Shizuoka Bank Group

Annual Report 2010

Shizuoka Bank Group at a Glance

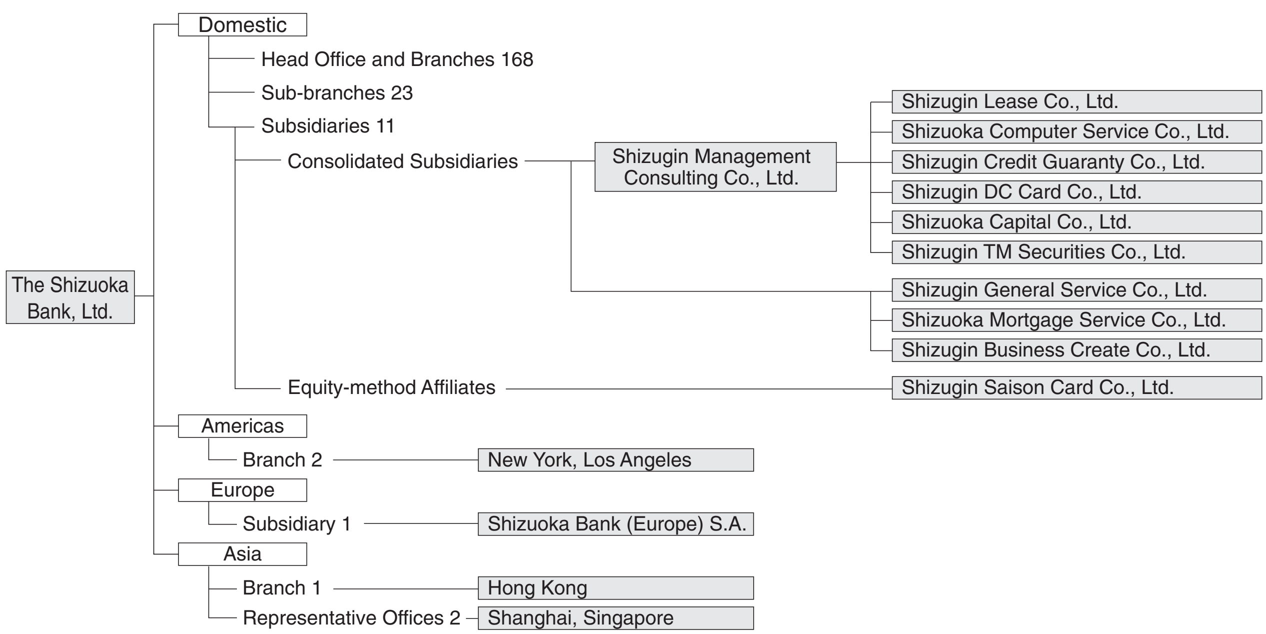
NURTURING THE VISION OF A PROSPEROUS COMMUNITY

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 12 Group companies, and is one of the largest regional banking groups in Japan. Centered on Shizuoka Bank with its 167 branches and 23 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, 2010)



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A SOLID FINANCIAL STRUCTURE

As of March 31, 2010, Shizuoka Bank's total assets stood at ¥9,040.3 billion (US$97,166 million) on a consolidated basis, together with loans and bills discounted of ¥6,284.0 billion (US$67,542 million), and deposits of ¥7,479.4 billion (US$80,390 million). The Bank's capital adequacy ratio was 15.32% on a consolidated basis, one of the highest ratios among Japanese banks, and its Tier I ratio was 14.06%, substantially higher than the BIS standard of 8% for banks engaging in international operations.

Consolidated Financial Highlights

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

	Millions of Yen		Thousands of U.S. Dollars
Years ended March 31	**2010**	2009	**2010**
Income before income taxes and minority interests	**¥54,264**	¥19,677	**$583,242**
Net income	**32,755**	13,012	**352,063**

	Yen		U.S. Dollars
Net income per share	**¥46.92**	¥18.64	**$0.50**
PER (Times, Non-consolidated)	**17.71**	48.20	
PBR (Times, Non-consolidated)	**0.81**	0.97	

	Millions of Yen		Thousands of U.S. Dollars
March 31	**2010**	2009	**2010**
Total assets	**¥9,040,330**	¥9,114,742	**$97,166,064**
Deposits	**7,479,446**	7,389,963	**80,389,582**
Loans and bills discounted	**6,284,067**	6,350,250	**67,541,568**
Securities	**2,044,611**	2,063,085	**21,975,614**
Capital stock	**90,845**	90,845	**976,416**
Total equity	**719,069**	652,515	**7,728,603**
ROE (%)	**4.90**	1.94	
Capital adequacy ratio (BIS) (%) (Note 3)	**15.32**	14.12	
Tier I ratio (%) (Note 3)	**14.06**	13.76	

Notes: 1. Translation into U.S. dollars has been made solely for the convenience of readers outside Japan at the exchange rate of ¥93.04 to $1, the approximate rate of exchange at March 31, 2010.
2. In this annual report, dollar figures are rounded off, but Japanese yen figures have been truncated in the process of calculation.
3. From the fiscal year ended March 31, 2007, Basel II methodology has been adopted to calculate capital ratios. For credit risk, the Foundation Internal Ratings Based Approach (F-IRB) has been applied. For operational risk, the Standardized Approach (TSA) has been adopted and the Internal Model Method has been used for market risk.

INTERNATIONAL CONFIDENCE

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

(As of June 1, 2010)

	Long-Term	Short-Term	Financial Strength
Standard & Poor's	AA-/Stable	A-1+	B+*
Moody's	Aa3	P-1	C+
Fitch Ratings	—	F1	B
Rating and Investment Information, Inc.	AA	—	—

* Bank Fundamental Strength Rating

Cautionary Statements with Respect to Forward-Looking Statements

Statements made in this annual report with respect to the current plans, estimates, strategies and beliefs, and other statements of the Shizuoka Bank Group that are not historical facts, are forward-looking statements about the future performance of the Group. These statements are based on management's assumptions and beliefs in light of the information currently available to it, and therefore readers should not place undue reliance on them. Shizuoka Bank Group cautions readers that a number of important factors could cause actual results to differ materially from those discussed in the forward-looking statements. Such factors include, but are not limited to, (1) general economic conditions in Shizuoka Bank Group's market (particularly Shizuoka Prefecture) and (2) fluctuations in market interest rates and exchange rates.

To Our Stakeholders

Toru Sakurai,
Chairman

Katsunori Nakanishi,
President & Chief Executive Officer

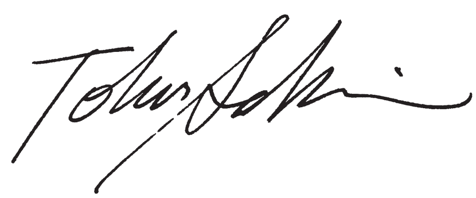
Although the rate of decline in economic conditions from the autumn 2008 "Lehman Shock" has been slowed by government policies to stimulate the economy and the recovery in external demand mainly in developing nations, there are few signs as yet of any improvement in the employment and personal income environment, and therefore still no full-scale recovery in the economy.

The Shizuoka Bank Group is committed to fulfilling its key role as a regional financial institution, even in an operating environment as challenging as the present one, by providing a reliable supply of funds to the business enterprises that underpin the regional economy and forging an even closer relationship with the regional community.

Fiscal 2010 is the final year of our 10th three-year medium-term business plan "Dream TEN – New Challenges" started in April 2008. By uniting the efforts of all our employees, it is our intention to continue to work toward the achievement of our vision of "nurturing the dreams of everyone in the region and growing as a comprehensive financial group – dream with you – you and Shizugin"

We hope that our shareholders and other stakeholders will continue to favor us with their support and encouragement in the future.

September 2010



Toru Sakurai
Chairman

Katsunori Nakanishi
President & Chief Executive Officer

Message from the President

Foster regional dreams as a growing comprehensive financial group — Dream with you Shizuoka Bank

CSR — Putting our fundamental principles into practice

The Japanese economy in fiscal 2009 brought a glimpse of the beginnings of a path towards economic recovery and deceleration of the sharp economic downturn continued since the autumn of 2008, thanks to an upturn in corporate earnings due to the effect of goverrment policies to stimulate the economy as well as a recovery in external demand mainly from developing nations.

On the other hand, various factors including concerns about the strong yen triggered by credit uncertainty in European economies, stock market weakness, and political upheaval proved that the operating environment remained as difficult as before. In such an environment many small and medium-sized enterprises struggled with steep sales declines due to sluggish consumption and selling prices decline because of excessive price competition. As a result, a full-scale recovery still looks far off at present.

Given this operating environment, the Shizuoka Bank Group is implementing positive and creative management initiatives to fulfill its responsibilities as a regional financial institution by protecting the regional economy and contributing to the development of a flourishing regional community. Moreover, the Group places the greatest emphasis upon its corporate social responsibility (CSR) obligations. In this area, we are focused on communicating with regional customers, sharing in the management issues at regional companies, and providing solutions to them. We think it's also important to give advice to individual customers in such areas as life planning, providing high-quality financial services to customers to fulfill their dreams and visions as a regional financial institution. We believe that these activities truly represent the realization of our fundamental principle of "growing our dreams and prosperity together with the region."

Shizuoka Bank Group's business model based on medium-term plan

Fiscal 2009 was the second year of our 10th medium-term business-plan "Dream TEN – New Challenges." We continued to make further efforts towards creating a management structure which generates a "virtuous circle" that enriches our corporate value by working to achieve the "trinity," our three basic strategies of: 1) establishing the solid operational base required to achieve sustained growth in tandem with the region, 2) achieving a group management infrastructure capable of high productivity and 3) establishing the "Shizugin" brand. We are all united in working together as one to achieve this goal.

Fiscal 2010 is the final year of our 10th three-year, medium-term business-plan "Dream TEN – New Challenges." However, with the economic environment still very stagnant, a solid growth strategy is not easy to formulate. The situation facing the financial institutions also continues to evolve rapidly, with postal system restructuring, efforts to address the SME Finance Facilitation Act, and International Financial Reporting Standards (IFRS).

Nevertheless, I believe that the keys required are "courage" to take one step forward and transcend past frameworks and structures; "insight" to spot the seeds of growth in the midst of change by listening to such keywords of today as "environmental issues" and "welfare," and "action" to challenge continuously. If we overcome these difficulties with steadfast belief and passion; I believe that we will have the strength to work our way through this difficult time.

At the Shizuoka Bank Group, each and every director and employee shares this way of thinking, courageously anticipates the changes from today, and takes a positive management approach to realize the vision; "nurturing the dreams of everyone in the region and growing as a comprehensive financial group. In line with my belief in an "unselfish heart," we intend to strengthen the bonds of trust with everyone, and share the delight with all of our stakeholders as we continue to develop as a financial institution.

Our 10th Medium-Term Business Plan (FY2008-2010)

Dream TEN — New Challenges

"Dream" indicates:

Our Basic philosophy: Expand dreams and affluence with our community and "dream," which is incorporated in our medium-term vision.

"TEN" signifies:

It is our 10th plan, and also includes the following meaning:

Trinity
The basic three strategies working as one

Effort
The efforts of all employees, driving the plan

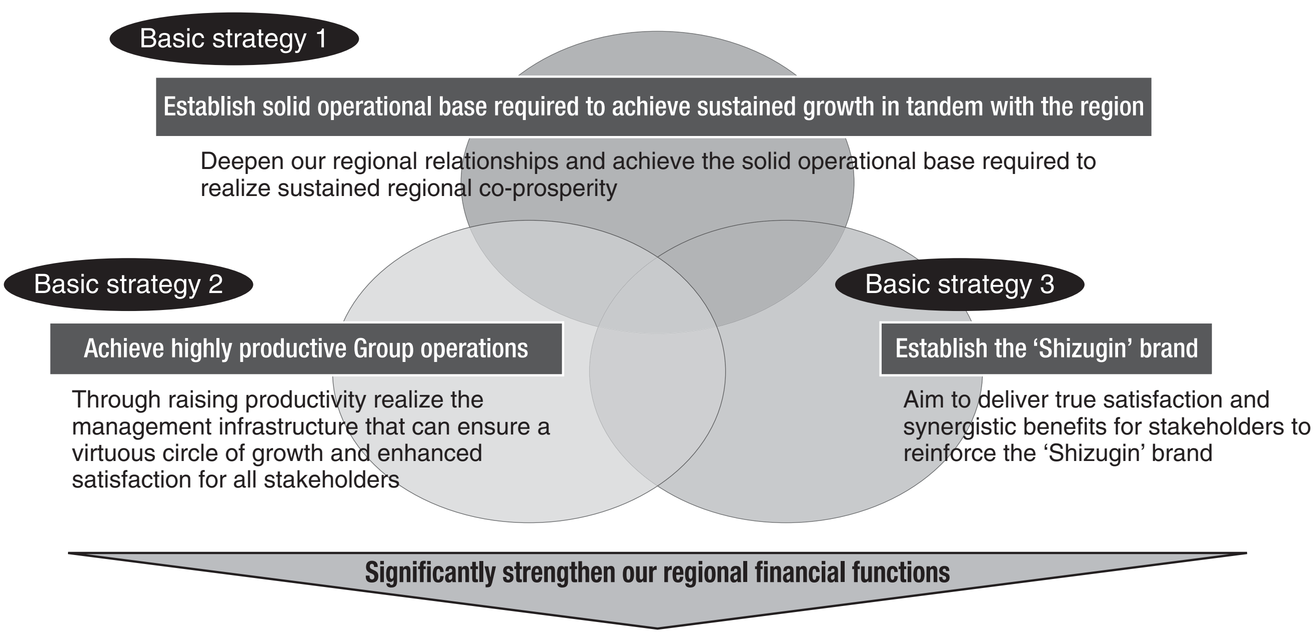
Next Stage
The next stage targeted in the plan

"New Challenges" signifies:

Actively taking on challenges to realize new dreams

Overview of basic strategies

- Realize a growth strategy through establishing: 1.The solid operational base required to achieve sustained growth in tandem with the region; 2. A group management infrastructure that can realize high productivity; and 3. The intangible infrastructure represented by the 'Shizugin' brand.



Group medium-term vision:

Foster regional dreams as a growing comprehensive financial group — Dream with you Shizuoka Bank

- Targets

		10th Medium-Term Plan targets (FY2010)	FY2009 results
Profit targets	Consolidated ordinary income	¥65.0 billion or more	¥53.9 billion
	Core net operating profit (Bank, non-consolidated)	¥65.0 billion or more	¥67.5 billion
	Consolidated net income	¥35.0 billion or more	¥32.8 billion
Efficiency indicators	Consolidated Tier I ROE (Net income/Tier I capital)	6% to 7%	5.19%
	Consolidated ROA (Consolidated net income)	0.4% or more	0.36%
	Consolidated OHR	Around 55%	52.02%
Financial soundness indicators	Consolidated Tier I capital adequacy ratio (BIS)	Around 12%	14.07%

Business Performance in Fiscal 2009 (Consolidated)

Business Performance in Fiscal 2009 (Consolidated)

Total income of the Shizuoka Bank Group decreased ¥17.6 billion from the previous term to ¥215.2 billion (US$2,314 million), attributable mainly to lower gains on sales of stocks and other securities.

Total expenses decreased ¥52.2 billion year-on-year, to ¥160.9 billion (US$1,730 million), principally as a result of an increase in provision of allowance for loan losses.

As a result, net income increased by ¥19.7 billion from the previous term, to ¥32.7 billion (US$352 million).

