Shizuoka Bank Group

Annual Report 2011

Shizuoka Bank Group at a Glance

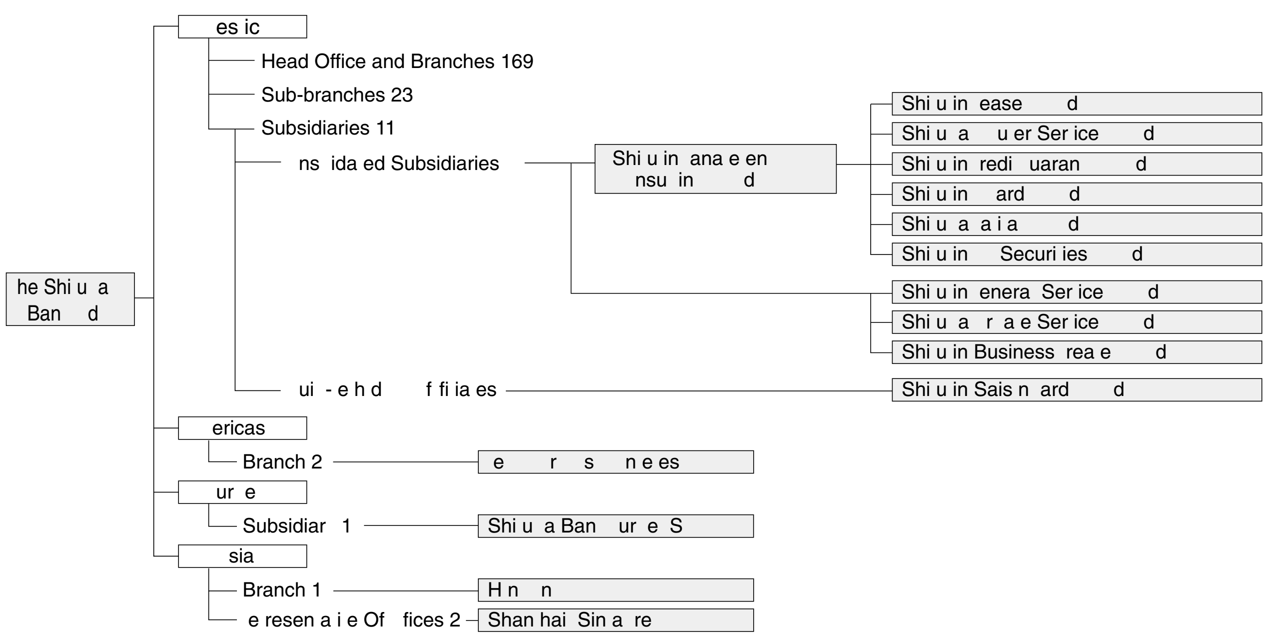
NURTURING THE VISION OF A PROSPEROUS COMMUNITY

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 168 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, 2011)



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A SOLID FINANCIAL STRUCTURE

As of March 31, 2011, Shizuoka Bank's total assets stood at ¥9,442.0 billion (US$113,554 million) on a consolidated basis, together with loans and bills discounted of ¥6,636.1 billion (US$79,809 million), and deposits of ¥7,658.0 billion (US$92,099 million). The Bank's capital adequacy ratio was 15.30% on a consolidated basis, one of the highest ratios among Japanese banks, and its Tier I ratio was 14.40%, 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	**2011**	2010	**2011**
Income before income taxes and minority interests	**¥63,493**	¥54,264	**$763,600**
Net income	**36,155**	32,755	**434,827**

	Yen		U.S. Dollars
Net income per share	**¥52.92**	¥46.92	**$0.64**
PER (Times, Non-consolidated)	**13.29**	17.71	
PBR (Times, Non-consolidated)	**0.67**	0.81	

	Millions of Yen		Thousands of U.S. Dollars
March 31	**2011**	2010	**2011**
Total assets	**¥9,442,019**	¥9,040,330	**$113,554,052**
Deposits	**7,658,053**	7,479,446	**92,099,266**
Loans and bills discounted	**6,636,119**	6,284,067	**79,809,017**
Securities	**2,067,097**	2,044,611	**24,859,864**
Capital stock	**90,845**	90,845	**1,092,553**
Total equity	**714,180**	719,069	**8,589,068**
ROE (%)	**5.19**	4.90	
Capital adequacy ratio (BIS) (%) (Note 3)	**15.30**	15.32	
Tier I ratio (%) (Note 3)	**14.40**	14.06	

Notes: 1. Translation into U.S. dollars has been made solely for the convenience of readers outside Japan at the exchange rate of ¥83.15 to $1, the approximate rate of exchange at March 31, 2011.
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, 2011)

	Long-Term	Short-Term	Financial Strength
Standard & Poor's	AA-/Negative	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*

Thank you for your continued patronage of the Shizuoka Bank Group.

