adjustments from the application of the new guidance at the beginning of the reporting period shall be reflected within retained earnings or accumulated other comprehensive income at the beginning of the reporting period.

The Company expects to apply the new guidance on recoverability of deferred tax assets effective April 1, 2016, and is in the process of measuring the effects of applying the new guidance in future applicable periods.

4. TRADING ASSETS AND LIABILITIES

Trading assets and liabilities at March 31, 2016 and 2015, consisted of the following:

(a) Trading assets

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Trading securities:			
Japanese government bonds	¥ 1,348	¥ 3,243	\$ 11,965
Local government bonds (Government-guaranteed bonds)	4,071	2,586	36,134
Foreign securities	171	29	1,524
Subtotal	5,591	5,859	49,623
Trading security derivatives:			
(Bond futures)			
Other (Note)	17	29	159
Subtotal	17	29	159
Financial derivatives:			
(Option premium)			
Other (Note)	24,090	26,835	213,798
Subtotal	24,090	26,835	213,798
Other trading assets:			
Commercial paper	4,098	7,097	36,369
Other (Note)	1	1	14
Subtotal	4,099	7,099	36,383
Total	¥33,799	¥39,824	\$299,963

(b) Trading liabilities

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
(Trading security derivatives:)			
Subtotal			
Financial derivatives:			
(Option premium)			
Other (Note)	¥23,219	¥25,877	\$206,066
Subtotal	23,219	25,877	206,066
Total	¥23,219	¥25,877	\$206,066

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

5. MONEY HELD IN TRUST

Money held in trust at March 31, 2016 and 2015, consisted of the following:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2016				
Money held in trust classified as:				
Held to maturity	¥3,200	¥0		¥3,200
March 31, 2015				
Money held in trust classified as:				
Held to maturity	¥3,100	¥0		¥3,100

	Thousands of U.S. Dollars			Fair Value
	Cost	Unrealized Gains	Unrealized Losses	
March 31, 2016				
Money held in trust classified as:				
Held to maturity	\$28,399	\$0		\$28,399

6. SECURITIES

Securities at March 31, 2016 and 2015, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Japanese government bonds	¥ 613,320	¥ 935,858	\$ 5,443,026
Local government bonds	23,702	51,544	210,351
Corporate bonds	180,153	194,913	1,598,802
Corporate stocks	342,681	374,629	3,041,191
Other securities	1,021,219	1,039,909	9,063,009
Total	¥2,181,076	¥2,596,855	\$19,356,379

As of March 31, 2016 and 2015, securities included equity investments in unconsolidated subsidiaries and affiliated companies that amounted to ¥32,143 million (\$285,262 thousand) and ¥28,284 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, 2016 and 2015, was as follows:

	Millions of Yen			Fair Value
	Cost	Unrealized Gains	Unrealized Losses	
March 31, 2016				
Securities classified as:				
Trading				¥ 9,691
Available-for-sale:				
Equity securities	¥ 100,024	¥206,194	¥ 229	305,990
Debt securities	796,667	12,642	43	809,266
Others	1,012,975	24,869	14,725	1,023,119
Held to maturity	12,170	439	3	12,606

March 31, 2015	Millions of Yen			Fair Value
	Cost	Unrealized Gains	Unrealized Losses	
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

	Thousands of U.S. Dollars			Fair Value
	Cost	Unrealized Gains	Unrealized Losses	
March 31, 2016				
Securities classified as:				
Trading				\$ 86,006
Available-for-sale:				
Equity securities	\$ 887,687	\$1,829,916	\$ 2,033	2,715,570
Debt securities	7,070,181	112,195	389	7,181,987
Others	8,989,847	220,710	130,686	9,079,871
Held to maturity	108,010	3,899	31	111,878

Available-for-sale securities sold during the years ended March 31, 2016 and 2015, were as follows:

Year Ended	Millions of Yen		
	Proceeds from Sales	Total Amount of Gains on Sales	Total Amount of Losses on Sales
March 31, 2016			
Equity securities	¥ 20,453	¥ 3,707	¥ 113
Debt securities	629,631	3,458	36
Others	2,107,061	37,293	20,097
Total	¥2,757,146	¥44,459	¥20,247

Year Ended	Millions of Yen		
	Proceeds from Sales	Total Amount of Gains on Sales	Total Amount of Losses on Sales
March 31, 2015			
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

Year Ended	Thousands of U.S. Dollars		
	Proceeds from Sales	Total Amount of Gains on Sales	Total Amount of Losses on Sales
March 31, 2016			
Equity securities	\$ 181,517	\$ 32,900	\$ 1,009
Debt securities	5,587,784	30,695	327
Others	18,699,518	330,972	178,356
Total	\$24,468,819	\$394,567	\$179,692

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

Impairment losses on marketable available-for-sale equity securities for the year ended March 31, 2016 were ¥638 million (\$5.668 thousand), respectively.

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

7. LOANS AND BILLS DISCOUNTED

Loans and bills discounted at March 31, 2016 and 2015, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Bills discounted	¥ 25,561	¥ 28,463	\$ 226,853
Loans on bills	172,498	190,795	1,530,870
Loans on deeds	6,341,847	6,081,623	56,281,922
Overdrafts	1,103,454	1,067,090	9,792,815
Total	¥7,643,361	¥7,367,972	\$67,832,460

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, 2016 and 2015, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Loans under bankruptcy proceedings	¥ 4,059	¥ 3,839	\$ 36,023
Past-due loans	100,947	119,716	895,878
Loans past due for three months or more	440	694	3,905
Restructured loans	13,653	14,236	121,175
Total	¥119,100	¥138,487	\$1,056,981

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, 2016 and 2015, 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 ¥25,908 million (\$229,930 thousand) and ¥28,564 million, respectively.