Cash Flows

Net cash used in operating activities amounted to ¥116.6 billion (US$1,253 million), due mainly to a decrease in borrowed money. Net cash provided by investing activities totaled ¥121.6 billion (US$1,308 million), reflecting the sale of securities. Net cash used in financing activities totaled ¥10.4 billion (US$112 million), mainly because of dividend payments.

As a result, cash and cash equivalents decreased by ¥5.3 billion at the term-end, to ¥131.9 billion (US$1,418 million).

Capital Ratios

Shizuoka Bank applies the "Foundation IRB (FIRB) approach" to the calculation of credit risk and the "standardized approach" to the calculation of operational risk.

As of the end of March 2010, the Bank's capital ratio according to the new standard was 15.32% on a consolidated basis. The fundamental Tier I capital ratio stood at 14.06%, and the core capital ratio (Tier I capital minus an amount equivalent to net deferred tax assets as the numerator) was 12.99%.

Credit Ratings

A credit rating is an indicator of a bank's ability to repay the principal of and interest on deposits. Credit ratings are widely accepted as reliable indicators of a bank's creditworthiness and financial safety. Shizuoka Bank has been rated by one Japanese and three overseas ratings agencies, and these ratings are in each case substantially higher than most Japanese financial institutions.

Risk Management Loans

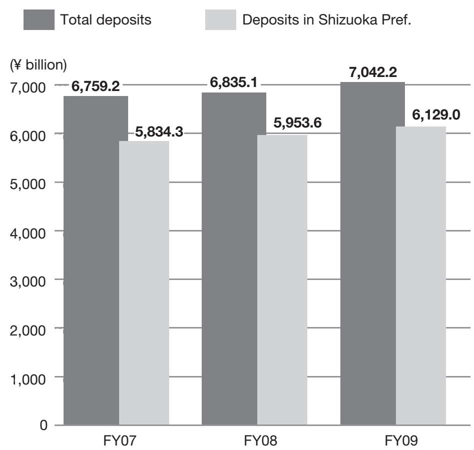
The balance of risk management loans, under the Banking Law, totaled ¥231.6 billion (US$2,489 million) on a consolidated basis, representing 3.68% of the total balance of loans outstanding at the end of the term. This figure reflects our success in curbing new occurrences of bad debt by supporting business rehabilitation of struggling customers, and our efforts to move bad debt off the balance sheet.

The majority of the Bank's risk management obligations are non-delinquent performing assets, thanks to appropriate increases in the allowance for loan-losses and loan losses covered by reserves or collaterals and guarantees remain at high levels.

Results of Recent Achievement

Deposit Services

Balance of deposits (average; non-consolidated)



Note: Balance of deposits excludes negotiable certificates of deposit

We have made efforts to raise the proportion of deposits, which are the basis of our entire business, through a variety of campaigns, targeting customers preparing for the major events in their lives, as well as new product introductions.

For individual customers, in addition to promoting ordinary deposit accounts, we provide other attractive products and services such as the specialized "Time Deposit with Lotto" that is only available from our Internet branch. For senior customers nearing retirement age, we established "Shizugin Pension seminars" in October 2009, and "55 plus" time deposit with special interest rate for customers 55-years or older. In addition, in March and April 2010 we held a special campaign for those newly employed. By providing products and services to fit every stage of customers' lives, we ensure that they will utilize our services for a long time, such as accounts for receiving pension, bonus, and payroll payments.

For our corporate clients, in addition to our "Multi-callable time deposits" and "yen-denominated time deposits with special foreign-exchange rider," we launched "foreign-currency-denominated time deposit with yen-denominated amortization rider" in March 2010 to expand our product range. In addition, we held the "Shizugin asset management seminar" in February 2010 aimed at people responsible for asset management and promoted deposits that provide solutions to their business issues.

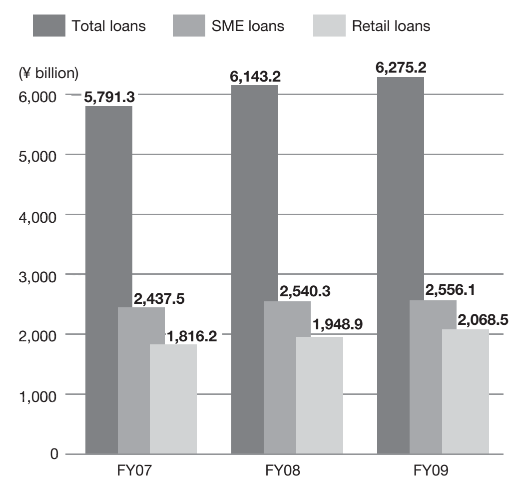
Loan Services

We have focused on financial support for our home region by providing loans and other financial products based on customer information gathered through long-term relationships with them. In this way, we contribute to the development of the regional economy as a regional bank of Shizuoka Prefecture.

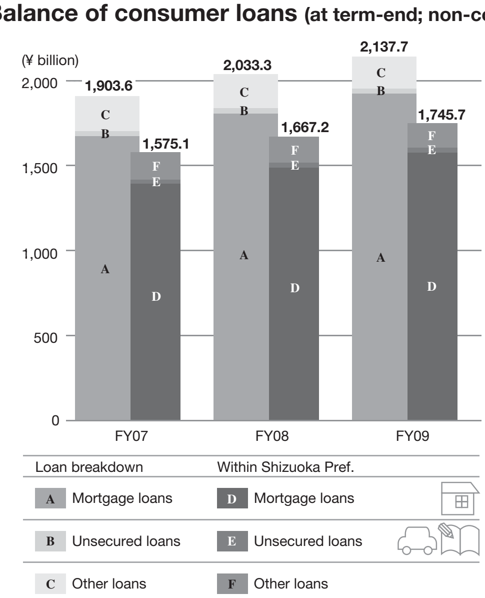
In corporate lending, we provided loan products that are not overly dependent on real estate collateral or personal guarantees, so as to supply stable funding to the region.

In retail lending, we developed a quick response system to promptly address the varying funding needs that our customers experience in the different stages of their lives. To respond more flexibly to the needs of the younger generation to buy new homes and to their refinancing needs because of the changes in interest rate conditions, we established the Atsugi Loan Desk in November 2009 and the East Shizuoka Station Loan Desk in April 2010.

Balance of total loans (average; non-consolidated)



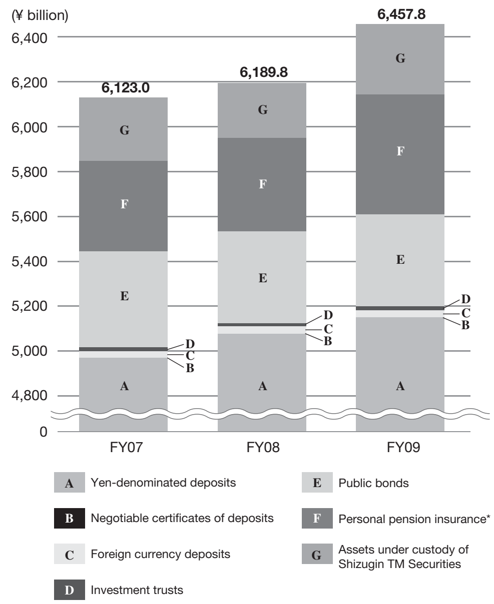
Balance of consumer loans (at term-end; non-consolidated)



Note: "Unsecured loans" include loans for car purchase, education expenses and loans taken out using bank cards

Asset Custody Services

Balance of individual assets under custody
(at term-end; Shizuoka Bank and Shizugin TM Securities)



* Balance of remaining contracts

Our financial planners, having expertise in asset management, are deployed throughout the Bank's service area, and offer a wide variety of appealing products to residents in the region to help them build their assets and realize a comfortable lifestyle.

In addition, since August 2009, we have established "insurance consultation desks" that provide advice on insurance planning tailored to fit the various needs of our clients as well as consultation services with life assurance specialists.

Utilizing the resources of our subsidiary Shizugin TM Securities, which handles a wide range of financial products such as investment trusts, we offered solutions to optimize customer portfolios by introducing customers interested in money market products to the subsidiary.

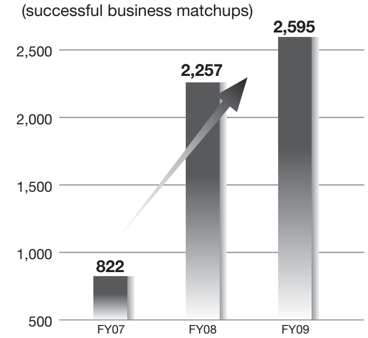
Solutions and Management Consulting

The Shizuoka Bank Group has promoted regional finance based on the three core pillars of its business philosophy. First, "business matching," by which we provide a smooth and stable support for the regional economy while responding to customer needs throughout their lifecycles and supporting their growth and business expansion. Second, "Shizuginship," our school for training soon-to-be managers, established to promote the future development and education of young managers, and to strengthen social interaction among them. Third, "support for management improvement and business revitalization" which means leveraging the comprehensive financial capabilities of the Group to stabilize and revitalize the region's economy.

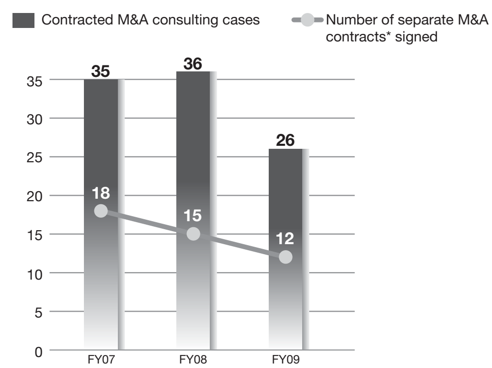
In addition, in order to respond to customer needs for overseas expansion, we are reinforcing the support system mainly in Asia by leveraging our business alliance with three financial institutions operating in Asia; namely Credit-Agricole CIB, Bangkok Bank, and China Construction Bank.

For individual customers, we have set up what we call company private bankers at three main locations in Shizuoka Prefecture, helping customers to build their assets through extended, personalized relationships. In addition, we collaborate with Mitsubishi UFJ Trust and Banking to provide expert advice on inheritance planning, which is attracting attention among an aging population.

Business matching performance
(successful business matchups)

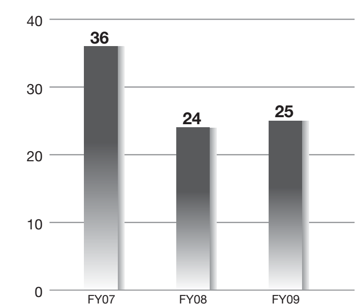


M&A consulting performance
Collaboration with Shizugin Management Consulting Co., Ltd.



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

Management consulting contracts track record
Collaboration with Shizugin Management Consulting Co., Ltd.



Credit Cards

We have build up our credit card business as a new component of our business line, and is designed to deal with the anticipated decline in mortgage loans caused by a dwindling population and an aging society. Users of "joyca," a card issued by the Bank itself, exceeded 350,000 as of the end of March 2010. In July 2008, Shizugin Saison Card, a joint venture with Credit Saison, began selling the Entetsu Card in collaboration with Ensyu Railway. By March 2010 the number of cardholders had topped 90,000 and the Entetsu Card had become one of the most popular credit cards in use in Western Shizuoka.

Management Systems

Corporate Governance System

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

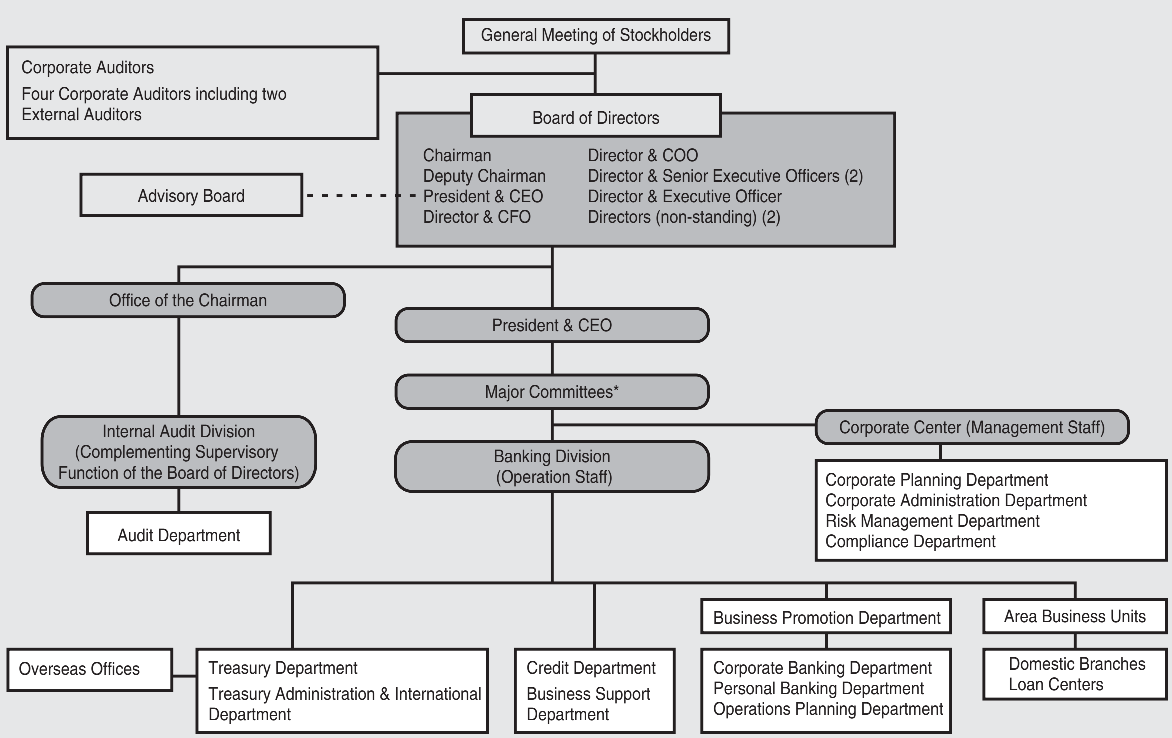
Shizuoka Bank has adopted the corporate auditor-led system of governance, in which two of four auditors come from outside the Group, to ensure greater management transparency and strengthen monitoring functions.

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

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

In addition, we have established an Advisory Board to assist the President of the Bank with the goal of ensuring the objectivity of the Bank's decision-making process. This board is composed mainly of executives from outside the Bank, so as to involve outside viewpoints.

Bank's Corporate Governance System



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

Creation of an Internal Monitoring System

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

We have also set forth the Bank's basic policies so as to provide a system that makes the directors of the Bank comply with both the law and the Bank's Articles of Incorporation as part their duties. The system also enables management to ensure appropriate business operations across the board. Based on these policies, we are currently working to create an effective system of internal control.

Ensuring the Reliability of Financial Reporting

In fiscal 2008 the provision of Internal Control Reporting System became mandatory under the Financial Instruments and Exchange Act. This system requires managers to evaluate the internal controls over financial reporting, and also requires auditors, such as certified public accountants, to audit it in order to ensure the reliability of a company's financial reporting.

The Shizuoka Bank Group has developed and strictly operated a high-quality system of internal control. It has stated that from the first year of the system's application and after, the internal controls for financial reporting have been effective.

Prompt and Appropriate Disclosure

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

Basic Compliance Policy and Organizational Structure

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

Meetings of the Compliance Committee, chaired by the Bank's president and composed of directors and other top executives, are held monthly to deliberate on important compliance-related matters and assess the operation of the compliance system across the whole Shizuoka Bank Group – including progress being made in achieving the goals of the Compliance Program. The system is revised when deemed necessary.