Please allow us to extend our deepest sympathies to everyone who has been affected by the Great East Japan Earthquake of March 2011. The Great East Japan Earthquake caused untold damage to stricken areas and has cast a dark shadow over the future of Japan’s economy with its shattering impact, which disrupted the nation’s supply chain and forced consumption to plunge.

The Shizuoka Bank Group, above all, stresses the importance of interacting with customers and responding sincerely to all inquires and requests. As a regional financial institution, the Group fulfills its mission by supporting the regional economy through the smooth supply of funds.

In April 2011, the Shizuoka Bank Group embarked on its 11th medium-term business plan “MIRAI—FUTURE” under the vision of “A comprehensive financial group that goes along with customers to open up a future with the region – Challenge for the Future.” As a comprehensive financial group, under this new medium-term business plan, we will continue to further meet the expectations of all of our stakeholders including customers, the local community, shareholders, and employees.

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

September 2011

Toru Sakurai
Chairman

Katsunori Nakanishi
President & Chief Executive Officer

Message from the President

A comprehensive financial group that goes along with customers to open up a future with the region — Challenge for the future

Business Creation that Enhances our Growth

In fiscal 2010, the final year of our 10th three-year medium-term business plan "Dream TEN – New Challenges," we made a concerted effort to achieve our vision of "Nurturing the dreams of everyone in the region and growing as a comprehensive financial group." In addition, to create business that enhances our growth, we pursued 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 capable of high productivity and 3) establishing the "Shizugin" brand. Under our fundamental principle of "growing our dreams and prosperity together with the region," we worked hard to provide financial services that contribute to the development of the region's economy, industry, society, and culture to fulfill our social responsibility and public mission as a Bank. In the area of corporate banking, we promoted regional finance, the Shizuoka Bank Group's specialty, based on the three core pillars, 1) "business matching," which supports our customer's business expansion by increasing their sales channels, 2) "Shizuginship," our learning and networking opportunity for younger managers, who will contribute to for the community's future, and 3) "support for management improvement and business revitalization" to stabilize the region's economy.

As a result, in fiscal 2010, we achieved a loan market share of 30% in Shizuoka Prefecture, which was one of the targets in our 10th medium-term business plan, and we recorded our second consecutive year increase in both ordinary profit and net income.

I want to express my sincere appreciation for our customers and shareholders because the results in 2010 were due entirely to their support.

Seeking Further Increase in Corporate Value

Seeking to have a management that is supported by all of its shareholders, the Bank twice repurchased and cancelled 20 million shares of treasury stock in fiscal 2010. In line with our basic policy of maintaining a dividend payout ratio of 25% and one of the highest dividends paid among major regional banks, we paid an annual dividend of ¥13 per share as a token of our appreciation to shareholders for their recent support. Based on the stock buyback and dividend payout, we achieved shareholder returns (combined amount of treasury stock repurchased and dividend paid) of ¥23.8 billion and a shareholder return ratio of 67.22% in fiscal 2010.

In fiscal 2011 as well, by June we had already repurchased 20 million shares of treasury stock and we will take steps to raise corporate value through appropriate capital policies to win our shareholders' and the market's trust.

11th Medium-Term Business Plan

In April 2011, we began our 11th medium-term business plan, "MIRAI—Future," which seeks to make the best use of the business foundation established in the 10th medium-term business plan and embarked on a new stage of growth.
The plan sets out to fulfill the Bank's vision of becoming "A comprehensive financial group that goes along with customers to open up a future with the region" by promoting balance between its three basic strategies: 1) grow through innovation and problem-solving ability, 2) build a robust operating structure with high productivity, and 3) increase the value of the Shizugin brand.