8. FOREIGN EXCHANGES

Foreign exchange assets and liabilities at March 31, 2016 and 2015, consisted of the following:

(a) Assets

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Due from foreign banks	¥6,133	¥6,400	\$54,435
Foreign exchange bills bought	346	101	3,077
Foreign exchange bills receivable	1,127	1,421	10,011
Total	¥7,608	¥7,923	\$67,523

(b) Liabilities

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Foreign exchange bills sold	¥ 76	¥ 67	\$ 681
Foreign exchange bills payable	63	126	564
Total	¥140	¥193	\$1,245

9. OTHER ASSETS

Other assets at March 31, 2016 and 2015, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Accrued income	¥ 9,172	¥10,911	\$ 81,407
Derivative products	26,632	22,489	236,354
Guarantee deposits	2,175	2,245	19,309
Others	36,574	34,535	324,588
Total	¥74,555	¥70,182	\$661,658

10. TANGIBLE FIXED ASSETS AND INTANGIBLE FIXED ASSETS

Tangible fixed assets and intangible fixed assets at March 31, 2016 and 2015, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Tangible fixed assets			
Buildings	¥37,192	¥38,696	\$330,073
Land	22,082	22,143	195,976
Lease assets	1	2	10
Construction in progress	173	577	1,537
Other tangible fixed assets	12,544	12,908	111,330
Subtotal	71,994	74,328	638,926
Intangible fixed assets			
Software	22,866	17,926	202,930
Other intangible assets	451	453	4,011
Subtotal	23,318	18,380	206,941
Total	¥95,312	¥92,709	\$845,867

Tangible fixed assets are stated at cost, less accumulated depreciation of ¥103,722 million (\$920,504 thousand) and ¥100,221 million in 2016 and 2015, respectively.

As of March 31, 2016 and 2015, deferred gains for tax purposes of ¥9,642 million (\$85,576 thousand) and ¥9,713 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, 2016 and 2015. As a result, the Group recognized an impairment loss of ¥13 million (\$118 thousand) and ¥11 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, 2016 and 2015, amounted to ¥14,445 million (\$128,201 thousand) and ¥16,176 million, respectively.

12. ASSETS PLEDGED

Assets pledged as collateral and their relevant liabilities at March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Assets pledged as collateral:			
Due from banks	¥ 241	¥ 241	\$ 2,141
Securities	827,927	887,465	7,347,596
Lease receivables and investment assets	0	19	2
Relevant liabilities to above assets:			
Deposits	¥104,318	¥ 90,749	\$ 925,796
Payables under repurchase agreements	48,416		429,686
Payables under securities lending transactions	310,984	423,020	2,759,893
Borrowed money	130,608	149,271	1,159,108
Other liabilities	0	25	5

In addition to the above, the Bank has provided ¥80,138 million (\$711,204 thousand) and ¥83,106 million in securities and ¥225 million (\$2,000 thousand) and ¥240 million in due from banks as collateral for foreign exchange settlements and certain other transactions and as security for futures transactions at March 31, 2016 and 2015, respectively.

Guarantee deposits on office space and cash collateral paid for financial instruments are included in other assets in the amount of ¥2,175 million (\$19,310 thousand) and ¥2,245 million at March 31, 2016 and 2015, in the amount of ¥76 million (\$678 thousand) and ¥1 million at March 31, 2016 and 2015, respectively.

13. LOAN COMMITMENTS

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

The balances of loans not yet undisbursed under these agreements at March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Undisbursed loan commitments outstanding			
Loans due within one year	¥1,573,139	¥1,539,424	\$13,961,123
Loans due over one year	91,871	105,756	815,331
Total	¥1,665,010	¥1,645,181	\$14,776,454

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, 2016 and 2015, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Current deposits	¥ 389,673	¥ 367,024	\$ 3,458,230
Savings deposits	4,431,123	4,225,326	39,324,845
Deposits at notice	28,463	25,883	252,608
Time deposits	3,465,034	3,585,098	30,751,107
Negotiable certificates of deposit	173,270	511,241	1,537,721
Other	635,405	477,332	5,639,026
Total	¥9,122,971	¥9,191,906	\$80,963,537

15. BORROWED MONEY

At March 31, 2016 and 2015, the weighted-average annual interest rates applicable to borrowed money were 0.50% and 0.26%, respectively.

Borrowed money consists of borrowings from financial institutions. Annual maturities of borrowed money as of March 31, 2016, were as follows:

Years Ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2017	¥138,176	\$1,226,276
2018	3,839	34,073
2019	7,207	63,964
2020	3,948	35,042
2021 and thereafter	1,732	15,378
Total	¥154,904	\$1,374,733

16. BONDS PAYABLE

Bonds at March 31, 2016 and 2015, consisted of the following:

	Rate (%)	Millions of Yen		Thousands of U.S. Dollars
		2016	2015	2016
Unsecured bonds, payable in Japanese yen, due June 2015	1.37		¥10,000	
Unsecured convertible bonds with stock acquisition rights, payable in U.S. dollars, due April 2018		¥56,340	60,085	\$500,000
Total		¥56,340	¥70,085	\$500,000

Annual maturities of bonds as of March 31, 2016, were as follows:

Years Ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2017		
2018		
2019	¥56,340	\$500,000
2020		
2021		
Total	¥56,340	\$500,000

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	\$13.44	37,202	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, 2016 and 2015, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Income taxes payable	¥ 8,784	¥ 10,688	\$ 77,962
Accrued expenses	8,193	8,739	72,713
Deposits from employees		2,669	
Unearned income	12,516	11,260	111,079
Derivative products	13,101	24,036	116,275
Cash collateral received for financial products	21,425	21,574	190,149
Other	50,998	59,469	452,599
Total	¥115,021	¥138,439	\$1,020,777

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, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Balance at beginning of year (as previously reported)	¥75,953	¥79,359	\$674,059
Cumulative effect of accounting change		(1,311)	
Balance at beginning of year (as restated)	75,953	78,048	674,059
Current service cost	2,059	2,054	18,276
Interest cost	754	776	6,700
Actuarial gains and losses	(373)	(58)	(3,315)
Benefits paid	(4,960)	(5,014)	(44,020)
Past service cost			
Others	145	147	1,292
Balance at end of year	¥73,579	¥75,953	\$652,992

2. The changes in plan assets for the year ended March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Balance at beginning of year	¥60,131	¥56,115	\$533,647
Expected return on plan assets	1,255	1,189	11,140
Actuarial gains and losses	2,206	3,234	19,579
Contributions from the employer	2,089	2,135	18,546
Benefits paid	(2,910)	(2,686)	(25,828)
Others	141	143	1,257
Balance at end of year	¥62,913	¥60,131	\$558,341