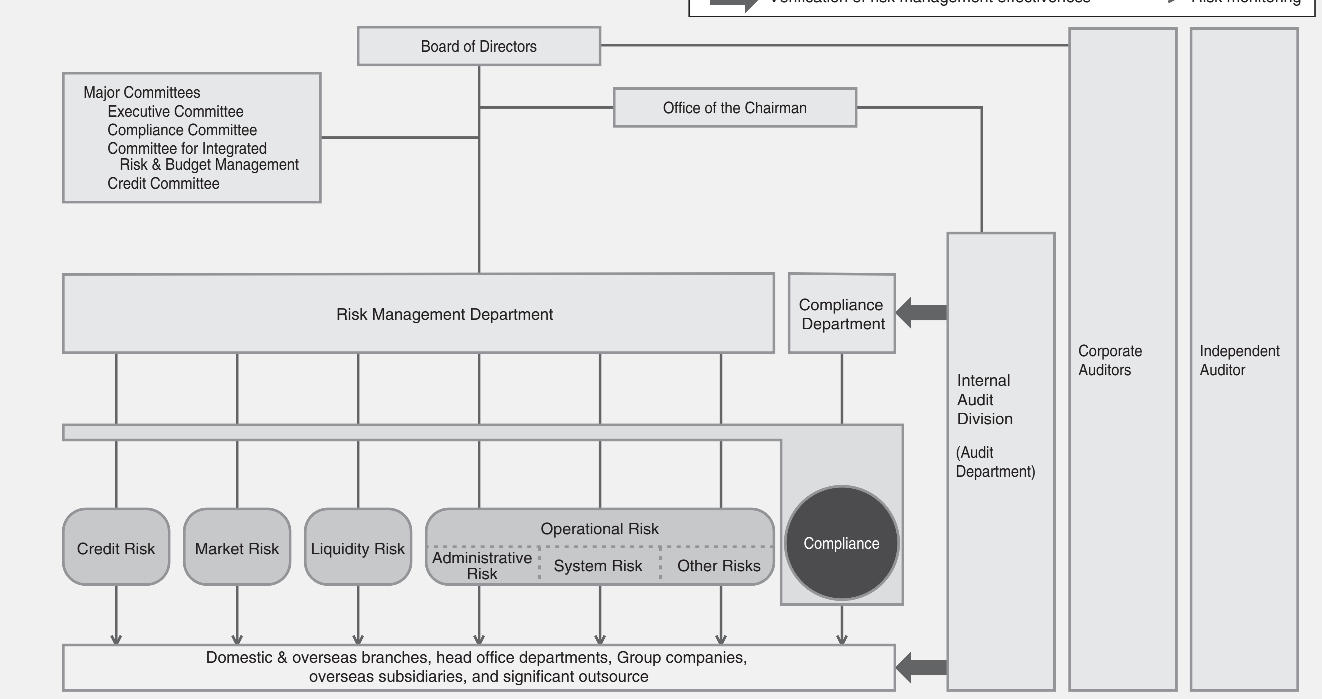
In addition to acting as the central body for the unified management of compliance-related information throughout the Group, the Compliance Group of the Compliance Department takes prime responsibility for monitoring the functioning of the compliance system, devises preventive measures against possible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

Creating a Compliance-Centered Corporate Culture

Shizuoka Bank has assigned persons responsible for compliance to all of its branches, head office departments, and subsidiaries. In addition, utilizing the Shizugin Compliance Handbook distributed to all the employees, as well as training sessions and workshops for the practice of compliance, the Bank has fostered a compliance-focused corporate culture.

Risk Management Systems

Compliance and Risk Management Systems



Integrated Risk Management System

To secure steady earnings while maintaining a sound financial position, the Shizuoka Bank Group has positioned risk management as a top-priority management issue.

At the Shizuoka Bank Group, we conduct risk management by establishing a fundamental framework consisting of defining risk, setting up an organizational structure for risk management, and following specific risk control procedures based the “Risk Management Basic Rules” which lay down the fundamental principles that underlie our approach to risk management.

To maintain an appropriate balance between raising earnings levels and financial sustainability, we have introduced a risk management that is based upon the allocation of risk capital as an integral part of the Bank’s integrated risk management system.

By the “allocation of risk capital,” we mean limiting risk within management resource capabilities by establishing an organization to ensure the soundness of management. Shizuoka Bank defines the core shareholder’s equity(*) as capital for allocation, and allocates it to all departments involved in business execution. Even if market risk, credit risk and other risks were to materialize, the resulting losses would be controlled within the bounds of shareholders’ equity.

(*) Ordinary equity + retained earnings + other valuation gains on negotiable securities – funds due to be paid outside the company – intangible fixed assets – prepaid pension expenses, etc.

Credit Risk Management

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

The Bank’s borrower credit rating system, which is the foundation stone of its credit risk management, together with other internal rating systems, was built into a system in which responsibility for the design of the system and supervision of its function belongs to the Credit Risk Management Group (which is independent from the front-line units); responsibility for the day-to-day operation of the system belongs to the Ratings Assessment Group of the Credit Department; and responsibility for verification of the system belongs to 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 self-assessment process – overseen by the Asset Auditing Group of the Audit Department, which is organizationally independent of the front-line marketing and loan units – is used to verify that the rules of credit risk management are being properly observed.

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

Borrowers' Credit Rating System

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

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

Market risk management

In addition to allocating risk capital for market transactions, at the Shizuoka Bank Group, limits the market risk within certain defined levels by setting various restrictions, such as the amount of exposure and loss, depending upon the risk profile or type of transaction of each asset being traded in.

For banking account transactions including deposits, loans, and investment securities, we have established ALM hedging standards to limit the volume of market risk within certain defined quantitative limits. The ALM group of the Corporate Planning Department is responsible for managing the integrated risk and budget control committee, the ALM hedging policies based on the current interest rate risk environment and on the outlook for interest rates.

The organization of the market divisions is strictly divided between departments conducting transactions (front office: Treasury Department) and administrative and control departments (back office: Treasury Administration & International Department, Treasury & International Operations Center). In addition, an independent risk management department (middle office: Risk Management Department, Risk Management Group) that provides for mutual checks and balances has been established. Moreover, the monitoring of the effectiveness of the mutual control within these three departments is conducted through inspections by the Internal Audit Division, which is independent of the departments responsible for executing transactions.

Liquidity risk management

The Shizuoka Bank Group has established separate yen and foreign currency-denominated financing control departments (Treasury Department, Fund & Foreign Exchange Group, Treasury Administration & International Department, Treasury & International Operations Center etc.), and set up a system that provides mutual checks and balances by establishing a liquidity risk management department (Risk Management Department, Risk Management Group) that is entirely independent of the financing management departments. The Treasury Department and the Fund & Foreign Exchange Group, which is one of the financing management departments, controls fundraising requirements within the procurable levels to avold excessive fundraising. We also conduct stable fund management activities, paying close attention to market conditions. Moreover, the liquidity risk management department monitors the status of the management of financing administrative departments and assesses the stability of the assets-liabilities structure including current holdings of highly liquid assets which can be easily monetized.

To handle unforeseen circumstances, emergency fundraising control is divided into four stages: "Stage 1 (preventive stage)"; "Stage 2 (attention required stage)"; "Stage 3 (liquidity concern stage)"; and "Stage 4 (insufficient liquidity stage)"; with each stage having its own person in charge and predefined countermeasures, thereby forming a structure capable of swiftly responding to issues should they arise.

As for market liquidity risk, the liquidity risk management department routinely monitors the status of highly liquid asset holdings. The front office addresses market liquidity risk by selecting investment assets based on their liquidity and setting limits on specific stocks and holding periods.

Operational Risk Management

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

Business Continuity Plan

As a regional financial institution, the Shizuoka Bank has established the Contingency Plan as its business continuity plan. The Plan enables the Bank to continually carry out its critically important operations or to resume them as soon as possible after an interruption, even in the case of a major natural disaster like the Tokai earthquake or an earthquake immediately beneath the Tokyo metropolitan area or an outbreak of a new strain of bird influenza. We are making every effort to reinforce our ability to deal with the occurrence of these states of emergency in the future.

In addition to making key facilities such as our computer and training centers earthquake-proof, and reinforcing the earthquake-resistance of our buildings, we have installed uninterruptible power supplies (UPS) and private power generation equipment. We have also installed a wide range of disaster prevention countermeasure facilities including telecommunications equipment for emergent situations, a duplicate communications network and a backup system established in case trouble arises.

Our Operational Base: Shizuoka Prefecture

Economic Scale

With a nominal annual economic output of ¥16.9 trillion (US$181.94 billion) in fiscal 2007, Shizuoka Prefecture, our main operational base, would comes after the GDP of Singapore, Rumania and Philippine. In terms of economic indicators, Shizuoka Prefecture has a share of the national economy amounting to roughly 3%, putting it at around 10th place among the country's 47 prefectures. For this reason, it is sometimes called "the 3% economy."

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 ranks first among Japan's 47 prefectures for the establishment of new factories, and is one of the country's leading manufacturing areas. Moreover, the wide variety of industries represented within Shizuoka has led to it being dubbed "the industrial department store." Corporations active in Shizuoka include world-leading enterprises such as Toyota, Honda, Suzuki, and Yamaha, and the prefecture is renowned for its concentration of export-oriented manufacturing companies. Many of these firms have set up production subsidiaries overseas, which is creating a growing international aspect to the regional economy. In addition, Mt. Fuji Shizuoka Airport opened in June 2009, and we expect that Shizuoka prefecture will be more internationalized, stimulating the interchange of people and ideas with the major urban centers of Eastern Asia, and act as an important driving force for the regional economy.

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

Eastern Shizuoka

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

The Pharma Valley Project

In anticipation of a massive increase in demand for medical treatment and nursing care services against the background of a growing lifespan, a project is being pursued to encourage research activities in the field of wellness.

Central Shizuoka

This region has a wide variety of retailing companies and a concentration of other service industries. Traditional craft manufacturing (primarily furniture), plastic models and other toy manufacturing, and food processing industries (tea, canned foods) are also active in this part of Shizuoka. The famous ports of Yaizu and Shimizu are also located in this region. The former is well-known as a base for large-scale commercial fishing operations, and the latter as a trading port.

The Food-Science Hills Project

This project seeks to develop the local industrial base by efforts to overcome lifestyle-related diseases through scientific progress in the fields of foods and pharmaceutical products.

Western Shizuoka

This part has a high concentration of manufacturing companies, such as makers of motorcycles and musical instruments, among which are many world-renowned companies. This is one of the main reasons why Shizuoka Prefecture ranks third among Japan's 47 prefectures in terms of the value of manufactured goods shipments, accounting for 5.7% of the value of nation's total manufacturing output in 2008. It is to this area that Shizuoka Prefecture owes its reputation as a heavily industrialized prefecture with a high proportion of export-oriented companies.

The Photon Valley project

The project aims to develop a next-generation industrial base centered on optical technology, and assist in practical industrial applications of new technologies.

Main Economic and Business Indicators for Shizuoka Prefecture

Item	Figure	Share of National Total	Nationwide Rank	Date of Survey
Area	7,780 km²	2.1%	13th	October 2009
Population	3.79 million	3.0%	10th	October 2009
Households	1.42 million	2.7%	10th	March 2009
Gross product (nominal)	¥16,927.5 billion	3.3%	10th	FY2007
Business premises	191 thousand	3.2%	10th	October 2006
Value of farm output	¥228.1 billion	2.6%	13th	2008
Fishery catch	202 thousand tons	3.6%	6th	2008
Manufactured goods shipments (by factories with four employees or more)	¥19,177.7 billion	5.7%	3rd	2008
Annual revenue of wholesaling industry	¥6,976.4 billion	1.7%	11th	2007
New housing starts	26,946	3.4%	9th	2009
Information service sales	¥111.7 billion	0.8%	13th	2008

Shipments of Manufactured Products in which Shizuoka Holds 1st Place (2008)

Item	Value of Shipments (¥ billion) Shizuoka Pref.	Share of National Total	Nationwide Rank
Pulp & paper	895.8	12.4%	1st
Air conditioners	195.4	33.4%	1st
Green tea	151.3	57.9%	1st
Tea beverages	189.5	33.8%	1st
Piano	37.5	100.0%	1st
Canned tuna	29.7	88.6%	1st
Aluminum foil	38.2	34.7%	1st
Plastic model kit	16.0	80.5%	1st
Knocked-down set	115.6	62.5%	1st
Copper-clad wire	136.3	24.0%	1st

Economic Trends in Shizuoka

In Japan, an upturn was seen in corporate earnings with the recovery of external demand mainly from developing nations, as well as the government's measures to stimulate the economy. Thanks to this and other factors, the steep rate of economic decline since the autumn of 2008 began to slow down, and some signs of a recovery in business conditions were seen.

However, various other factors, including concerns about the strong yen triggered by credit uncertainty in European economies, as well as stock market weakness, caused the operating environment to remain as difficult as ever.

In Shizuoka Prefecture, most economic indicators paint a bleak picture. Both the real economic growth rate and the business conditions diffusion index fell below the national average, while active openings ratio has also been below the national average since February 2009. Many companies are holding back on hiring and capital investment in view of the uncertainty of future prospects. SMEs, in particular, are suffering severely from decreased sales due to the sluggish consumer spending, as well as declining sales prices caused by overcompetition. It seems clear that a full-scale economic recovery will take quite some time.

Financial Institutions in Shizuoka Prefecture

Japan's megabanks and other money-center banks operating on a nationwide scale are now active in the principal cities of Shizuoka Prefecture. Moreover, in addition to Shizuoka Bank, there are three other regional banks operating in the prefecture, as well as 13 shinkin banks (large-scale credit unions) and various government-run financial institutions and agricultural cooperatives. Shizuoka Prefecture is thus one of the most hotly contested financial markets in Japan.

Over the sixty years since its establishment, Shizuoka Bank has built up a solid base of loyal customers. For this reason, we are confident of retaining our firm position as the prefecture's leading bank.

Deloitte.