We established the following declaration of action that expresses how we should act in order to fulfill our vision, "We always try to be the best partner for customers, so that we can contribute to regional development and growth for the future." Most importantly, the Bank, a regional financial institution, is in the service industry and cannot survive without winning the trust of its customers. Let us once again return to these roots and under this declaration of action become "the Shizugin Bank Group, advancing together with the region" and fostering a greater sense of unity with the regional community.

Taking on the Challenge of Growing Together

In the environment surrounding the Bank, amid the urgent tasks of recovery and reconstruction in the aftermath of the Great East Japan Earthquake, structural changes, such as an aging population with declining birthrate, are taking place in a wide range of social domains. In addition to political disarray, we now stand at a time in which we can no longer see a bright future.
Nevertheless, it is precisely at times like these that we must face difficulties with courage and believe that there are endless options for everything. That we persist in our efforts to open up new possibilities is more important than anything.

To deal with the structural changes of the regional community, the Shizuoka Bank has already formed business alliances with banks in Thailand, Indonesia, and Vietnam and has strengthened its support system for regional companies entering the Asian market. Moreover, we have started a "growth area support project," which supports efforts in new fields that have a bearing on the region's economic future, such as medicine, nursing care, the environment, and agriculture. The Bank will continue to take on bold challenges to grow with the region and with its customers over the next 10 to 20 years and beyond under its new medium-term business plan.

We look forward to your continued support.

11th medium-term business plan “MIRAI”

The Orientation of the 11th medium-term business plan (MTBP)

We, Shizuoka Bank, have started with the 11th medium-term business plan called “MIRAI” since April of 2011. Making best use of managerial infrastructure developed in the previous business plans, we are aiming at the expansion of consolidated income and the realization of the plan’s vision, “A comprehensive financial group that goes along with customers to open up a future with the region – Challenge for the future” through exploiting our potentiality as a comprehensive financial group and further enhancing the productivity.

9th MTBP [FY2005-2007]

3C Plan: Challenge to Creation and Change

- Expanded customer base
- Developed operating infrastructure

10th MTBP [FY2008-2010]

Dream TEN — New Challenge

- Established the earnings model
- Developed operating infrastructure

11th MTBP [FY2011-2013]

“MIRAI” — Future

- Grow through innovation and problem-solving ability
- Build the robust operating structure with high productivity
- Increase the value of the Shizugin Brand

The key concept and vision of “MIRAI”

To step into a new stage of growth by bringing out the earnings model and operating infrastructure, the vision of “MIRAI” is established based on five key concepts. The idea behind our vision includes:

- Expecting macroeconomic and structural changes over the next ten years, we must have the strong will to confront the difficulties with our customers and spend maximum effort to lead the community by enriching the function as a regional financial institution.
- We will open up the bright future of the region by offering high-quality solutions which no other regional banks come close.
- We will always keep reminding ourselves of the original roles of the service industry as well as financial institution, and will achieve our primary goal to dedicate to our customers.

Key concepts

- Increase our presence as the top regional bank
- Enhance our regional competitiveness
- Cope with the external structural changes
- Utilize the benefits built under the previous plan
- Keep well-balanced for all stakeholders

Vision

A comprehensive financial group that goes along with customers to open up a future with the region — Challenge for the future

We always try to be the best partner for customers, so that we can contribute to regional development and growth for the future.