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
	2016	2015	2016
Funded defined benefit obligation	¥ 51,902	¥ 54,111	\$ 460,621
Plan assets	(62,913)	(60,131)	(558,341)
Total	(11,011)	(6,019)	(97,720)
Unfunded defined benefit obligation	21,676	21,841	192,372
Net liability (asset) arising from defined benefit obligation	10,665	15,821	94,652

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Liability for retirement benefits	¥21,676	¥21,841	\$192,372
Asset for retirement benefits	(11,011)	(6,019)	(97,720)
Net liability (asset) arising from defined benefit obligation	10,665	15,821	94,652

4. The components of net periodic benefit costs for the years ended March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Service cost	¥ 2,059	¥ 2,054	\$ 18,276
Interest cost	754	776	6,700
Expected return on plan assets	(1,255)	(1,189)	(11,140)
Amortization of prior service cost	1,425	1,835	12,652
Amortization of transitional obligation			
Others	116	79	1,033
Net periodic benefit costs	¥ 3,101	¥ 3,555	\$ 27,521

5. Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2016 and 2015

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Prior service cost			
Actuarial (gains) losses	¥4,005	¥5,128	\$35,546
Others			
Total	¥4,005	¥5,128	\$35,546

6. Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2016 and 2015

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Unrecognized prior service cost			
Unrecognized actuarial gains and losses	¥4,292	¥8,297	\$38,092
Others			
Total	¥4,292	¥8,297	\$38,092

7. Plan assets

(1) Components of plan assets

Plan assets consisted of the following:

	2016	2015
Debt investments	26%	29%
Equity investments	40%	38%
Cash and cash equivalents	1%	1%
General account of life insurance companies	31%	32%
Others	2%	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, 2016 and 2015, were set forth as follows:

	2016	2015
Discount rate	Mainly 1.0%	Mainly 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, 2016 and 2015, were ¥450 million (\$3,999 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. Additionally, 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 ¥62 million (\$553 thousand) and ¥99 million for the years ended March 31, 2016 and 2015, respectively.

The stock options outstanding as of March 31, 2016, 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
2015 Stock Option	7 directors	37,000 shares	2015.7.21	¥ 1 (\$0.01)	From July 22, 2015 to July 21, 2040

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	2015 Stock Option
For the year ended March 31, 2015									
Non-vested									
March 31, 2014—Outstanding							88,000	92,000	
Granted									
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		
For the year ended March 31, 2016									
Non-vested									
March 31, 2015—Outstanding								92,000	37,000
Granted									
Vested								92,000	
March 31, 2016—Outstanding									37,000
Vested									
March 31, 2015—Outstanding	18,000	18,000	32,000	46,000	49,000	66,000	64,000		
Vested								92,000	
Exercised						6,000	9,000	10,000	
March 31, 2016—Outstanding	18,000	18,000	32,000	46,000	49,000	60,000	55,000	82,000	
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)	¥ 1 (\$ 0.01)
Average stock price at exercise	¥ (\$)	¥ (\$)	¥ (\$)	¥ (\$)	¥ (\$)	¥1,326 (\$11.77)	¥1,326 (\$11.77)	¥1,326 (\$11.77)	¥ (\$)
Fair value price at grant date	¥1,153 (\$10.23)	¥1,057 (\$ 9.38)	¥ 875 (\$ 7.77)	¥ 704 (\$ 6.25)	¥ 709 (\$ 6.29)	¥ 743 (\$ 6.59)	¥1,135 (\$10.07)	¥1,079 (\$ 9.58)	¥1,351 (\$11.99)

The assumptions used to measure the fair value of the 2015 stock option are as follows:

Estimate method: Black-Scholes option-pricing model

Volatility of stock price: 27.9%

Estimated remaining outstanding period: two years

Estimated dividend: ¥16.0 per share

Risk-free interest rate: 0.006%

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
	2016	2015	2016
Valuation difference	¥228,708	¥286,842	\$2,029,714
Deferred tax liabilities	(66,532)	(88,166)	(590,453)
Amounts equivalent to difference on available-for-sale securities	¥162,175	¥198,676	\$1,439,261
Noncontrolling interests adjustment	¥ (393)	¥(279)	\$ (3,492)
Share of valuation difference on available-for-sale securities in affiliated companies	¥ 558	¥146	\$ 4,954
Valuation difference on available-for-sale securities	¥162,340	¥198,543	\$1,440,723

22. OTHER OPERATING INCOME

Other operating income for the years ended March 31, 2016 and 2015, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Gains on foreign exchange transactions	¥ 1,462	¥ 1,403	\$ 12,977
Gains on sales of bonds	22,154	14,646	196,618
Gains on financial derivatives			
Other	14	43	125
Total	¥23,631	¥16,093	\$209,720

23. OTHER INCOME

Other income for the years ended March 31, 2016 and 2015, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Gains on sales of stocks and other securities	¥ 3,707	¥ 5,360	\$ 32,899
Gains on negative goodwill		2,255	
Other	9,332	8,692	82,821
Total	¥13,039	¥16,307	\$115,720

24. OTHER OPERATING EXPENSES

Other operating expenses for the years ended March 31, 2016 and 2015, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Losses on sales of bonds	¥10,782	¥1,466	\$95,691
Losses on redemption of bonds			
Losses on devaluation of bonds			
Expenses of derivatives transactions	165	1,040	1,472
Amortized bond issue cost			
Other		12	
Total	¥10,948	¥2,519	\$97,163

25. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended March 31, 2016 and 2015, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Salary	¥35,204	¥35,989	\$312,425
Depreciation expenses	10,786	10,295	95,726
Other	42,701	44,643	378,959
Total	¥88,691	¥90,928	\$787,110

26. OTHER EXPENSES

Other expenses for the years ended March 31, 2016 and 2015, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Provision of allowance for loan losses	¥ 2,620	¥ 161	\$ 23,260
Losses on written-off claims	210	216	1,867
Losses on sales of stocks and other securities	113	14	1,009
Losses on devaluation of stocks and other securities	639	18	5,672
Losses on money held in trust	4	4	37
Losses on disposition of fixed assets	208	1,235	1,846
Impairment losses	13	11	118
Other	7,691	6,732	68,259
Total	¥11,501	¥8,395	\$102,068

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 32.3% and 34.8% for the years ended March 31, 2016 and 2015, respectively.