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of The Shizuoka Bank, Ltd. (the "Bank") and consolidated subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Shizuoka Bank Ltd. and consolidated subsidiaries as of March 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

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

Deloitte Touche Tohmatsu LLC

June 17, 2010

Member of
Deloitte Touche Tohmatsu

Consolidated Balance Sheets

THE SHIZUOKA BANK, LTD. and Subsidiaries   March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2010	2009	2010
Assets:			
Cash and due from banks (Notes 12 and 29)	¥ 401,989	¥ 287,987	$ 4,320,607
Call loans and bills bought	23,632	57,233	254,000
Monetary claims bought	33,012	62,107	354,821
Trading assets (Notes 4 and 29)	46,685	65,127	501,778
Money held in trust (Note 5)	2,100		22,571
Securities (Notes 6, 12 and 29)	2,044,611	2,063,085	21,975,614
Loans and bills discounted (Notes 7, 12, 13 and 29)	6,284,067	6,350,250	67,541,568
Foreign exchanges (Note 8)	3,896	10,178	41,881
Lease receivables and investment assets (Notes 12 and 27)	39,550	36,422	425,094
Other assets (Notes 9 and 12)	92,189	83,029	990,854
Tangible fixed assets (Note 10)	67,479	71,916	725,272
Intangible fixed assets (Note 10)	17,516	18,788	188,264
Deferred tax assets (Note 26)	2,871	18,831	30,860
Customers' liabilities for acceptances and guarantees (Note 11)	71,693	71,034	770,567
Allowance for loan losses (Note 29)	(90,873)	(81,141)	(976,718)
Allowance for investment losses	(90)	(109)	(969)
Total Assets	¥9,040,330	¥9,114,742	¥97,166,064
Liabilities and Equity:			
Liabilities:			
Deposits (Notes 12, 14 and 29)	7,479,446	7,389,963	80,389,582
Call money and bills sold (Note 29)	113,880	149,623	1,224,000
Payables under securities lending transactions (Notes 12 and 29)	207,795	126,751	2,233,396
Trading liabilities (Note 4)	27,751	28,341	298,278
Borrowed money (Notes 12, 15 and 29)	164,998	478,045	1,773,416
Foreign exchanges (Note 8)	89	116	964
Bonds payable (Note 16)	65,000	85,000	698,624
Other liabilities (Notes 12 and 17)	158,131	108,245	1,699,602
Provision for retirement benefits (Note 18)	23,014	22,870	247,363
Provision for losses from reimbursement of inactive accounts	889	960	9,555
Provision for contingent losses	2,141	1,263	23,022
Reserves under special laws	11	11	121
Deferred tax liabilities (Note 26)	6,417		68,971
Acceptances and guarantees (Note 11)	71,693	71,034	770,567
Total Liabilities	¥8,321,261	¥8,462,226	$89,437,461
Equity: (Notes 19, 20, 21 and 33)			
Capital stock,			
authorized, 2,414,596 thousand shares:			
issued, 705,129 thousand shares in 2010 and 710,129 thousand shares in 2009	90,845	90,845	976,416
Capital surplus	54,884	54,887	589,898
Subscription rights to shares	181	129	1,946
Retained earnings	480,707	462,094	5,166,672
Valuation difference on available-for-sale securities	83,376	40,284	896,131
Deferred gains or losses on hedges	(404)	(312)	(4,342)
Foreign currency translation adjustment	(1,031)	(884)	(11,084)
Treasury stock-at cost			
9,161 thousand shares in 2010 and 12,159 thousand shares in 2009	(8,640)	(12,349)	(92,863)
Total	699,918	634,695	7,522,774
Minority interests	19,150	17,819	205,829
Total Equity	719,069	652,515	7,728,603
Total Liabilities and Equity	¥9,040,330	¥9,114,742	$97,166,064

See notes to consolidated financial statements.

Consolidated Statements of Income

THE SHIZUOKA BANK, LTD. and Subsidiaries Years ended March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2010	2009	**2010**
Income:			
Interest Income:			
Interest on loans and discounts	**¥110,857**	¥123,898	**$1,191,509**
Interest and dividends on securities	**31,398**	35,830	**337,477**
Other interest income	**1,867**	3,979	**20,071**
Subtotal	**144,124**	163,709	**1,549,057**
Fees and Commissions	**45,637**	43,914	**490,513**
Trading Income	**1,712**	2,188	**18,411**
Other Operating Income (Note 22)	**11,620**	13,675	**124,896**
Other Income (Note 23)	**12,158**	9,461	**130,680**
Total Income	**215,253**	232,950	**2,313,557**
Expenses:			
Interest Expenses:			
Interest on deposits	**11,595**	22,650	**124,633**
Interest on borrowings and rediscounts	**1,254**	6,263	**13,481**
Other interest expense	**1,818**	5,078	**19,542**
Subtotal	**14,668**	33,992	**157,656**
Fees and Commission Payments	**22,019**	20,521	**236,667**
Other Operating Expenses (Note 24)	**4,654**	11,919	**50,032**
General and Administrative Expenses	**87,883**	86,477	**944,578**
Other Expenses (Note 25)	**31,762**	60,362	**341,382**
Total Expenses	**160,988**	213,272	**1,730,315**
Income before Income Taxes and Minority Interests	**54,264**	19,677	**583,242**
Income Taxes: (Note 26)			
Current	**23,838**	14,882	**256,220**
Deferred	**(3,638)**	(9,617)	**(39,108)**
Minority Interests in Net Income of Consolidated Subsidiaries	**1,308**	1,400	**14,067**
Net Income	**¥ 32,755**	¥ 13,012	**$ 352,063**

	Yen		U.S. Dollars (Note 2)
Per Share: (Note 32)			
Basic net income	**¥46.92**	¥18.64	**$0.50**
Diluted net income	**46.91**	18.63	**0.50**
Cash dividends applicable to the year	**13.00**	13.00	**0.14**

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

THE SHIZUOKA BANK, LTD. and Subsidiaries Years ended March 31, 2010 and 2009

	Thousands	Millions of Yen										
	Outstanding Number of Shares of Common Stock	Capital Stock	Capital Surplus	Subscription Rights to Shares	Retained Earnings	Valuation Difference on Available-for-sale Securities	Deferred Gains or Losses on Hedges	Foreign Currency Translation Adjustment	Treasury Stock	Total	Minority Interests	Total Equity
Balance at April 1, 2008	710,129	¥90,845	¥54,887	¥ 57	¥458,525	¥108,950	¥(218)	¥ (44)	¥(12,163)	¥700,841	¥16,549	¥717,391
Changes during the period:												
Cash dividends, ¥13.50 per share					(9,423)					(9,423)		(9,423)
Net income					13,012					13,012		13,012
Purchase of treasury stock (462 thousand shares)									(479)	(479)		(479)
Disposal of treasury stock (289 thousand shares)					(19)				294	274		274
Net changes other than shareholders' equity				71		(68,666)	(94)	(839)		(69,529)	1,270	(68,259)
Total changes during the period				71	3,569	(68,666)	(94)	(839)	(185)	(66,145)	1,270	(64,875)
Balance at March 31, 2009	710,129	¥90,845	¥54,887	¥129	¥462,094	¥ 40,284	¥(312)	¥ (884)	¥(12,349)	¥634,695	¥17,819	¥652,515
Balance at April 1, 2009	710,129	¥90,845	¥54,887	¥129	¥462,094	¥ 40,284	¥(312)	¥ (884)	¥(12,349)	¥634,695	¥17,819	¥652,515
Changes during the period:												
Cash dividends, ¥12.50 per share					**(8,724)**					**(8,724)**		**(8,724)**
Net income					**32,755**					**32,755**		**32,755**
Purchase of treasury stock (5,248 thousand shares)									**(4,218)**	**(4,218)**		**(4,218)**
Disposal of treasury stock (3,245 thousand shares)			**(3)**		**(780)**				**3,288**	**2,504**		**2,504**
Retirement of treasury stock (5,000 thousand shares)	**(5,000)**				**(4,638)**				**4,638**			
Net changes other than shareholders' equity				**51**		**43,091**	**(91)**	**(146)**		**42,905**	**1,330**	**44,235**
Total changes during the period	**(5,000)**		**(3)**	**51**	**18,612**	**43,091**	**(91)**	**(146)**	**3,709**	**65,222**	**1,330**	**66,553**
Balance at March 31, 2010	**705,129**	**¥90,845**	**¥54,884**	**¥181**	**¥480,707**	**¥83,376**	**¥(404)**	**¥(1,031)**	**¥(8,640)**	**¥699,918**	**¥19,150**	**¥719,069**

	Thousands of U.S. Dollars (Note 2)										
	Capital Stock	Capital Surplus	Subscription Rights to Shares	Retained Earnings	Valuation Difference on Available-for-sale Securities	Deferred Gains or Losses on Hedges	Foreign Currency Translation Adjustment	Treasury Stock	Total	Minority Interests	Total Equity
Balance at April 1, 2009	$976,416	$589,938	$1,393	$4,966,624	$432,977	$(3,357)	$(9,509)	$(132,728)	$6,821,754	$191,530	$7,013,284
Changes during the period:											
Cash dividends, $0.13 per share				**(93,766)**					**(93,766)**		**(93,766)**
Net income				**352,063**					**352,063**		**352,063**
Purchase of treasury stock								**(45,338)**	**(45,338)**		**(45,338)**
Disposal of treasury stock		**(40)**		**(8,390)**				**35,344**	**26,914**		**26,914**
Retirement of treasury stock				**(49,859)**				**49,859**			
Net changes other than shareholders' equity			**553**		**463,154**	**(985)**	**(1,575)**		**461,147**	**14,299**	**475,446**
Total changes during the period		**(40)**	**553**	**200,048**	**463,154**	**(985)**	**(1,575)**	**39,865**	**701,020**	**14,299**	**715,319**
Balance at March 31, 2010	**$976,416**	**$589,898**	**$1,946**	**$5,166,672**	**$896,131**	**$(4,342)**	**$(11,084)**	**$(92,863)**	**$7,522,774**	**$205,829**	**$7,728,603**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

THE SHIZUOKA BANK, LTD. and Subsidiaries   Years ended March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2010	2009	**2010**
I. Operating Activities:			
Income before income taxes and minority interests	**¥ 54,264**	¥ 19,677	**$ 583,242**
Adjustments for:			
Income taxes paid	**(9,676)**	(25,539)	**(103,999)**
Depreciation and amortization	**12,959**	11,540	**139,291**
Impairment losses	**3**	56	**36**
Equity in (earnings) losses of affiliates	**255**	447	**2,743**
Increase (decrease) in allowance for loan losses	**9,731**	22,254	**104,599**
Increase (decrease) in allowance for investment losses	**(18)**	0	**(203)**
Increase (decrease) in provision for retirement benefits	**144**	(54)	**1,549**
Increase (decrease) in provision for reimbursement of inactive accounts	**(71)**	32	**(763)**
Increase (decrease) in provision for contingent losses	**878**	817	**9,441**
Interest income	**(144,124)**	(163,709)	**(1,549,057)**
Interest expense	**14,668**	33,992	**157,656**
Losses (gains) on securities	**(8,150)**	17,727	**(87,600)**
Losses (gains) on money held in trust	**(12)**		**(131)**
Losses (gains) on sale of fixed assets	**(428)**	(140)	**(4,609)**
Net decrease (increase) in trading assets	**18,442**	4,150	**198,220**
Net increase (decrease) in trading liabilities	**(589)**	(3,379)	**(6,334)**
Net decrease (increase) in loans and bills discounted	**54,940**	(425,123)	**590,503**
Net increase (decrease) in deposits	**101,933**	61,393	**1,095,592**
Net increase (decrease) in borrowed money	**(309,092)**	143,929	**(3,322,144)**
Net decrease (increase) in due from banks (excluding deposits paid to Bank of Japan)	**(122,099)**	18,056	**(1,312,329)**
Net decrease (increase) in call loans	**33,113**	127,766	**355,907**
Net decrease (increase) in monetary claims bought	**19,315**	80,857	**207,610**
Net increase (decrease) in call money	**(32,703)**	(11,975)	**(351,502)**
Net increase (decrease) in payables under securities lending transactions	**87,686**	57,898	**942,458**
Net decrease (increase) in foreign exchanges (assets)	**6,126**	(6,224)	**65,852**
Net increase (decrease) in foreign exchanges (liabilities)	**(27)**	(164)	**(292)**
Net decrease (increase) in lease receivables and investment assets	**(3,845)**	(9,122)	**(41,333)**
Increase (decrease) in straight bonds-issuance and redemption	**(20,000)**	(63,938)	**(214,961)**
Interest and dividends received	**147,617**	165,475	**1,586,599**
Interest paid	**(15,841)**	(34,755)	**(170,262)**
Other-net	**(12,006)**	3,289	**(129,044)**
Total Adjustments	**(170,868)**	5,557	**(1,836,507)**
Net Cash Provided by (Used in) Operating Activities	**(116,603)**	25,235	**(1,253,265)**
II. Investing Activities:			
Purchases of securities	**(1,743,221)**	(1,572,398)	**(18,736,253)**
Proceeds from sales of securities	**1,642,637**	1,289,175	**17,655,174**
Proceeds from redemptions of securities	**232,282**	302,639	**2,496,583**
Increase in money held in trust	**(2,100)**		**(22,571)**
Purchases of tangible fixed assets	**(5,644)**	(8,333)	**(60,673)**
Purchases of intangible fixed assets	**(3,832)**	(6,152)	**(41,190)**
Proceeds from sales of tangible fixed assets	**1,566**	1,214	**16,833**
Net Cash Provided by (Used in) Investing Activities	**121,687**	6,144	**1,307,903**
III. Financing Activities:			
Dividends paid	**(8,710)**	(9,415)	**(93,617)**
Dividends paid to minority interests	**(21)**	(27)	**(231)**
Purchase of treasury stock	**(4,218)**	(479)	**(45,338)**
Proceeds from sales of treasury stock	**2,504**	274	**26,914**
Net Cash Provided by (Used in) Financing Activities	**(10,445)**	(9,648)	**(112,272)**
IV. Foreign Currency Translation Adjustments on Cash and Cash Equivalents	**(15)**	(26)	**(171)**
V. Net Increase (Decrease) in Cash and Cash Equivalents	**(5,378)**	21,704	**(57,805)**
VI. Cash and Cash Equivalents at Beginning of Year	**137,295**	115,590	**1,475,659**
VII. Cash and Cash Equivalents at End of Year (1)	**¥ 131,917**	¥ 137,295	**$ 1,417,854**

See notes to consolidated financial statements.

Note (1): For the purpose of the consolidated statements of cash flows, cash and cash equivalents consist of cash and demand deposits with the Bank of Japan.
Cash and due from banks on the consolidated balance sheets at March 31, 2010 and 2009 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)
	2010	2009	**2010**
Cash and due from banks	**¥401,989**	¥287,987	**$4,320,607**
Other due from banks	**(270,072)**	(150,692)	**(2,902,753)**
Cash and cash equivalents, end of year	**¥131,917**	¥137,295	**$1,417,854**

Notes to Consolidated Financial Statements

THE SHIZUOKA BANK, LTD. and Subsidiaries   Years ended March 31, 2010 and 2009

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,” 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 accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

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

In addition, certain reclassifications and rearrangements have been made in the 2009 consolidated financial statements to conform to classifications and presentations used in 2010.

2. YEN AND U.S. DOLLAR AMOUNTS

As permitted by the Japanese Financial Instruments and Exchange Act, yen amounts less than one million have been omitted. As a result, the totals in yen shown in the accompanying consolidated financial statements and the notes thereto do not necessarily agree with the sum of the individual account balances.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and operates. The 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 ¥93.04 to $1, the approximate rate of exchange at March 31, 2010. Such translation should not be construed as representations 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, 2010 and 2009 include the accounts of the Bank, 11 subsidiaries and 1 company accounted by the equity method.

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

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

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

The difference between the cost of an acquisition and the fair value of net assets of the acquired subsidiary at the date of acquisition is charged to income when incurred.

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

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

In May 2006, the Accounting Standards Board of Japan (the “ASBJ”) issued ASBJ Practical Issues Task Force (PITF) No.18, “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements.” PITF No.18 prescribes that: (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material: 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in equity; 3) expensing capitalized development costs of R&D; 4) cancellation of fair value model accounting for property, plant, and equipment and investment properties and incorporation of cost model accounting; 5) recording the prior years’ effects of changes in accounting policies in the income statement where retrospective adjustments to financial statements have been incorporated; and 6) exclusion of minority interests from net income, if contained. PITF No.18 was effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted.

The Group applied this accounting standard effective April 1, 2008.

Trading purpose transactions:

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

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

Securities:

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

Available-for-sale-securities whose fair value cannot be reliably determined are stated at cost determined by the moving-average method.

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

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

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

Depreciation of tangible fixed assets owned by consolidated subsidiaries is principally computed using the declining-balance method over the estimated useful lives of the assets.