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Deferred tax assets:			
Allowance for loan losses	¥ 13,852	¥ 15,351	\$ 122,940
Liability for retirement benefits	9,279	11,390	82,354
Other	7,644	7,665	67,840
Deferred tax assets	30,776	34,407	273,134
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	(66,532)	(88,166)	(590,453)
Gain on establishment of employee retirement benefit trust	(5,222)	(5,497)	(46,345)
Other	(2,426)	(2,090)	(21,537)
Deferred tax liabilities	(74,181)	(95,754)	(658,335)
Net deferred tax assets (liabilities)	¥(43,404)	¥(61,346)	\$(385,201)

A reconciliation between the normal effective tax rates for the years ended March 31, 2016 and 2015, 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 2016 in Japan changed the normal effective statutory tax rate for the fiscal year beginning on or after April 1, 2016, to approximately 31%. The effect of these changes was to decrease deferred tax assets and deferred tax liabilities by ¥48 million (\$434 thousand) and by ¥2,490 million (\$22,160 thousand), increase accumulated other comprehensive income for unrealized gain on available-for-sale securities by ¥3,488 million (\$30,595 thousand), in the consolidated balance sheet as of March 31, 2016, and increase income taxes—deferred by ¥1,038 million (\$9,218 thousand) in the consolidated statement of income for the year then ended.

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
	2016	2015	2016
Tangible Fixed Assets			
Acquisition cost	¥176	¥176	\$1,565
Accumulated depreciation	(94)	(85)	(841)
Net leased property	¥ 81	¥ 90	\$ 724

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Tangible Fixed Assets			
Due within one year	¥ 8	¥ 7	\$ 73
Due after one year	120	129	1,073
Total	¥129	¥136	\$1,146

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

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Depreciation expense	¥ 8	¥12	\$ 78
Interest expense	15	22	140
Total	¥24	¥35	\$218
Lease payments	¥23	¥34	\$204

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
	2016	2015	2016
Gross lease receivables	¥58,223	¥52,283	\$516,719
Estimate residual values	2,733	2,375	24,255
Unearned interest income	(5,544)	(5,048)	(49,202)
Lease investment assets	¥55,412	¥49,610	\$491,772

Maturities of lease receivables are as follows:

Years Ending March 31,	Millions of Yen	Thousands of U.S. Dollars
	2016	2016
2017	¥273	\$2,425
2018	207	1,840
2019	160	1,422
2020	114	1,016
2021	59	529
2022 and thereafter	149	1,328
Total	¥964	\$8,560

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

Years Ending March 31,	Millions of Yen	Thousands of U.S. Dollars
	2016	2016
2017	¥16,357	\$145,164
2018	13,375	118,700
2019	10,420	92,482
2020	7,184	63,761
2021	4,631	41,105
2022 and thereafter	6,254	55,507
Total	¥58,223	\$516,719

(2) Operating Lease

(a) Lessee

The minimum rental commitments under noncancelable operating leases at March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Due within one year	¥ 473	¥ 540	\$ 4,198
Due after one year	2,636	3,113	23,399
Total	¥3,109	¥3,654	\$27,597

(b) Lessor

The future lease payment receivables under noncancelable operating leases at March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Due within one year	¥ 612	¥ 471	\$ 5,439
Due after one year	1,235	1,069	10,968
Total	¥1,848	¥1,541	\$16,407

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, 2016	Millions of Yen						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking Operations	Leasing Operations	Total				
Ordinary income:							
Ordinary income from external customers	¥ 183,719	¥24,459	¥ 208,179	¥ 15,434	¥ 223,613		¥ 223,613
Ordinary income from intersegment transactions	3,833	1,358	5,191	4,526	9,717	¥ (9,717)	
Total	¥ 187,553	¥25,817	¥ 213,370	¥ 19,960	¥ 233,331	¥ (9,717)	¥ 223,613
Segment profit	¥ 66,335	¥ 1,411	¥ 67,747	¥ 6,955	¥ 74,702	¥ (1,932)	¥ 72,769
Segment assets	11,103,631	81,692	11,185,323	158,104	11,343,428	(226,178)	11,117,249
Segment liabilities	10,253,472	66,136	10,319,609	22,447	10,342,056	(147,167)	10,194,888
Other:							
Depreciation	10,582	845	11,427	338	11,766	(163)	11,602
Interest income	126,929	4	126,934	224	127,158	(2,069)	125,089
Interest expense	10,719	236	10,955	7	10,963	(351)	10,611
Equity in earnings of affiliated companies				158	158		158
Investments in affiliated companies				30,582	30,582		30,582
Increase in property, plant, equipment, and intangible assets	14,219	930	15,150	134	15,284	(249)	15,035

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, 2016	Thousands of U.S. Dollars						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking Operations	Leasing Operations	Total				
Ordinary income:							
Ordinary income from external customers	\$ 1,630,456	\$217,070	\$ 1,847,526	\$ 136,976	\$ 1,984,502		\$ 1,984,502
Ordinary income from intersegment transactions	34,020	12,053	46,073	40,168	86,241	\$ (86,241)	
Total	\$ 1,664,476	\$229,123	\$ 1,893,599	\$ 177,144	\$ 2,070,743	\$ (86,241)	\$ 1,984,502
Segment profit	\$ 588,708	\$ 12,529	\$ 601,237	\$ 61,726	\$ 662,963	\$ (17,153)	\$ 645,810
Segment assets	98,541,281	724,995	99,266,276	1,403,126	100,669,402	(2,007,268)	98,662,134
Segment liabilities	90,996,385	586,943	91,583,328	199,215	91,782,543	(1,306,070)	90,476,473
Other:							
Depreciation	93,915	7,501	101,416	3,006	104,422	(1,453)	102,969
Interest income	1,126,461	44	1,126,505	1,991	1,128,496	(18,364)	1,110,132
Interest expense	95,129	2,100	97,229	66	97,295	(3,118)	94,177
Equity in earnings of affiliated companies				1,411	1,411		1,411
Investments in affiliated companies				271,414	271,414		271,414
Increase in property, plant, equipment, and tangible assets	126,194	8,258	134,452	1,197	135,649	(2,217)	133,432

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

4. Related information

(1) Information about services

	Millions of Yen					Thousands of U.S. Dollars				
	Lending Operations	Investment Operations	Leasing Operations	Other	Total	Lending Operations	Investment Operations	Leasing Operations	Other	Total
Ordinary income from external customers										
Year ended March 31, 2016	¥92,939	¥54,777	¥24,452	¥51,444	¥223,613	\$824,810	\$486,129	\$217,011	\$456,552	\$1,984,502
Year ended March 31, 2015	¥91,732	¥48,784	¥22,939	¥48,128	¥211,585					

(2) Information about geographical areas

(i) Ordinary Income

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

(ii) Tangible fixed assets

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

(3) Information about major customers

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

5. Information about impairment losses of assets

	Millions of Yen					Thousands of U.S. Dollars				
	Reportable Segment			Other	Total	Reportable Segment			Other	Total
	Banking Operations	Leasing Operations	Total			Banking Operations	Leasing Operations	Total		
Impairment losses of assets										
Year ended March 31, 2016	¥ 13		¥ 13		¥ 13	\$118		\$118		\$118
Year ended March 31, 2015	¥ 11		¥ 11		¥ 11					

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 60% 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, 2016 and 2015, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
VaR	¥148,403	¥151,158	\$1,317,031

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, 2016 and 2015, consisted of the following:

	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gains (Losses)
March 31, 2016			
Cash and due from banks	¥ 578,327	¥ 578,327	
Call loans and bills bought	369,194	369,194	
Trading assets:			
Trading securities	9,691	9,691	
Securities:			
Held to maturity	12,170	12,606	¥ 435
Available for sale	2,124,855	2,124,855	
Loans and bills discounted	7,643,361		
Allowance for loan losses	(46,764)		
Subtotal	7,596,597	7,651,272	54,674
Total	¥10,690,836	¥10,745,947	¥55,110
Deposits	¥ 9,122,971	¥ 9,124,100	¥ 1,128
Call money and bills sold	223,394	223,394	
Payables under securities lending transactions	310,984	310,984	
Borrowed money	154,904	154,919	14
Total	¥ 9,812,255	¥ 9,813,398	¥ 1,143
Derivative transactions:			
Nonhedging derivatives	¥ 1,375	¥ 1,375	
Hedging derivatives	13,044	13,044	
Total	¥ 14,419	¥ 14,419	

	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gains (Losses)
March 31, 2015			
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)	

	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gains (Losses)
March 31, 2016			
Cash and due from banks	\$ 5,132,478	\$ 5,132,478	
Call loans and bills bought	3,276,491	3,276,491	
Trading assets:			
Trading securities	86,006	86,006	
Securities:			
Held to maturity	108,010	111,878	\$ 3,868
Available for sale	18,857,428	18,857,428	
Loans and bills discounted	67,832,460		
Allowance for loan losses	(415,018)		
Subtotal	67,417,442	67,902,664	485,222
Total	\$94,877,855	\$95,366,945	\$489,090
Deposits	\$80,963,537	\$80,973,555	\$ 10,018
Call money and bills sold	1,982,554	1,982,554	
Payables under securities lending transactions	2,759,893	2,759,893	
Borrowed money	1,374,733	1,374,864	131
Total	\$87,080,717	\$87,090,866	\$ 10,149
Derivative transactions:			
Nonhedging derivatives	\$ 12,204	\$ 12,204	
Hedging derivatives	115,766	115,766	
Total	\$ 127,970	\$ 127,970	

- 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, 2016 and 2015, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Unlisted stocks	¥ 6,670	¥ 6,280	\$ 59,195
Investments in partnerships and others	7,358	4,419	65,307
Total	¥14,028	¥10,700	\$124,502

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, 2016, and unlisted stocks and investments in partnerships for the year ended March 31, 2015, were ¥0 million (\$4 thousand) and ¥18 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
March 31, 2016						
Due from banks	¥ 493,514					
Call loans and bills bought	369,194					
Securities:	214,178	¥ 452,121	¥ 202,139	¥ 39,061	¥221,226	¥ 490,197
Held-to-maturity	638	1,848	1,980	2,791	3,700	905
Available-for-sale	213,540	450,272	200,159	36,270	217,526	489,292
Loans and bills discounted	2,080,558	1,402,579	974,073	592,860	691,627	1,648,081
Total	¥3,157,447	¥1,854,701	¥1,176,212	¥631,921	¥912,853	¥2,138,278

	Thousands of U.S. Dollars					
	Due in One Year or Less	Due after One Year through Three Years	Due after Three Years through Five Years	Due after Five Years through Seven Years	Due after Seven Years through Ten Years	Due after Ten Years
March 31, 2016						
Due from banks	\$ 4,379,789					
Call loans and bills bought	3,276,491					
Securities:	1,900,768	\$ 4,012,438	\$ 1,793,928	\$ 346,657	\$1,963,314	\$ 4,350,351
Held-to-maturity	5,663	16,406	17,575	24,771	32,836	8,033
Available-for-sale	1,895,105	3,996,032	1,776,353	321,886	1,930,478	4,342,318
Loans and bills discounted	18,464,315	12,447,460	8,644,596	5,261,452	6,137,977	14,626,207
Total	\$28,021,363	\$16,459,898	\$10,438,524	\$5,608,109	\$8,101,291	\$18,976,558

Notes: 1. The amount of loans and bills discounted without due dates, which have been excluded is ¥148,574 million (\$1,318,553 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 ¥105,006 million (\$931,900 thousand).