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 would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

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

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 self-assessment system. This system reflects 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 customers are classified into five categories. The credit rating system is used for self-assessment of asset quality. All loans are classified into five categories for self-assessment purposes — "normal," "caution," "possible bankruptcy," "virtual bankruptcy" and "legal bankruptcy."

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

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

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

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

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

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

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

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

Leases:
In March 2007, the ASBJ issued ASBJ Statement No.13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions which was issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

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

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

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

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

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

Stock options:

ASBJ Statement No.8, “Accounting Standard for Stock Options” and related guidance are applicable to stock options granted on and after May 1, 2006.

This standard requires companies to recognize compensation expenses for employee stock options based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to non-employees based on the fair value of either the stock option or the goods or services received. In the balance sheet, the stock option is presented as subscription rights to shares as a separate component of equity until exercised.

The Bank has applied the accounting standard for stock options to those granted on and after May 1, 2006.

Translation of foreign currencies:

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

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

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

Income taxes:

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

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

Derivatives and hedging activities:

(a) Transactions to hedge against interest rate risk

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

Special hedging treatment is applied for interest rate swaps.

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

(b) Transactions to hedge against foreign exchange fluctuation risk

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

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

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

Statement of cash flows:

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

Per share information:

Basic net income per share is computed by dividing net income available to common stockholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits. The average number of common shares used in the computation was 698,073,881 shares for 2010 and 698,034,536 shares for 2009.

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 statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

New Accounting Pronouncements:

(a) Business combinations

In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No.21, “Accounting Standard for Business Combinations.” Major accounting changes under the revised accounting standard are as follows:

(1) The current accounting standard for business combinations allows companies to apply the pooling of interests method of accounting when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. The revised standard requires companies to account for such business combinations by the purchase method and the pooling of interests method of accounting is no longer allowed.

(2) The current accounting standard accounts for research and development costs to be charged to income as incurred. Under the revised standard, in-process research and development (IPR&D) acquired by the business combination is capitalized as an intangible asset.

(3) The current accounting standard accounts for a bargain purchase gain (negative goodwill) to be systematically amortized within 20 years. Under the revised standard, the acquirer recognizes a bargain purchase gain in profit or loss on the acquisition date after reassessing whether it has correctly identified all of the assets

acquired and all of the liabilities assumed with a review of such procedures used.

This standard is applicable to business combinations undertaken on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or after April 1, 2009.

(b) Asset retirement obligations

In March 2008, the ASBJ published a new accounting standard for asset retirement obligations, ASBJ Statement No.18, "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No.21, "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset.

The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of 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 increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard is effective for fiscal years beginning on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or before March 31, 2010.

(c) Accounting changes and error corrections

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

(1) Changes in accounting policies:
When a new accounting policy is applied with a revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(2) Changes in presentation
When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation.

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

(4) Corrections of prior period errors
When an error in prior period financial statements is discovered, those statements are restated.
This accounting standard and the guidance are applicable to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

(d) Segment information disclosures

In March 2008, the ASBJ revised ASBJ Statement No.17, "Accounting Standard for Segment Information Disclosures" and Issued ASBJ Guidance No.20, "Guidance on Accounting Standard for Segment Information Disclosures." Under the standard and guidance, 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. This accounting standard and the guidance are applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010.

4. TRADING ASSETS AND LIABILITIES

Trading assets and liabilities at March 31, 2010 and 2009 consisted of the following:

(a) Trading assets

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Trading securities:			
National government bonds	**¥ 4,399**	¥ 4,163	**$ 47,281**
Local government bonds	**1,180**	866	**12,687**
Foreign securities	**45**	14	**494**
Subtotal	**5,625**	5,044	**60,462**
Financial derivatives:			
Other (Note)	**29,938**	31,126	**321,782**
Subtotal	**29,938**	31,126	**321,782**
Other trading assets:			
Commercial paper	**11,119**	28,906	**119,510**
Other (Note)	**2**	50	**24**
Subtotal	**11,121**	28,956	**119,534**
Total	**¥46,685**	¥65,127	**$501,778**

(b) Trading liabilities

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Trading security derivatives:	**¥ 3**	¥ 1	**$ 41**
Subtotal	**3**	1	**41**
Financial derivatives:			
Other (Note)	**27,747**	28,339	**298,237**
Subtotal	**27,747**	28,339	**298,237**
Total	**¥27,751**	¥28,341	**$298,278**

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

5. MONEY HELD IN TRUST

Money held in trust at March 31, 2010 consisted of the following:

	Millions of Yen			
March 31, 2010	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Money held in trust classified as:				
Held-to-maturity	**¥2,100**	**¥0**		**¥2,100**

	Thousands of U.S. Dollars			
March 31, 2010	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Money held in trust classified as:				
Held-to-maturity	**$22,571**	**$0**		**$22,571**

6. SECURITIES

Securities at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
National government bonds	**¥ 586,889**	¥ 450,353	**$ 6,307,925**
Local government bonds	**103,655**	245,384	**1,114,093**
Corporate debentures	**678,939**	784,550	**7,297,285**
Corporate stocks	**235,208**	203,566	**2,528,038**
Other securities	**439,918**	379,230	**4,728,273**
Total	**¥2,044,611**	¥2,063,085	**$21,975,614**

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

Information regarding each category of the securities classified as trading, available-for-sale and held-to-maturity at March 31, 2010 and 2009 were as follows:

	Millions of Yen			
March 31, 2010	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				**¥ 16,746**
Available-for-sale:				
Equity securities	**¥ 112,967**	**¥116,550**	**¥1,732**	**227,785**
Debt securities	**1,341,383**	**16,457**	**868**	**1,356,972**
Others	**424,361**	**5,197**	**2,100**	**427,458**
Held-to-maturity	**15,235**	**203**	**88**	**15,351**

	Millions of Yen			
March 31, 2009	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				¥ 34,001
Available-for-sale:				
Equity securities	¥ 127,634	¥72,378	¥3,620	196,392
Debt securities	1,443,087	5,557	3,877	1,444,768
Others	372,262	2,687	9,141	365,808
Held-to-maturity	6,456	138	0	6,595

	Thousands of U.S. Dollars			
March 31, 2010	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				**$ 179,995**
Available-for-sale:				
Equity securities	**$ 1,214,178**	**$1,252,696**	**$18,618**	**2,448,256**
Debt securities	**14,417,282**	**176,884**	**9,337**	**14,584,829**
Others	**4,561,064**	**55,868**	**22,577**	**4,594,355**
Held-to-maturity	**163,754**	**2,189**	**948**	**164,995**

Available-for-sale securities and held-to-maturity securities whose fair value is not readily determinable as of March 31, 2009 were as follows. Similar information for 2010 is disclosed in Note 29.

	Carrying amount
	Millions of Yen
	2009
Available-for-sale:	
Equity securities	¥ 6,611
Debt securities	39,791
Held-to-maturity	27,694
Total	¥74,097

Available-for-sale securities sold during the years ended March 31, 2010 and 2009 were as follows:

	Millions of Yen		
Year ended March 31, 2010	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales
Equity securities	**¥ 18,997**	**¥ 3,642**	**¥ 602**
Debt securities	**1,442,186**	**8,743**	**1,099**
Others	**180,662**	**2,445**	**4,325**
Total	**¥1,641,846**	**¥14,832**	**¥6,027**

	Millions of Yen		
Year ended March 31, 2009	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales
Equity securities	¥ 4,138	¥ 921	¥ 894
Debt securities	1,080,397	10,135	586
Others	177,396	2,880	12,028
Total	¥1,261,932	¥13,936	¥13,510

	Thousands of U.S. Dollars		
Year ended March 31, 2010	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales
Equity securities	**$ 204,184**	**$ 39,153**	**$ 6,475**
Debt securities	**15,500,714**	**93,977**	**11,821**
Others	**1,941,775**	**26,299**	**46,493**
Total	**$17,646,673**	**$159,419**	**$64,789**

The carrying values of debt securities by contractual maturities for securities classified as available-for-sale and held-to-maturity at March 31, 2009 were as follows. Similar information for 2010 is disclosed in Note 29.

	Millions of Yen	
2009	Available-for-sale	Held-to-maturity
Due in one year or less	¥ 153,164	¥19,155
Due after one year through five years	880,275	4,918
Due after five years through ten years	478,598	298
Due after ten years	310,980	9,778
No maturity period		
Total	¥1,823,019	¥34,151

Marketable available-for-securities whose fair value significantly declines in comparison with their acquisition cost and where there is hardly any possibility to recover are written down and accounted as impairment losses.

Impairment losses on marketable available-for-sale securities for the years ended March 31,2010 and 2009 were ¥16 million ($176 thousand) and ¥17,377 million.

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

Corporate stocks in associated companies included in securities as of March 31, 2009 were ¥562 million and investments in unconsolidated subsidiaries were ¥2,693 million.

7. LOANS AND BILLS DISCOUNTED

Loans and bills discounted at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Bills discounted	**¥ 37,453**	¥ 48,313	**$ 402,556**
Loans on bills	**218,521**	280,893	**2,348,688**
Loans on deeds	**4,839,472**	4,689,797	**52,014,969**
Overdrafts	**1,188,619**	1,331,245	**12,775,355**
Total	**¥6,284,067**	¥6,350,250	**$67,541,568**

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 loans with relaxed conditions at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Loans under bankruptcy proceedings	**¥ 19,245**	¥ 22,078	**$ 206,850**
Past due loans	**198,149**	172,272	**2,129,720**
Loans past due for three months or more	**1,692**	1,811	**18,190**
Loans with relaxed conditions	**12,525**	14,571	**134,630**
Total	**¥231,612**	¥210,734	**$2,489,390**

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. Loans with relaxed conditions 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 and the relinquishment of a portion of liabilities) with the goal of supporting the recovery of borrowers that have fallen into financial difficulties and thereby promoting the recovery of the loan.

Bills discounted are accounted for as financial transactions in accordance with "Accounting and Auditing treatment of Accounting Standards for Financial Instruments in Banking Industry" (Japanese Institute of Certified Public Accountant Industry Audit Committee Report No.24). As of March 31, 2010 and 2009, the Bank had the right by contract or custom to sell or repledge bills discounted and foreign exchange bills bought and their total face value were ¥38,315 million ($411,817 thousand) and ¥48,847 million, respectively.

8. FOREIGN EXCHANGES

Foreign exchange assets and liabilities at March 31, 2010 and 2009 consisted of the following:

(a) Assets

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Due from foreign banks	**¥1,592**	¥ 6,711	**$17,119**
Foreign exchange bills bought	**861**	534	**9,262**
Foreign exchange bills receivable	**1,442**	2,932	**15,500**
Total	**¥3,896**	¥10,178	**$41,881**

(b) Liabilities

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Foreign exchange bills sold	**¥53**	¥ 86	**$580**
Foreign exchange bills payable	**35**	30	**384**
Total	**¥89**	¥116	**$964**

9. OTHER ASSETS

Other assets at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Accrued income	**¥10,192**	¥11,081	**$109,546**
Derivative products	**20,600**	21,528	**221,413**
Prepaid expenses	**6,862**	9,422	**73,761**
Others	**54,533**	40,997	**586,134**
Total	**¥92,189**	¥83,029	**$990,854**

10. TANGIBLE FIXED ASSETS AND INTANGIBLE FIXED ASSETS

Tangible fixed assets and intangible fixed assets at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Tangible fixed assets			
Buildings	**¥27,389**	¥24,376	**$294,384**
Land	**24,762**	24,781	**266,147**
Construction in progress	**1,979**	6,620	**21,280**
Other tangible fixed assets	**13,347**	16,138	**143,461**
Subtotal	**67,479**	71,916	**725,272**
Intangible fixed assets			
Software	**17,002**	18,263	**182,739**
Other intangible assets	**514**	525	**5,525**
Subtotal	**17,516**	18,788	**188,264**
Total	**¥84,995**	¥90,705	**$913,536**

Tangible fixed assets are stated at cost less accumulated depreciation of ¥123,881 million ($1,331,488 thousand) and ¥126,143 million in 2010 and 2009, respectively.

As of March 31, 2010 and 2009, deferred gains for tax purposes of ¥10,670 million ($114,686 thousand) and ¥10,866 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, 2010 and 2009. As a result, the Group recognized an impairment loss of ¥3 million ($36 thousand) and ¥56 million as other expense for certain branches due to continuous operating losses and the carrying amount of the relevant tangible fixed assets was written down to the recoverable amount. The recoverable amount of such tangible fixed assets was measured at its net selling price determined by quotation from a third-party vendor.

11. CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

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

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

Liabilities for guarantees on corporate bonds included in Securities, which were issued by private placement (Article 2 Paragraph 3 of the Financial Instruments and Exchange Act) amounted to ¥33,980 million.

12. ASSETS PLEDGED

Assets pledged as collateral and their relevant liabilities at March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Assets pledged as collateral:			
Due from banks	**¥ 240**	¥ 239	**$ 2,586**
Securities	**580,122**	795,274	**6,235,195**
Loans and bills discounted		40,000	
Lease receivables and investment assets	**378**	461	**4,066**
Relevant liabilities to above assets:			
Deposits	**¥ 85,904**	¥ 60,701	**$ 923,311**
Payables under securities lending transactions	**207,795**	126,751	**2,233,396**
Borrowed money	**148,269**	462,735	**1,593,605**
Other liabilities	**61**		**661**

In addition to the above, the Bank has provided ¥195,036 million in securities and ¥186 million in negotiable certificates of deposit as collateral for foreign exchange settlements and certain other transactions and as security for futures transactions.

Guarantee deposits on office space are included in other assets in the amount of ¥2,004 million and margin money on futures trading is included in other assets in the amount of ¥25 million.

13. LOAN COMMITMENTS

Loan commitments at March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Unexecuted loan commitments outstanding			
Loans due within one year	**¥1,469,613**	¥1,476,706	**$15,795,505**
Loans due over one year	**61,820**	55,591	**664,445**
Total	**¥1,531,433**	¥1,532,297	**$16,459,950**

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 balance of loans as yet undisbursed under these agreements stands at ¥1,531,433 million ($16,459,950 thousand) at March 31, 2010.

Of this total, ¥1,469,613 million ($15,795,505 thousand) relates to agreements under which the period remaining is no more than one year.

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

14. DEPOSITS

Deposits at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Current deposits	**¥ 334,409**	¥ 326,198	**$ 3,594,252**
Savings deposits	**3,506,348**	3,518,481	**37,686,459**
Deposits at notice	**32,751**	23,222	**352,013**
Time deposits	**3,049,282**	3,020,970	**32,773,886**
Negotiable certificates of deposit	**269,300**	289,140	**2,894,454**
Other	**287,355**	211,950	**3,088,518**
Total	**¥7,479,446**	¥7,389,963	**$80,389,582**

15. BORROWED MONEY

At March 31, 2010 and 2009, the weighted average annual interest rates applicable to borrowed money were 0.18% and 0.31%, respectively.