Maturity analysis for borrowed money and other interest-bearing debt

	Millions of Yen					
	Due in One Year or Less	Due after One Year through Three Years	Due after Three Years through Five Years	Due after Five Years through Seven Years	Due after Seven Years through Ten Years	Due after Ten Years
March 31, 2016						
Deposits	¥8,590,038	¥492,093	¥32,509	¥4,465	¥3,863	
Call money and bills sold	223,394					
Payables under securities lending transactions	310,984					
Borrowed money	138,176	11,046	4,554	1,126		
Total	¥9,262,594	¥503,140	¥37,064	¥5,592	¥3,863	

	Thousands of U.S. Dollars					
	Due in One Year or Less	Due after One Year through Three Years	Due after Three Years through Five Years	Due after Five Years through Seven Years	Due after Seven Years through Ten Years	Due after Ten Years
March 31, 2016						
Deposits	\$76,233,927	\$4,367,175	\$288,514	\$39,631	\$34,290	
Call money and bills sold	1,982,554					
Payables under securities lending transactions	2,759,893					
Borrowed money	1,226,277	98,036	40,420	10,000		
Total	\$82,202,651	\$4,465,211	\$328,934	\$49,631	\$34,290	

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, 2016 and 2015, consisted of the following:

	Millions of Yen			
	Contract or Notional Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains (Losses)
March 31, 2016				
Listed:				
Bond futures	¥ 6,823		¥ 17	¥ 17
Over the counter:				
Interest rate swaps	1,099,650	¥888,694	762	762
Currency swaps	223,824	197,068	242	242
Forward contracts	247,357		228	228
Currency options	172,902	108,587	8	8
Other	8,079	7,774	114	114

	Millions of Yen			
	Contract or Notional Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains (Losses)
March 31, 2015				
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

	Thousands of U.S. Dollars			
	Contract or Notional Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains (Losses)
March 31, 2016				
Listed:				
Bond futures	\$ 60,556		\$ 159	\$ 159
Over the counter:				
Interest rate swaps	9,759,053	7,886,887	6,768	6,768
Currency swaps	1,986,372	1,748,925	2,153	2,153
Forward contracts	2,195,223		2,030	2,030
Currency options	1,534,453	963,676	73	73
Other	71,701	69,000	1,020	1,020

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, 2016 and 2015, consisted of the following:

	Millions of Yen			
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
March 31, 2016				
Principled treatment				
Interest rate swaps	Deposits	¥ 97,177	¥ 97,177	¥2,352
Currency swaps	Loans, deposits, and securities in foreign currencies	124,962	107,381	7,105
Forward contracts	Loans, deposits, and securities in foreign currencies	177,522		3,586
Special hedging treatment				
Interest rate swaps	Loans	43,707	33,804	

	Hedged Item	Millions of Yen		
		Contract Amount	Contract Amount Due after One Year	Fair Value
March 31, 2015				
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	Thousands of U.S. Dollars		
		Contract Amount	Contract Amount Due after One Year	Fair Value
March 31, 2016				
Principled treatment				
Interest rate swaps	Deposits	\$ 862,419	\$862,419	\$20,879
Currency swaps	Loans, deposits, and securities in foreign currencies	1,109,007	952,977	63,063
Forward contracts	Loans, deposits, and securities in foreign currencies	1,575,453		31,825
Special hedging treatment				
Interest rate swaps	Loans	387,892	300,005	

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" issued on February 13, 2002, and No.25, "Accounting and Auditing Treatment of Accounting Treatment on Foreign Currency Transactions in the Banking Industry" issued on July 29, 2002.

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, 2016 and 2015, were as follows:

Related-Party Transactions with the Bank

Related Party	Category	Description of Transactions	Thousands of U.S. Dollars		
			2016	2015	2016
Yasuhiko Saito	Audit & Supervisory Board Member of Shizuoka Bank	Legal service fees	¥ 5	¥ 20	\$ 45
Lawyer		Loans	62	63	557
Kai Goto	Close relative of a director of Shizuoka Bank	Loans	139	150	1,235
Kenji Mizuguchi	Close relative of a director of Shizuoka Bank	Loans	34	37	308

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

2. Amount of loans of Yasuhiko Saito are balances on June 30, 2015 and March 31, 2015, as he retired on June 19, 2015.

33. OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) for the years ended March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of
	2016	2015	U.S. Dollars
Unrealized gain on available-for-sale securities			2016
Gains arising during the year	¥ (34,684)	¥129,116	\$(307,810)
Reclassification adjustments to profit and loss	(23,450)	(23,541)	(208,118)
Amount before income tax effect	(58,134)	105,574	(515,928)
Income tax effect	21,634	(27,480)	191,996
Total	¥ (36,500)	¥ 78,093	\$(323,932)
Deferred gains on derivatives under hedge accounting			
Gains arising during the year	¥ (290)	¥ 161	\$ (2,581)
Reclassification adjustments to profit and loss	1,914	1,334	16,992
Amount before income tax effect	1,623	1,495	14,411
Income tax effect	(468)	(481)	(4,154)
Total	¥ 1,155	¥ 1,014	\$ 10,257
Foreign currency translation adjustments			
Gains arising during the year	¥ (4,210)	¥ 4,486	\$ (37,366)
Reclassification adjustments to profit and loss			
Amount before income tax effect	(4,210)	4,486	(37,366)
Income tax effect			
Total	¥ (4,210)	¥ 4,486	\$ (37,366)
Defined retirement benefit plans			
Adjustments arising during the year	¥ 2,579	¥ 3,293	\$ 22,894
Reclassification adjustments to profit or loss	1,425	1,835	12,652
Amount before income tax effect	4,005	5,128	35,546
Income tax effect	(1,328)	(2,046)	(11,789)
Total	¥ 2,676	¥ 3,081	\$ 23,757
Share of other comprehensive income in affiliated companies			
Gains arising during the year	¥ 100	¥ 1,019	\$ 896
Reclassification adjustments to profit or loss			
Amount before income tax effect	100	1,019	896
Income tax effect			
Total	¥ 100	¥ 1,019	\$ 896
Total other comprehensive income	¥ (36,777)	¥ 87,696	\$(326,388)

34. NET INCOME PER SHARE

Basic net income per share (EPS) for the years ended March 31, 2016 and 2015, is computed as follows:

Year ended	Millions of Yen	Thousands of	Yen	U.S. Dollars
	Net income attributable to Owners of the Parent	Shares		
March 31, 2016		Weighted-Average Shares		EPS
Basic EPS				
Net income available to common shareholders	¥47,909	615,808	¥77.79	\$ 0.690
Effect of dilutive securities				
Stock options		391	(0.04)	(0.000)
Convertible bonds with stock acquisition rights		37,202	(4.43)	(0.039)
Diluted EPS				
Net income for computation	¥47,909	653,402	¥73.32	\$ 0.651

Year ended	Millions of Yen	Thousands of	Yen
	Net income attributable to Owners of the Parent	Shares	
March 31, 2015		Weighted-Average Shares	EPS
Basic EPS			
Net income available to common shareholders	¥49,943	621,918	¥80.30
Effect of dilutive securities			
Stock options		387	(0.04)
Convertible bonds with stock acquisition rights		37,174	(4.52)
Diluted EPS			
Net income for computation	¥49,943	659,480	¥75.73

35. SUBSEQUENT EVENTS

Appropriation of Retained Earnings

The following appropriation of retained earnings was authorized at the ordinary general shareholders' meeting held on June 17, 2016:

Cash dividends,	Millions of Yen	Thousands of
		U.S. Dollars
¥10.0 (\$0.09) per share	¥6,138	\$54,473
Total	¥6,138	\$54,473

Key Consolidated Financial Indicators

Summary of Profits (Losses)

Years ended March 31	Millions of Yen			Percentage Change
	2016	2015	Increase (Decrease)	
Net interest income	¥114,477	¥114,890	¥ (412)	(0.4)%
Net fees and commissions	29,357	28,540	816	2.9
Net trading income	3,282	2,450	832	34.0
Net other operating income	12,682	13,574	(891)	(6.6)
General and administrative expenses	88,691	90,928	(2,237)	(2.5)
Net other ordinary income	1,660	6,603	(4,943)	(74.9)
Ordinary profits	72,769	75,130	(2,360)	(3.1)
Income before income taxes	72,647	76,438	(3,790)	(5.0)
Income taxes:				
Current	22,798	22,647	151	0.7
Deferred	1,895	3,817	(1,922)	(50.3)
Net Income	47,953	49,973	(2,020)	(4.0)
Net Income Attributable to Noncontrolling Interests	43	30	13	44.8
Net Income Attributable to Owners of the Parent	47,909	49,943	(2,033)	(4.1)
Comprehensive income	11,175	137,669	(126,493)	(91.9)

Breakdown of Net Interest Margin

Year ended March 31	Billions of Yen
	2016
Interest income	¥ 125.0
Average interest-earning assets	10,216.3
Average interest rate of interest-earning assets (%)	1.22
Interest expense (Note)	10.6
Average interest-bearing liabilities	9,752.3
Average interest rate of interest-bearing liabilities (%)	0.10
Net interest income	114.4

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

Net Other Operating Income

Years ended March 31	Millions of Yen		
	2016	2015	Increase (Decrease)
Gains on foreign exchange transactions	¥ 1,462	¥1,403	¥ 58
Gains/losses on government bonds	11,372	13,179	(1,807)
Gains on sales	22,154	14,646	7,508
Losses on sales	(10,782)	(1,466)	(9,316)
Losses on redemptions			
Amortized bond issue cost			
Gains/losses on derivative transactions	(165)	(1,040)	874
Proceeds from derivative transactions			
Expenses for derivative products	(165)	(1,040)	874
Others	14	31	(17)
Gains/losses on other business	12,682	13,574	(891)
Other operating income	23,631	16,093	7,537
Other operating expenses	(10,948)	(2,519)	(8,429)

Loans Outstanding by Type of Borrower

March 31	Billions of Yen, % Share			
	2016		2015	
Domestic branches:				
Manufacturing	¥1,338.5	18.09%	¥1,273.1	17.91%
Agriculture and forestry	6.9	0.09	5.4	0.08
Fishery	5.3	0.07	4.2	0.06
Mining and quarrying	12.2	0.17	10.1	0.14
Construction	239.8	3.24	238.0	3.35
Utilities	58.7	0.80	55.0	0.78
Telecommunications	63.5	0.86	51.8	0.73
Transportation and mail service	271.0	3.66	263.7	3.71
Wholesale and retailing	768.8	10.39	765.8	10.77
Finance and insurance	435.5	5.89	489.9	6.89
Real estate, lease, and rental	1,447.6	19.56	1,391.6	19.58
Medical, welfare, lodging, and other services	478.2	6.46	456.2	6.42
Local governments	146.9	1.99	143.9	2.02
Other	2,126.3	28.73	1,959.5	27.56
Subtotal	7,400.0	100.00	7,109.1	100.00
Overseas branches and offshore accounts:				
Banks and other financial institutions	14.1	5.81	8.0	3.13
Other	229.1	94.19	250.7	96.87
Subtotal	243.2	100.00	258.8	100.00
Total	¥7,643.3		¥7,367.9	

Risk-Monitored Asset Information

March 31	Millions of Yen		
	2016	2015	Increase (decrease)
Loans under bankruptcy proceedings A	¥ 4,059	¥ 3,839	¥ 219
% of loans and bills discounted	0.05	0.05	0.00
Past-due loans B	100,947	119,716	(18,769)
% of loans and bills discounted	1.32	1.62	(0.30)
Loans past due for three months or more C	440	694	(254)
% of loans and bills discounted	0.00	0.00	(0.00)
Restructured loans D	13,653	14,236	(582)
% of loans and bills discounted	0.17	0.19	(0.01)
Risk-monitored loan total E (E=A+B+C+D)	119,100	138,487	(19,386)
% of loans and bills discounted	1.55	1.87	(0.32)
Value covered with collateral, guarantees, etc. F	104,406	123,112	(18,705)
Cover ratio (%) F/E	87.66	88.89	(1.23)

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	
	2016	2015
General allowance for loan losses	¥30,651	¥32,235
Specific allowance for loan losses	17,905	20,401
Total	¥48,556	¥52,637
[Loans on written-off claims for the year]	¥ [210]	¥ [216]

Financial Index

Years ended March 31	Consolidated			Nonconsolidated		
	2016	2015	Increase (Decrease)	2016	2015	Increase (Decrease)
Per share (Yen):						
Net income	¥ 77.79	¥ 80.30	¥(2.51)	¥ 71.42	¥ 68.46	¥ 2.96
Net assets	1,500.32	1,500.19	0.13	1,436.53	1,440.68	(4.15)
Cash dividends	20.00	16.00	4.00	20.00	16.00	4.00
Dividend payout ratio (%)				28.00	23.37	4.63
Return on equity (%) (Note)	5.18	5.74	(0.56)	4.96	5.06	(0.10)
Price earnings ratio (%)	10.43	14.94	(4.51)	11.36	17.52	(6.16)