Borrowed money are borrowings from financial institutions. Annual maturities of borrowed money as of March 31, 2010 were as follows:

Years Ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2011	¥159,279	$1,711,943
2012	2,408	25,884
2013	1,628	17,504
2014	1,094	11,759
2015	588	6,326
2016 and thereafter		
Total	¥164,998	$1,773,416

16. BONDS PAYABLE

Bonds at March 31, 2010 and 2009 consisted of the following:

		Millions of Yen		Thousands of U.S. Dollars
	rate (%)	**2010**	2009	**2010**
Unsecured bonds, payable in Japanese yen, due September 2010	2.22	**¥20,000**	¥20,000	**$214,961**
Unsecured bonds, payable in Japanese yen, due May 2011	1.65	**5,000**	5,000	**53,740**
Unsecured bonds, payable in Japanese yen, due September 2009	0.68		20,000	
Unsecured bonds, payable in Japanese yen, due September 2014	1.59	**10,000**	10,000	**107,481**
Unsecured bonds, payable in Japanese yen, due June 2010	0.54	**20,000**	20,000	**214,961**
Unsecured bonds, payable in Japanese yen, due June 2015	1.37	**10,000**	10,000	**107,481**
Total		**¥65,000**	¥85,000	**$698,624**

Annual maturities of bonds as of March 31, 2010 were as follows:

Years Ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2011	¥40,000	$429,922
2012	5,000	53,740
2013		
2014		
2015	10,000	107,481
2016 and thereafter	10,000	107,481
Total	¥65,000	$698,624

17. OTHER LIABILITIES

Other liabilities at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Income taxes payable	**¥ 17,144**	¥ 2,695	**$ 184,268**
Accrued expenses	**11,176**	13,722	**120,129**
Deposits from employees	**2,837**	2,837	**30,494**
Unearned income	**10,510**	10,637	**112,971**
Derivative products	**21,918**	23,594	**235,585**
Other	**94,543**	54,757	**1,016,155**
Total	**¥158,131**	¥108,245	**$1,699,602**

18. RETIREMENT AND PENSION PLANS

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

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

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

The provision for retirement benefits at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Projected benefit obligation	**¥75,573**	¥75,685	**$812,266**
Fair value of plan assets	**(45,334)**	(39,773)	**(487,260)**
Unrecognized actuarial (loss) gain	**(14,150)**	(22,544)	**(152,090)**
Prepaid pension costs	**6,926**	9,503	**74,447**
Net provision	**¥23,014**	¥22,870	**$247,363**

The components of net periodic benefit costs for the year ended March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Service cost	**¥1,904**	¥2,005	**$20,465**
Interest cost	**1,504**	1,492	**16,174**
Expected return on plan assets	**(1,443)**	(1,620)	**(15,512)**
Recognized actuarial losses	**3,436**	1,621	**36,934**
Other	**600**	562	**6,453**
Net periodic benefit costs	**¥6,002**	¥4,061	**$64,514**

Assumptions used for the year ended March 31, 2010 and 2009 are set forth as follows:

	2010	2009
Discount rate	**2.0%**	2.0%
Expected rate of return on plan assets	**3.5%**	3.5%
Amortization period of prior service cost	**1 year**	1 year
Recognition period of actuarial gain/loss	**10 years**	10 years

19. EQUITY

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

(a) Dividends

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

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

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

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

(c) Treasury stock and treasury stock acquisition rights

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

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

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

20. STOCK OPTIONS

The stock options outstanding as of March 31, 2010 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

The stock option activity is as follows:

	2007 Stock Option	2008 Stock Option	2009 Stock Option
For the year ended March 31, 2009			
Non-vested			
March 31, 2008—Outstanding	67,000		
Granted		66,000	
Vested	67,000		
March 31, 2009—Outstanding		66,000	
Vested			
March 31, 2008—Outstanding			
Vested	67,000		
March 31, 2009—Outstanding	67,000		
For the year ended March 31, 2010			
Non-vested			
March 31, 2009—Outstanding		66,000	
Granted			89,000
Vested		66,000	
March 31, 2010—Outstanding			89,000
Vested			
March 31, 2009—Outstanding	67,000		
Vested		66,000	
Exercised	11,000	11,000	
March 31, 2010—Outstanding	56,000	55,000	
Exercise price	¥ 1 ($ 0.01)	¥ 1 ($ 0.01)	¥ 1 ($0.01)
Fair value price at grant date	¥1,153 ($12.39)	¥1,057 ($11.36)	¥875 ($9.40)

The assumptions used to measure the fair value of the 2009 Stock Option are as follows:

Estimate method: Black-Scholes option pricing model

Volatility of stock price: 42.2%

Estimated remaining outstanding period: 2 years

Estimated dividend: ¥13 per share

Risk free interest rate: 0.2%

21. VALUATION DIFFERENCE ON AVAILABLE-FOR-SALE SECURITIES

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

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Valuation difference	**¥135,427**	¥66,208	**$1,455,581**
Deferred tax liabilities	**(51,943)**	(25,866)	**(558,293)**
Amounts equivalent to difference on available-for-sale securities	**¥ 83,483**	¥40,341	**$ 897,288**
Minority interests adjustment	**¥ (107)**	¥ (57)	**$ (1,157)**
Valuation difference on available-for-sale securities	**¥ 83,376**	¥40,284	**$ 896,131**

22. OTHER OPERATING INCOME

Other operating income for the years ended March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Gains on foreign exchange transactions	**¥ 1,607**	¥ 1,465	**$ 17,274**
Gains on sales of bonds	**9,849**	12,044	**105,866**
Gains on financial derivatives	**162**	163	**1,746**
Other	**0**	2	**11**
Total	**¥11,620**	¥13,675	**$124,897**

23. OTHER INCOME

Other income for the years ended March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Gains on sales of stocks and other securities	**¥ 3,642**	¥ 921	**$ 39,153**
Other	**8,515**	8,540	**91,527**
Total	**¥12,158**	¥9,461	**$130,680**

24. OTHER OPERATING EXPENSES

Other operating expenses for the years ended March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Losses on sales of bonds	**¥3,052**	¥ 2,224	**$32,803**
Losses on redemption of bonds	**1,565**	9,695	**16,821**
Amortized bond issue costs	**28**		**311**
Other	**9**		**97**
Total	**¥4,654**	¥11,919	**$50,032**

25. OTHER EXPENSES

Other expenses for the years ended March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Provision of allowance for loan losses	**¥21,479**	¥31,230	**$230,862**
Losses on written-off claims	**324**	261	**3,491**
Losses on sales of stocks and other securities	**602**	894	**6,474**
Losses on devaluation of stocks and other securities	**157**	17,506	**1,688**
Losses on money held in trust	**4**		**51**
Equity in loss of affiliates	**255**	447	**2,743**
Losses on disposition of fixed assets	**384**	897	**4,136**
Impairment loss	**3**	56	**36**
Other	**8,550**	9,067	**91,901**
Total	**¥31,762**	¥60,362	**$341,382**

26. INCOME TAXES

The Bank and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 39.7% for the years ended March 31, 2010 and 2009, respectively.

The tax effects of significant temporary differences, which resulted in deferred tax assets and liabilities, at March 31, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Deferred tax assets:			
Allowance for loan losses	**¥32,353**	¥29,020	**$347,741**
Depreciation	**3,695**	3,661	**39,719**
Provision for retirement benefits	**14,322**	13,241	**153,942**
Valuation loss on securities	**5,429**	7,119	**58,359**
Other	**1,370**	283	**14,727**
Deferred tax assets	**57,171**	53,326	**614,488**
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	**(51,943)**	(25,866)	**(558,293)**
Gain on establishment of employee retirement benefit trust	**(6,922)**	(6,922)	**(74,401)**
Revaluation reserve for fixed assets	**(1,834)**	(1,478)	**(19,717)**
Other	**(17)**	(226)	**(188)**
Deferred tax liabilities	**(60,717)**	(34,494)	**(652,599)**
Net deferred tax liabilities	**¥ (3,545)**	¥18,831	**$ (38,111)**

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the year ended March 31, 2010 is as follows:

Normal effective statutory tax rate: 39.7%
Valuation allowance: (1.2)%
Dividends exempted for income tax purpose: (1.6)%
Other: 0.3%
Actual effective tax rate: 37.2%

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the year ended March 31, 2009 is as follows:

Normal effective statutory tax rate: 39.7%
Valuation allowance: (8.7)%
Dividends exempted for income tax purpose: (5.8)%
Other: 1.6%
Actual effective tax rate: 26.8%

27. LEASES

(1) Financial Lease

(a) Lessee

As discussed in Note 3, the Bank and its consolidated subsidiaries in Japan account for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating transactions.

Lease payments under such finance leases for the year ended March 31, 2010 and 2009 were ¥35 million ($384 million) and ¥36 million.

ASBJ Statement No.13, "Accounting Standard for Lease Transactions," requires that all finance lease transactions should 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 whose lease inception was before March 31, 2008 to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the financial statements. The Group applied ASBJ Statement No.13 effective April 1, 2008 and accounted for such leases as operating lease transactions. Pro forma information of leased property whose lease inception was before March 31, 2008 such as acquisition cost, accumulated depreciation, accumulated impairment loss, obligations under finance leases, depreciation expense, interest expense and other information of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis was as follows:

	Millions of Yen		Thousands of U.S. Dollars
Tangible Fixed Assets	**2010**	2009	**2010**
Acquisition cost	**¥261**	¥261	**$2,815**
Accumulated depreciation	**(85)**	(72)	**(923)**
Net leased property	**¥176**	¥189	**$1,892**

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
Tangible Fixed Assets	**2010**	2009	**2010**
Due within one year	**¥ 8**	¥ 7	**$ 86**
Due after one year	**220**	228	**2,366**
Total	**¥228**	¥235	**$2,452**

Depreciation expense and interest expense under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Depreciation expense	**¥13**	¥14	**$147**
Interest expense	**28**	29	**306**

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

(b) Lessor

The net lease investment assets are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Gross lease receivables	**¥42,477**	¥40,006	**$456,546**
Estimate residual values	**2,837**	3,168	**30,500**
Unearned interest income	**(6,045)**	(6,772)	**(64,977)**
Lease investment assets	**¥39,269**	¥36,402	**$422,069**

Maturities of lease receivables are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Years Ending March 31,	**2010**	**2010**
2011	**¥ 54**	**$ 582**
2012	**45**	**494**
2013	**40**	**438**
2014	**40**	**437**
2015	**39**	**429**
2016 and thereafter	**76**	**820**
Total	**¥297**	**$3,200**

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

	Millions of Yen	Thousands of U.S. Dollars
Years Ending March 31,	**2010**	**2010**
2011	**¥12,759**	**$137,145**
2012	**10,095**	**108,506**
2013	**7,708**	**82,847**
2014	**5,460**	**58,689**
2015	**3,128**	**33,630**
2016 and thereafter	**3,324**	**35,729**
Total	**¥42,477**	**$456,546**

(2) Operating Lease

(a) Lessee

The minimum rental commitments under noncancelable operating leases at March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Due within one year	**¥161**	¥262	**$1,731**
Due after one year	**617**	689	**6,639**
Total	**¥778**	¥951	**$8,370**

(b) Lessor

The future lease payment receivables under noncancelable operating leases at March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Due within one year	**¥308**	¥ 305	**$3,314**
Due after one year	**569**	714	**6,117**
Total	**¥877**	¥1,019	**$9,431**

28. SEGMENT INFORMATION

Information regarding business segments of the Bank and its subsidiaries for the years ended March 31, 2010 and 2009 were as follows:

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

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

	Millions of Yen					
Year ended March 31, 2010	Bank operations	Leasing operations	Other operations	Total	Eliminations	Consolidated
Ordinary income and ordinary profits:						
Ordinary income from outside customers	**¥ 185,683**	**¥19,687**	**¥ 9,107**	**¥ 214,479**		**¥ 214,479**
Ordinary income from intersegment transactions	**1,103**	**3,067**	**3,605**	**7,776**	**¥ (7,776)**	
Total	**186,787**	**22,755**	**12,713**	**222,255**	**(7,776)**	**214,479**
Ordinary expenses	**136,036**	**22,063**	**9,932**	**168,032**	**(7,431)**	**160,600**
Ordinary profits	**50,750**	**691**	**2,780**	**54,223**	**(344)**	**53,878**
Total assets, depreciation and amortization and capital expenditures:						
Total assets	**9,008,143**	**59,993**	**35,964**	**9,104,100**	**(63,770)**	**9,040,330**
Depreciation and amortization	**11,852**	**919**	**258**	**13,030**	**(70)**	**12,959**
Impairment losses	**3**			**3**		**3**
Capital expenditures	**9,109**	**206**	**233**	**9,549**	**(72)**	**9,477**

	Millions of Yen					
Year ended March 31, 2009	Bank operations	Leasing operations	Other operations	Total	Eliminations	Consolidated
Ordinary income and ordinary profits:						
Ordinary income from outside customers	¥ 206,093	¥17,592	¥ 8,532	¥ 232,218		¥ 232,218
Ordinary income from intersegment transactions	1,074	3,154	4,033	8,261	¥ (8,261)	
Total	207,167	20,746	12,565	240,480	(8,261)	232,218
Ordinary expenses	190,235	19,750	10,329	220,314	(8,054)	212,259
Ordinary profits	16,932	996	2,236	20,165	(207)	19,958
Total assets, depreciation and amortization and capital expenditures:						
Total assets	9,088,304	61,449	34,288	9,184,041	(69,299)	9,114,742
Depreciation and amortization	10,419	892	281	11,593	(53)	11,540
Impairment losses	56			56		56
Capital expenditures	13,875	559	178	14,613	(127)	14,486

	Thousands of U.S. Dollars					
Year ended March 31, 2010	Bank operations	Leasing operations	Other operations	Total	Eliminations	Consolidated
Ordinary income and ordinary profits:						
Ordinary income from outside customers	**$ 1,995,742**	**$211,605**	**$ 97,888**	**$ 2,305,235**		**$ 2,305,235**
Ordinary income from intersegment transactions	**11,862**	**32,968**	**38,753**	**83,583**	**$ (83,583)**	
Total	**2,007,604**	**244,573**	**136,641**	**2,388,818**	**(83,583)**	**2,305,235**
Ordinary expenses	**1,462,130**	**237,139**	**106,752**	**1,806,021**	**(79,878)**	**1,726,143**
Ordinary profits	**545,474**	**7,434**	**29,889**	**582,797**	**(3,705)**	**579,092**
Total assets, depreciation and amortization and capital expenditures:						
Total assets	**96,820,112**	**644,812**	**386,547**	**97,851,471**	**(685,407)**	**97,166,064**
Depreciation and amortization	**127,393**	**9,881**	**2,778**	**140,052**	**(761)**	**139,291**
Impairment losses	**36**			**36**		**36**
Capital expenditures	**97,904**	**2,224**	**2,512**	**102,640**	**(777)**	**101,863**

Note: Business segments:
(1) Bank Operations
(2) Leasing Operations
(3) Other Operations—commissioned computer processing operations, internal dimensional instruments operations, etc.

29. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

On March 10, 2008, the ASBJ revised ASBJ Statement No.10, "Accounting Standard for Financial Instruments" and issued ASBJ Guidance No.19, "Guidance on Accounting Standard for Financial Instruments and Related Disclosures."

This accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010 with early adoption permitted from the beginning of the fiscal years ending before March 31, 2010.

The Group applied the revised accounting standard and the new guidance effective March 31, 2010.

The effect of this application was to increase securities by ¥488 million ($5,247 thousand), deferred tax liabilities by ¥193 million ($2,085 thousand) and valuation difference on available-for-sale securities by ¥294 million ($3,161 thousand), and to increase income before income taxes and minority interests by ¥127 million ($1,374 thousand).

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 yen, deposits in foreign currencies, Japanese government bonds, investment trusts, and personal pension insurance. It also provides stable financing for customers in the region through loans to individuals and lending operations for small and medium enterprises.

(2) Details of financial instruments and risks arising from them

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

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

The Group holds securities such as debt securities (bonds), equity securities, and investment trusts under its investment policy taking into account 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 a 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 basic risk management policy, the Group has established a basic framework including an organizational structure for defining and managing risks and specific procedures for risk management.