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	
	2016	2015	2016	2015
1. Total capital ratio (%)	15.09	16.45	13.71	15.32
2. Tier 1 ratio (%)	14.79	15.20	13.46	14.14
3. Common Equity Tier 1 ratio (%)	14.79	15.16	13.46	14.14
4. Total capital	835.0	854.4	788.9	808.1
5. Tier 1 capital	818.0	789.2	774.7	745.5
6. Common Equity Tier 1 capital	818.0	787.3	774.7	745.5
7. Total risk-weighted assets	5,530.5	5,191.9	5,752.7	5,272.5
8. Total capital requirements	442.4	415.3	460.2	421.8

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, 2016)
2,942

DATE OF ESTABLISHMENT

March 1, 1943

DOMESTIC NETWORK

(As of July 1, 2016)
Head Office, 174 branches,
24 sub-branches

OVERSEAS NETWORK

(As of July 1, 2016)
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

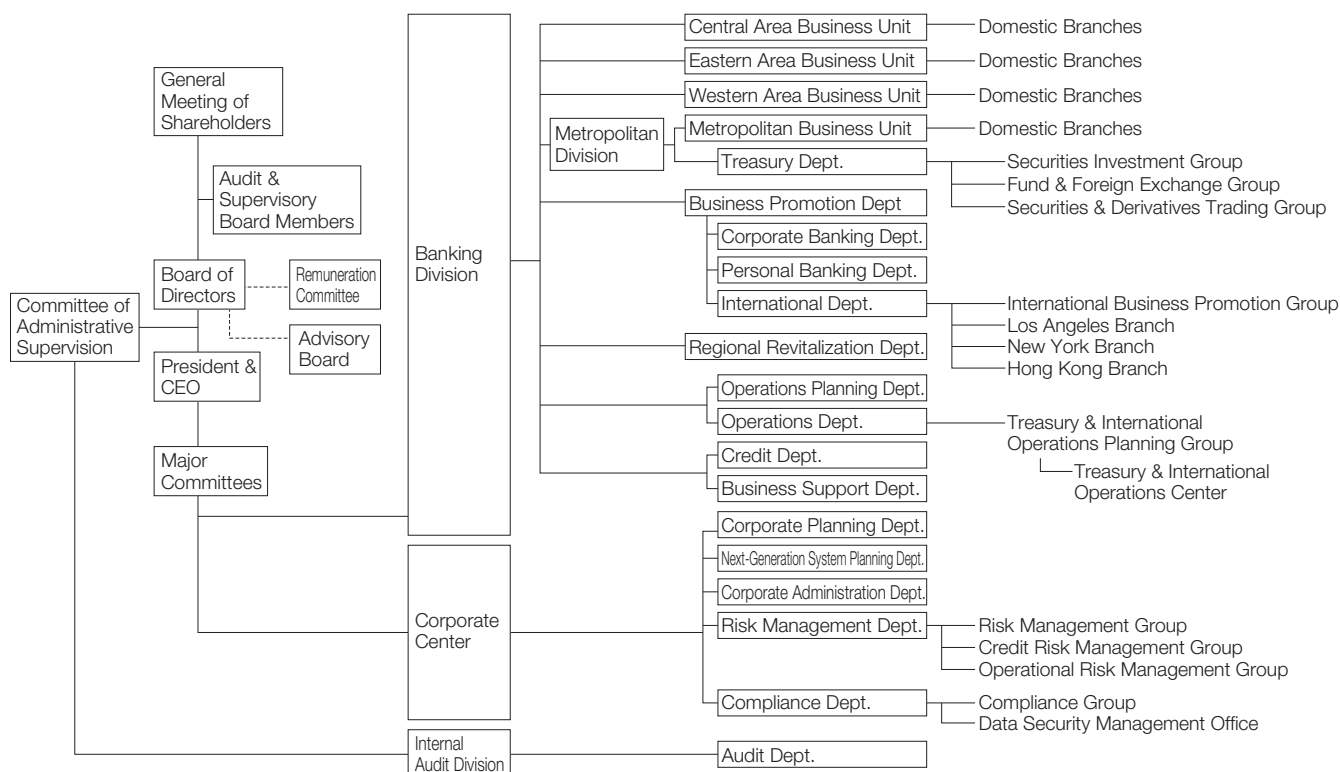
Shanghai Representative Office

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

Deputy President & 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, 2016)

Investor Information

CAPITAL STOCK (As of March 31, 2016)

Common stock..... ¥90,845 million

NUMBER OF SHARES (As of March 31, 2016)

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

Issued and outstanding 665,129,069 shares

NUMBER OF SHAREHOLDERS (As of March 31, 2016)

21,207

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	2012	2013	2014	2015	2016
High	867	1,078	1,310	1,292	1,519
Low	682	752	926	938	768

Monthly high/low stock price (six months)

(Yen)

Month	Oct. 2015	Nov. 2015	Dec. 2015	Jan. 2016	Feb. 2016	Mar. 2016
High	1,265	1,291	1,227	1,186	1,013	899
Low	1,162	1,167	1,124	982	768	801

PRINCIPAL SHAREHOLDERS

The 10 largest shareholders of the Bank and their respective shareholdings at March 31, 2016 were as follows:

	Number of Shares in Thousands	Percentage of Total Shares Outstanding
Nippon Life Insurance Company	29,745	4.47%
Meiji Yasuda Life Insurance Company	29,117	4.37
The Master Trust Bank of Japan, Ltd. (trust account)	26,413	3.97
Japan Trustee Services Bank, Ltd. (trust account)	23,411	3.51
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	21,884	3.29
Sumitomo Life Insurance Company	13,070	1.96
Tokio Marine & Nichido Fire Insurance Co., Ltd.	11,608	1.74
The Dai-ichi Life Insurance Company, Limited	11,546	1.73
Daiichi Sankyo Company, Limited	9,343	1.40
Japan Trustee Services Bank, Ltd. (trust account 9)	8,044	1.20
Total	184,184	27.69%

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

SHIZUGIN 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 prepaid card
Guarantee of consumer loans

* Other than the above mentioned Group companies, Monex Group, Inc. and Commons Asset Management, Inc. are equity-method affiliates of Shizuoka Bank.

THE SHIZUOKA BANK, LTD.