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

The risk capital allocation is a system for avoiding excessive risk taking by setting risk limits. This system allocates the 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, are operated by the Rating Assessment Group of the Credit Department, designed and supervised by the Credit Risk Management Group which is independent from Credit Department, and verified by the Risk Management Group of the Risk Management Department.

These three units exercise a mutual limitation and checking function with respect to one another, thereby facilitating greater precision and more advanced functions in the Bank's internal ratings system.

In addition, the Asset Auditing Group inspects if credit risk management is performed conforming to the relevant rules through verification of the self-assessment process.

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

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

(iii) Market risk management system

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

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

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

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

(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 financing management departments for financing in yen and in foreign currencies, and a liquidity risk management department that is independent of the financing management departments. The Fund & Foreign Exchange Group controls amounts raised in markets within a range of amounts that can be raised and seeks stable financing, considering market circumstances. The Risk Management Group assesses the stability of the asset and liability structure including the status of the holding of liquid assets and monitors the financing position and the status of the management of the financing departments.

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

To deal with market liquidity risk, the liquidity risk management department monitors the holding of liquid assets on a timely basis, and the front office chooses assets to be managed after taking into account their liquidity and/or sets limits by stock 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 reasonably calculated. Fair values could be different if different assumptions are made for calculating the fair values.

2. Fair values of financial instruments

The carrying amount, fair values and differences between them at March 31, 2010 consisted of the following:

	Millions of Yen		
March 31, 2010	Carrying amount	Fair value	Unrealized gain (loss)
Cash and due from banks	**¥ 401,989**	**¥ 401,989**	
Trading assets:			
Trading securities	**16,746**	**16,746**	
Securities:			
Held-to-maturity	**15,235**	**15,351**	**¥ 115**
Available-for-sale securities	**2,012,217**	**2,012,217**	
Loans and bills discounted	**6,284,067**		
Allowance for loan losses	**(85,521)**		
Subtotal	**6,198,546**	**6,262,753**	**64,207**
Total	**¥8,644,735**	**¥8,709,058**	**¥64,323**
Deposits	**¥7,479,446**	**¥7,482,978**	**¥ (3,532)**
Call money and bills sold	**113,880**	**113,880**	
Payables under securities lending transactions	**207,795**	**207,795**	
Borrowed money	**164,998**	**164,972**	**26**
Total	**¥7,966,121**	**¥7,969,627**	**¥ (3,505)**
Derivative transactions:			
Non-hedging derivatives	**¥ 1,874**	**¥ 1,874**	
Hedging derivatives	**(1,006)**	**(1,006)**	
Total	**¥ 868**	**¥ 868**	

	Thousands of U.S. Dollars		
March 31, 2010	Carrying amount	Fair value	Unrealized gain (loss)
Cash and due from banks	**$ 4,320,607**	**$ 4,320,607**	
Trading assets:			
Trading securities	**179,995**	**179,995**	
Securities:			
Held-to-maturity	**163,754**	**164,996**	**$ 1,242**
Available-for-sale securities	**21,627,441**	**21,627,441**	
Loans and bills discounted	**67,541,568**		
Allowance for loan losses	**(919,188)**		
Subtotal	**66,622,380**	**67,312,488**	**690,108**
Total	**$92,914,177**	**$93,605,527**	**$691,350**
Deposits	**$80,389,582**	**$80,427,542**	**$ (37,960)**
Call money and bills sold	**1,224,000**	**1,224,000**	
Payables under securities lending transactions	**2,233,396**	**2,233,396**	
Borrowed money	**1,773,416**	**1,773,136**	**280**
Total	**$85,620,394**	**$85,658,074**	**$ (37,680)**
Derivative transactions:			
Non-hedging derivatives	**$ 20,152**	**$ 20,152**	
Hedging derivatives	**(10,819)**	**(10,819)**	
Total	**$ 9,333**	**$ 9,333**	

Notes: 1. Allowance for loan losses is deducted from the carrying amount of loans and bills discounted.
2. Derivative transactions include both derivatives accounted as trading assets/liabilities and derivatives accounted as other assets/liabilities. Net assets and liabilities arising from derivative transactions are shown on a net basis and in the case 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 due from banks without maturities approximate their carrying values, the fair values are deemed equal to the carrying values. The terms of all due from banks with maturities are short (within one year) and their fair values approximate their carrying values. The fair values are therefore deemed equal to the carrying values.

(2) Trading assets

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

(3) Securities

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

(4) Loans and bills discounted

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

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

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

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

Liabilities

(1) Deposits

The fair values of demand deposits are deemed equal to the amounts that would be paid (carrying values) if the payment were demanded at the balance sheet date. The fair values of time deposits and negotiable certificates of deposit, which are classified in accordance with their periods, are their present values that are estimated by discounting the future cash flows, using the rates that would be offered for new deposits to be received.

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

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

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

(4) Borrowed money

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

Derivatives

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

Financial instruments whose fair value cannot be reliably determined at March 31, 2010 consisted of the following:

	Carrying amount	
March 31, 2010	Millions of Yen	Thousands of U.S. Dollars
Unlisted stocks	**¥ 7,424**	**$ 79,796**
Investments in partnerships and others	**9,734**	**104,623**
Total	**¥17,158**	**$184,419**

Notes: 1. Unlisted stocks are not included in the fair value information as it is difficult to determine their fair values without market prices. The table above includes investments in associated companies accounted for by the equity method of ¥307 million ($3,304 thousand).

2. Impairment losses on unlisted stocks for the years ended March 31, 2010 were ¥140 million ($1,512 thousand).

3. Investments in partnerships, whose assets includes unlisted stocks and other assets, are not included in fair value disclosures as it is difficult to determine their fair values. The table includes investments in unconsolidated subsidiaries of ¥2,646 million ($28,447 thousand).

Maturity analysis for financial assets and securities with contractual maturities

	Millions of Yen				
March 31, 2010	Due in one year or less	Due in one year through three years	Due in three years through five years	Due in five years through seven years	Due in seven years
Due from banks	¥ 302,084				
Securities	82,707	¥ 314,367	¥ 253,161	¥ 305,751	¥ 774,258
Held-to-maturity securities	2,340	2,057	2,298	300	8,186
Available-for-sale securities	80,367	312,309	250,862	305,451	766,071
Loans and bills discounted	2,072,027	1,203,884	749,672	436,156	1,626,297
Total	¥2,456,818	¥1,518,251	¥1,002,833	¥741,908	¥2,400,556

March 31, 2010	Thousands of U.S. Dollars Due in one year or less	Due in one year through three years	Due in three years through five years	Due in five years through seven years	Due in seven years
Due from banks	$ 3,246,819				
Securities	888,940	$ 3,378,839	$ 2,720,998	$3,286,242	$ 8,321,781
Held-to-maturity securities	25,150	22,111	24,710	3,225	87,994
Available-for-sale securities	863,790	3,356,728	2,696,288	3,283,017	8,233,787
Loans and bills discounted	22,270,291	12,939,428	8,057,525	4,687,842	17,479,556
Total	$26,406,050	$16,318,267	$10,778,523	$7,974,084	$25,801,337

Notes: 1. The amount of loans and bills discounted without due dates are excluded totaling ¥196,208 million ($2,108 million).
2. The amount of loans and bills discounted for "possible bankruptcy," "virtual bankruptcy" and "legal bankruptcy," excluding those without due dates, are included totaling ¥189,495 million ($2,036 million).

Maturity analysis for borrowed money and other interest-bearing debt

March 31, 2010	Millions of Yen Due in one year or less	Due in one year through three years	Due in three years through five years	Due in five years through seven years	Due in seven years
Deposits	¥6,844,909	¥572,705	¥52,720	¥2,288	¥6,822
Call money and bills sold	113,880				
Payables under securities lending transactions	207,795				
Borrowed money	159,279	4,036	1,682		
Total	¥7,325,864	¥576,742	¥54,402	¥2,288	¥6,822

March 31, 2010	Thousands of U.S. Dollars Due in one year or less	Due in one year through three years	Due in three years through five years	Due in five years through seven years	Due in seven years
Deposits	$73,569,534	$6,155,476	$566,641	$24,599	$73,331
Call money and bills sold	1,224,000				
Payables under securities lending transactions	2,233,396				
Borrowed money	1,711,943	43,388	18,085		
Total	$78,738,873	$6,198,864	$584,726	$24,599	$73,331

Note: Demand deposits are included in "Due in one year or less."

30. DERIVATIVES

Please see Note 29 for qualitative information on derivatives such as nature and purposes of derivative financial instruments.

As noted in Note 29, the Group applied ASBJ Statement No.10, "Accounting Standard for Financial Instruments" and ASBJ Guidance No.19, "Guidance on Accounting Standard for Financial Instruments and Related Disclosures." The accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010; therefore, the required information is disclosed only for 2010.

Derivative transactions to which hedge accounting is not applied at March 31, 2010 consisted of the following:

March 31, 2010	Millions of Yen Contract or notional amount	Contract amount due after one year	Fair value	Unrealized gain (loss)
Listed:				
Bond futures	¥ 1,386		¥ (3)	¥ (3)
Over-the-counter				
Interest rate swaps	1,218,690	¥969,596	784	784
Currency swaps	643,213	548,743	1,262	1,262
Exchange contracts	39,948		(461)	(461)
Currency options	351,676	259,211	(37)	(37)
Other	41,103	32,069	330	330

March 31, 2010	Thousands of U.S. Dollars Contract or notional amount	Contract amount due after one year	Fair value	Unrealized gain (loss)
Listed:				
Bond futures	$ 14,897		$ (41)	$ (41)
Over-the-counter				
Interest rate swaps	13,098,565	$10,421,286	8,435	8,435
Currency swaps	6,913,304	5,897,929	13,572	13,572
Exchange contracts	429,369		(4,964)	(4,964)
Currency options	3,779,843	2,786,022	(406)	(406)
Other	441,782	344,686	3,556	3,556

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, 2010 consisted of the following:

March 31, 2010	Hedged item	Millions of Yen Contract amount	Contract amount due after one year	Fair value
Principled treatment				
Interest rate swaps	Deposits	¥20,346	¥20,346	¥(749)
Exchange contracts	Loans, deposits and securities in foreign currencies	19,350		(257)
Special hedging treatment				
Interest rate swaps	Loans	9,562	8,518	

March 31, 2010	Hedged item	Thousands of U.S. Dollars Contract amount	Contract amount due after one year	Fair value
Principled treatment				
Interest rate swaps	Deposits	**$218,680**	**$218,680**	**$(8,056)**
Exchange contracts	Loans, deposits and securities in foreign currencies	**207,978**		**(2,763)**
Special hedging treatment				
Interest rate swaps	Loans	**102,776**	**91,563**	

Notes: 1. Principally deferral hedge accounting is applied as stipulated in "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in the Banking Industry" (Japanese Institutes of Certified Public Accountant Industry Audit Committee Report No.24).
2. The fair value of interest rate swaps with special hedging treatment is omitted as interest rate swaps and loans are treated unitary and their values are included in the fair value of loans and bills discounted in Note 29.

The following is the fair value information for derivative transactions to which hedge accounting is not applied at March 31, 2009. Derivative transactions which qualify for hedge accounting are excluded from the information below.

	Millions of Yen			
	Contract or notional amount			
2009	Total	More than one year	Market value	Unrealized gain (loss)
Listed:				
Interest rate futures	¥ 1,988			
Bond futures	692	¥ 692	¥ (1)	¥ (1)
Over-the-counter:				
Interest rate swaps	1,109,082	879,732	836	836
Currency swaps	719,956	628,948	1,747	1,747
Exchange contracts	53,955		(253)	(253)
Currency option	354,161	268,644	(154)	(154)
Other	51,612	35,633	380	380

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

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

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

31. RELATED PARTY TRANSACTIONS

Related party transactions for the years ended March 31, 2010 and 2009 were as follows:

Related party	Category	Description of transactions	Millions of Yen 2010	Millions of Yen 2009	Thousands of U.S. Dollars 2010
Yasuhiko Saito Lawyer	Corporate Auditor of Shizuoka Bank	Legal service fees Lending operation loans	**¥ 21** **33**	¥ 21 7	**$ 233** **360**
Hiroyuki Aoshima President of Santamon Corp.	Former Corporate Auditor of Shizuoka Bank	Business transactions Lending operation loans		32 202	
Tsutomu Goto	Close relative of a director of Shizuoka Bank	Lending operation loans	**233**	271	**2,504**
Yoko Mizuguchi	Close relative of a director of Shizuoka Bank	Lending operation loans	**13**	15	**146**
Kenji Mizuguchi	Close relative of a director of Shizuoka Bank	Lending operation loans	**48**	50	**517**
Sano Kogyo Co.,Ltd. (Manufacture of machine parts)	Company in which majority voting rights are held by a close relative of a director of Shizuoka Bank	Lending operation loans	**52**	20	**559**

Note: Amounts of loans are balances at the end of the year.

32. NET INCOME PER SHARE

Basic net income per share ("EPS") for the years ended March 31, 2010 and 2009 is computed as follows:

	Millions of Yen	Thousands of Stocks	Yen	Dollars
For the year ended March 31, 2010	Net income	Weighted average stocks	EPS	
Basic EPS				
Net income available to common shareholders	**¥32,755**	**698,073**	**¥46.92**	**$0.504**
Effect of dilutive securities Stock option		**177**	**(0.01)**	
Diluted EPS				
Net income for computation	**¥32,755**	**698,251**	**¥46.91**	**$0.504**
For the year ended March 31, 2009				
Basic EPS				
Net income available to common shareholders	¥13,012	698,034	¥18.64	$0.200
Effect of dilutive securities Stock option		113	(0.01)	
Diluted EPS				
Net income for computation	¥13,012	698,148	¥18.63	$0.200

33. SUBSEQUENT EVENTS

Appropriations of Retained Earnings

The following appropriations of retained earnings were authorized at the ordinary general shareholders' meeting held on June 24, 2010:

	Millions of Yen	Thousands of U.S. Dollars
Cash dividends, ¥6.5 ($0.07) per share	¥4,523	$48,622
Total	¥4,523	$48,622

Key Consolidated Financial Indicators

Summary of Profits (Losses)

Years ended March 31	**2010**	2009	Increase (decrease)	Percentage change
	Millions of Yen			
Net interest income	**¥129,455**	¥129,717	¥ (261)	(0.2)
Net fees and commissions	**23,617**	23,393	224	1.0
Net trading income	**1,712**	2,188	(475)	(21.7)
Net other operating profits	**6,965**	1,755	5,209	296.7
General and administrative expenses	**87,883**	86,477	1,405	1.6
Net other ordinary income	**(19,989)**	(50,619)	30,629	(60.5)
Ordinary profits	**53,878**	19,958	33,920	170.0
Income before income taxes and minority interests	**54,264**	19,677	34,587	175.8
Income taxes:				
Current	**23,838**	14,882	8,956	60.2
Deferred	**(3,638)**	(9,617)	5,979	(62.2)
Minority interest in net income of consolidated subsidiaries	**1,308**	1,400	(91)	(6.6)
Net income	**32,755**	13,012	19,743	151.7

Breakdown of Net Interest Margin

Year ended March 31	Billions of Yen **2010**
Interest income	**¥ 144.1**
Average interest-earning assets	**8,510.5**
Average interest rate of interest-earning assets (%)	**1.69**
Interest expense (Note)	**14.6**
Average interest-bearing liabilities	**8,132.9**
Average interest rate of interest-bearing liabilities (%)	**0.18**
Net interest income	**129.4**

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

Net Other Operating Profits

Years ended March 31	**2010**	2009	Increase (decrease)
	Millions of Yen		
Gain on foreign exchange transactions	**¥ 1,607**	¥ 1,465	**¥ 141**
Gain/loss on government bonds	**5,203**	125	**5,078**
Gain on sales	**9,849**	12,044	**(2,195)**
Loss on sales	**(3,052)**	(2,224)	**(827)**
Loss on redemptions	**(1,565)**	(9,695)	**8,130**
Amortized bond issue cost	**(28)**		**(28)**
Gain/loss on derivative transactions	**162**	163	**0**
Proceeds from derivative transactions	**162**	163	**0**
Others	**(8)**	2	**(10)**
Gain/loss on other business	**6,965**	1,755	**5,209**
Other operating revenue	**11,620**	13,675	**(2,055)**
Other operating expenses	**(4,654)**	(11,919)	**7,264**

Loans Outstanding by Type of Borrower

March 31	Billions of Yen, % Share 2010	
Domestic branches:		
Manufacturing	**¥1,194.5**	**19.33%**
Agriculture, Forestry	**4.7**	**0.08**
Fishery	**3.1**	**0.05**
Mining, Quarrying	**20.6**	**0.33**
Construction	**286.3**	**4.63**
Utilities	**50.9**	**0.82**
Telecommunications	**35.5**	**0.57**
Transportation, Mail service	**233.3**	**3.78**
Wholesale and retailing	**704.6**	**11.40**
Finance and insurance	**384.5**	**6.22**
Real estate, Lease, Rental	**526.3**	**8.52**
Medical and welfare service, Other miscellaneous services	**458.5**	**7.42**
Local governments	**126.5**	**2.05**
Other	**2,150.5**	**34.80**
Subtotal	**6,180.5**	**100.00**
Overseas branches and offshore accounts:		
Governments and official institutions		
Banks and other financial institutions	**1.8**	**1.80**
Other	**101.6**	**98.20**
Subtotal	**103.4**	**100.00**
Total	**¥6,284.0**	

March 31	Billions of Yen, % Share 2009	
Domestic branches:		
Manufacturing	¥1,268.1	20.59%
Agriculture	4.6	0.08
Forestry	0.1	0.00
Fishery	3.0	0.05
Mining	21.7	0.35
Construction	285.7	4.64
Utilities	49.6	0.81
Telecommunications	32.1	0.52
Transportation	234.7	3.81
Wholesale and retailing	734.2	11.92
Finance and insurance	354.3	5.75
Real estate	345.9	5.62
Other miscellaneous services	649.3	10.54
Local governments	127.6	2.07
Other	2,048.5	33.25
Subtotal	6,160.1	100.00
Overseas branches and offshore accounts:		
Governments and official institutions		
Banks and other financial institutions	1.9	1.03
Other	188.1	98.97
Subtotal	190.1	100.00
Total	¥6,350.2	

Risk Management Asset Information

March 31	Millions of Yen 2010	2009	Increase (decrease)
Loans under bankruptcy proceedings A	**¥ 19,245**	¥ 22,078	¥ (2,833)
% of loans and bills discounted	**0.30**	0.34	(0.04)
Past due loans B	**198,149**	172,272	25,876
% of loans and bills discounted	**3.15**	2.71	0.44
Loans past due for three months or more C	**1,692**	1,811	(119)
% of loans and bills discounted	**0.02**	0.02	(0.00)
Loans with relaxed conditions D	**12,525**	14,571	(2,045)
% of loans and bills discounted	**0.19**	0.22	(0.03)
Risk management loan total E (E=A+B+C+D)	**231,612**	210,734	20,878
% of loans and bills discounted	**3.68**	3.31	0.36
Value covered with collateral, guarantees, etc. F	**204,570**	186,611	17,958
Cover ratio (%) F/E	**88.32**	88.55	(0.22)

Notes: 1. Risk management loans are based on Article 19-2 of the Regulations for Execution of the Bank Law. Because these loans are disclosed regardless of the presence or absence of collateral, guarantees or other coverage, the figures shown do not represent unrecoverable amounts.

2. Loans past due for three months or more include loans for which payments of principal or interest are delinquent by three months or more, as calculated from the day following the contracted payment date, but do not include loans to bankrupt borrowers or past due loans.

3. Loans with relaxed conditions include loans for which certain conditions have been relaxed for the benefit of the borrower (through such means as the reduction or elimination of interest payments, the deferral of principal repayments, or the relinquishment of a portion of liabilities) with the goal of supporting the recovery of borrowers that have fallen into financial difficulties and thereby promoting the recovery of the loan.
4. Value covered with collateral, guarantees, etc., includes provisions in the specific reserve for possible loan losses. The covered value was stated on a possible disposal basis.

Allowance for Loan Losses

	Millions of Yen	
March 31	**2010**	2009
General allowance for loan losses	**¥51,453**	¥42,678
Specific allowance for loan losses	**39,420**	38,463
Total	**¥90,873**	¥81,141
[Loans on written-off claims for the year]	**¥ [324]**	¥ [261]

Financial Index

	Consolidated			Non-Consolidated		
Years ended March 31	**2010**	2009	Increase (decrease)	**2010**	2009	Increase (decrease)
Per share (Yen):						
Net income	**¥ 46.92**	¥ 18.64	¥28.28	**¥ 46.01**	¥ 18.34	¥27.67
Net assets	**1,005.41**	909.15	96.25	**998.21**	903.32	94.89
Cash dividends	**13.00**	13.00		**13.00**	13.00	
Dividend payout ratio (%)				**28.25**	70.88	(42.63)
Return on equity (ROE) (%) (Note)	**4.90**	1.94	2.96	**5.48**	2.19	3.29
Price earnings ratio (PER) (%)	**17.36**	47.41	(30.05)	**17.71**	48.20	(30.49)

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

Capital Adequacy Ratio

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

	Billions of Yen			
	Consolidated		Non-Consolidated	
March 31	**2010**	2009	**2010**	2009
Tier I:				
Common shareholders' equity	**¥ 631.4**	¥ 607.8	**¥ 607.4**	¥ 585.0
Tier II capital included as Tier I				
Total adjusted Tier I capital	**631.4**	607.8	**607.4**	585.0
Tier II:				
45% of an aggregate amount equivalent to the balance sheet value of available for sale securities with relevant aggregate book value deducted	**59.6**	28.1	**59.4**	28.2
Allowance for loan losses, excluding specific reserve	**1.3**	1.0	**0.4**	0.2
Others	**6.5**		**4.9**	
Tier II capital included as Tier I				
Total adjusted Tier II capital	**67.5**	29.1	**64.8**	28.4
Tier II capital included as qualifying capital	**67.5**	29.1	**64.8**	28.4
Tier III (Note 1)**:**				
Short-term subordinated debt (Capital for covering market risks)				
Deduction items	**11.2**	13.5	**6.5**	8.9
Total capital	**687.7**	623.4	**665.8**	604.5
Total risk-adjusted assets (Notes 1 and 3)	**4,488.9**	4,414.8	**4,422.7**	4,343.8
Capital adequacy ratio (%) (Note 2)	**15.32**	14.12	**15.05**	13.91
Tier I ratio (%) (Note 2)	**14.06**	13.76	**13.73**	13.46

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

Credit-Related Financial Instruments

	Billions of Yen	
	Contract amount	
March 31	**2010**	2009
Commitments to extend credit	**¥2,971.4**	¥3,029.2
Guarantees	**106.1**	103.0
Total	**¥3,077.6**	¥3,132.3

The Shizuoka Bank

Corporate Data

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

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

INTERNATIONAL BUSINESS PROMOTION GROUP
Phone: 054 (345) 5411
Fax: 054 (344) 0090

TREASURY & INTERNATIONAL OPERATIONS CENTER
Phone: 054 (345) 5700
Fax: 054 (349) 5501
SWIFT address: SHIZJPJT

NUMBER OF EMPLOYEES
(As of March 31, 2010)
3,153

DATE OF ESTABLISHMENT
March 1, 1943

DOMESTIC NETWORK
(As of July 1, 2010)
Head Office, 167 branches,
23 sub-branches

OVERSEAS NETWORK
(As of July 1, 2010)
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

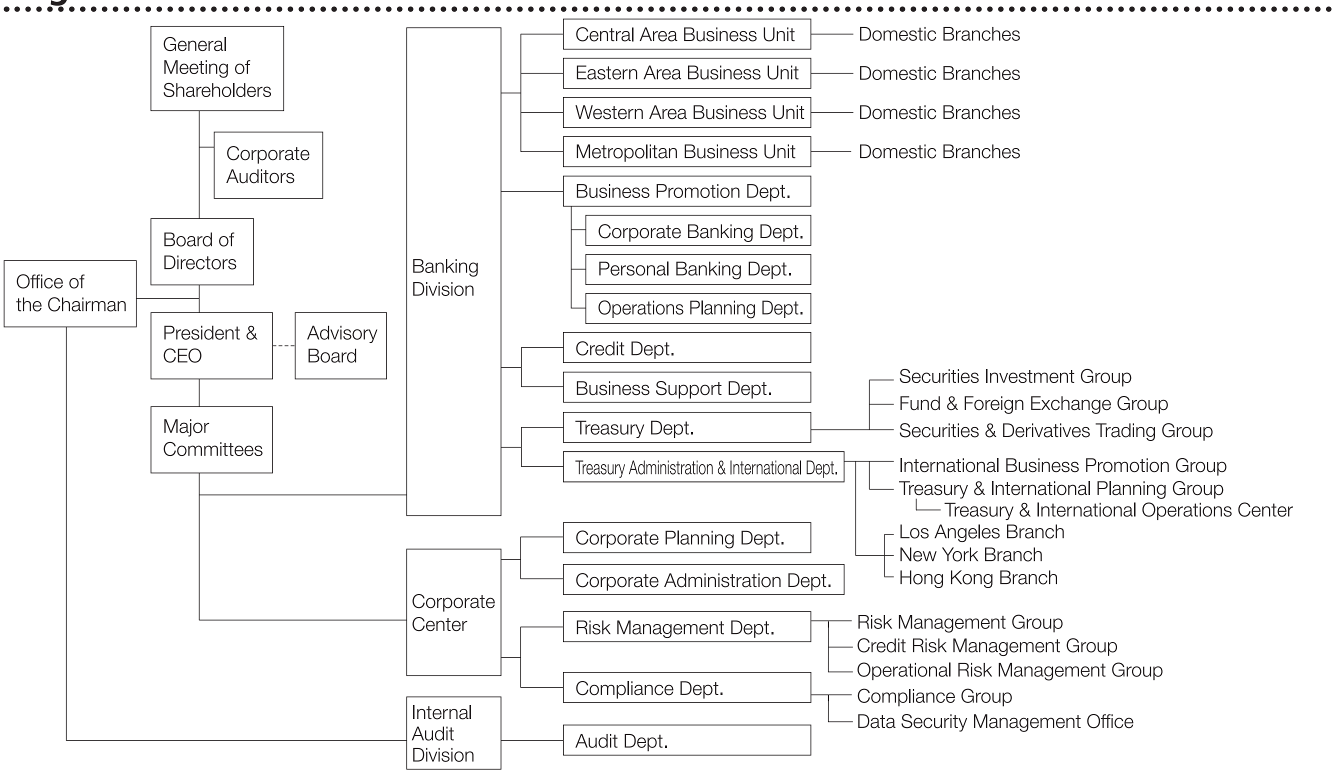
Hong Kong Branch
Suite 1010, 10th Floor, Chater House,
8 Connaught Road, Central, Hong Kong
People's Republic of China
Phone: (852) 2521-6547
Fax: (852) 2845-9257

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

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

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

Organization Chart



(As of July 1, 2010)

Board of Directors and Corporate Auditors

Chairman
Toru Sakurai

Deputy Chairman
Kazuhiro Satomi

President & CEO
Katsunori Nakanishi

Director & CFO
Seiya Ito

Director & COO
Masahiro Goto

Directors & Senior Executive Officers
Toshihiko Yamamoto
Akihiro Nakamura

Director & Executive Officer
Hidehito Iio

Directors
Yasuo Matsuura
Toshiaki Sugiyama

Corporate Auditors
Yukihiro Fushimi
Hisashi Hotta
Yasuhiko Saito
Yoshinori Mitsui

CEO=Chief Executive Officer
CFO=Chief Financial Officer
COO=Chief Operating Officer

(As of July 1, 2010)

Investor Information

CAPITAL STOCK *(As of March 31, 2010)*
Common stock.................................. ¥90,845 million

NUMBER OF SHARES *(As of March 31, 2010)*
Authorized... 2,414,596,000 shares
Issued and outstanding .... 705,129,069 shares

NUMBER OF SHAREHOLDERS *(As of March 31, 2010)*
24,868

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	2006	2007	2008	2009	**2010**
High	1,255	1,379	1,339	1,294	**994**
Low	899	1,104	1,042	673	**762**

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

Month	Oct. 2009	Nov. 2009	Dec. 2009	Jan. 2010	Feb. 2010	Mar. 2010
High	931	920	884	844	795	818
Low	867	850	802	782	762	786
Turnover (thousands of shares)	44,275	37,708	55,952	55,389	32,274	46,051

PRINCIPAL SHAREHOLDERS
The 10 largest shareholders of the Bank and their respective shareholdings at March 31, 2010 were as follows:

	Number of Shares in Thousands	Percentage of Total Shares Outstanding
Nippon Life Insurance Company	29,745	4.21%
Meiji Yasuda Life Insurance Company	29,117	4.12
Japan Trustee Services Bank, Ltd. (trust account)	24,949	3.53
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	23,884	3.38
The Dai-ichi Mutual Life Insurance Company	23,546	3.33
The Master Trust Bank of Japan, Ltd. (trust account)	23,030	3.26
The Tokio Marine & Nichido Fire Insurance Co., Ltd.	16,216	2.29
Sumitomo Life Insurance Company	13,070	1.85
The National Mutual Insurance Federation of Agricultural Cooperatives	12,048	1.70
Mitsui Sumitomo Insurance Company, Ltd.	10,197	1.44
Total	205,805	29.18%

The Shizuoka Bank Group

Consolidated Subsidiaries

SHIZUGIN MANAGEMENT CONSULTING CO., LTD.
Corporate and financial management advisory services

SHIZUGIN LEASE CO., LTD.
Leasing

SHIZUOKA COMPUTER SERVICE CO., LTD.
Software development and sales

SHIZUGIN CREDIT GUARANTY CO., LTD.
Guarantee of housing loans, etc.

SHIZUGIN DC CARD CO., LTD.
Credit card and guarantee of consumer loans

SHIZUOKA CAPITAL CO., LTD.
Public-offering assistance
Support for corporate rehabilitation

SHIZUGIN TM SECURITIES CO., LTD.
Securities

SHIZUGIN GENERAL SERVICE CO., LTD.
Part-time employee management
Repair of dormitories, company housing, and branch of the Bank

SHIZUOKA MORTGAGE SERVICE CO., LTD.
Appraisal of real estate for loan collateral
Custody of credit documents

SHIZUGIN BUSINESS CREATE CO., LTD.
Operation center for remittance and bill collection
Part-time employee management

SHIZUOKA BANK (EUROPE) S.A.
Finance and securities-related services

Affiliates under equity method

SHIZUGIN SAISON CARD CO., LTD.
Credit card and guarantee of consumer loans

THE SHIZUOKA BANK, LTD.

Printed in Japan