Basic Strategy

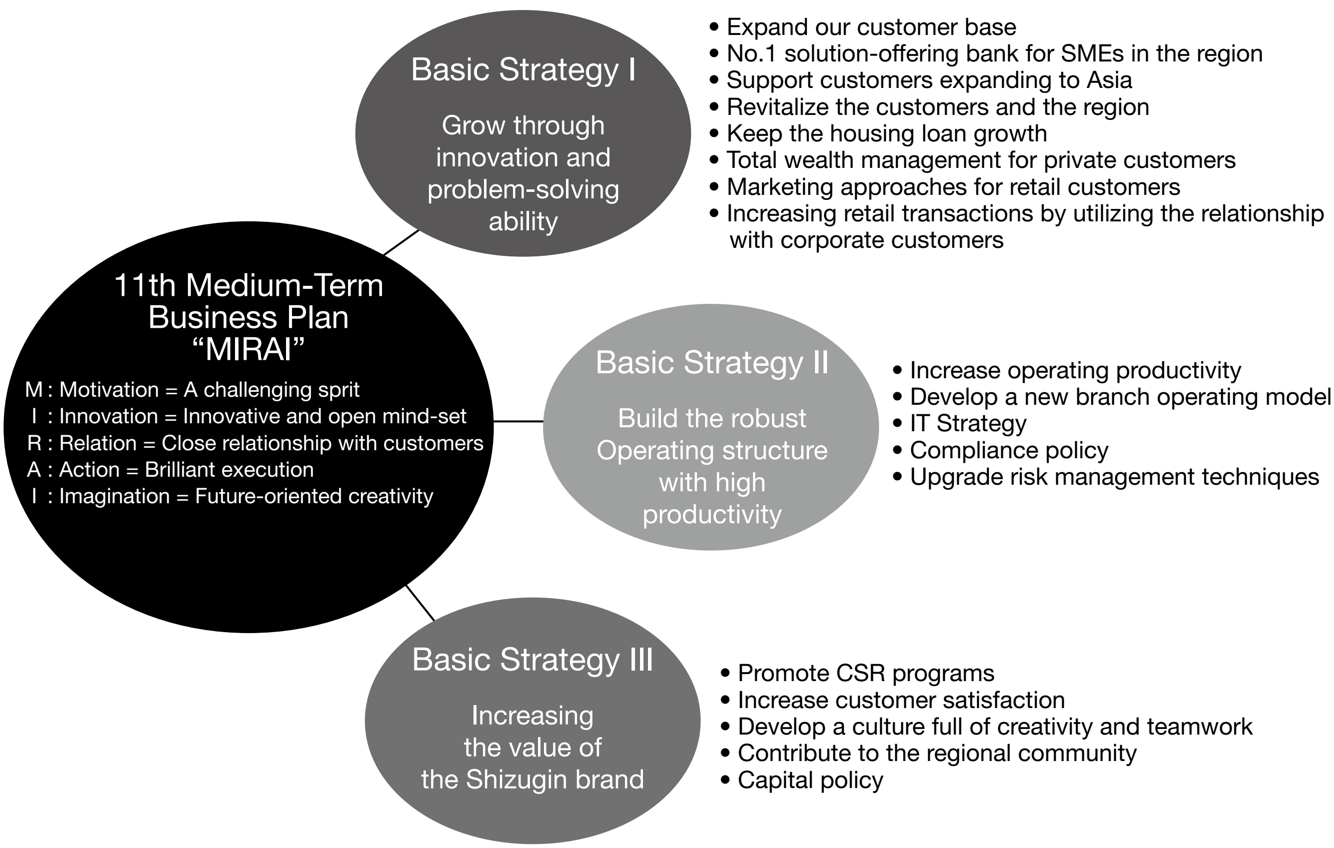
- Grow through innovation and problem-solving ability
- Build the robust operating structure with high productivity
- Increase the value of the Shizugin brand

Target Figures

Profit Targets (JPY billions)	Efficiency Indicators	Financial soundness indicators	Indicators for investors
Consolidated ordinary profit: 70.0 or more	Consolidated Tier I ROE: 6% level	Consolidated Tier I ratio: around 13%	Shareholders return ratio: 50% or more
Consolidated net income: 40.0 or more	Consolidated ROA: 0.4% or more	Credit cost rate: 0.2% or less	
Non-consolidated net operating profit: 73.0 or more	Consolidated OHR: Around 55%		

Basic strategy

The name of the plan, “MIRAI”, means “future” in Japanese. It quoted from our vision and each character of “MIRAI” crystallizes the meaning of Motivation, Innovation, Relation, Action, and Imagination respectively. Shizuoka Bank have aligned all of its employees with a single vision of the 11th medium-term business plan and implement three pillars of our basic strategy in a well-balanced manner.



Basic Strategy I: Grow through innovation and problem-solving ability

We have reinforced the solution-offering approaches, developed effective and reliable IT foundation, and established new branch operation model in the previous plan. In addition to them, we will enhance our competitiveness and potential growth with innovation and problem-solving ability in “MIRAI” to derive profits from our consecutive efforts.

Basic Strategy II: Build the robust operating structure with high productivity

We will actualize a virtuous cycle of high customer satisfaction and our growth by clarifying appropriate measurement of productivity coming from aggressive IT investment and business process reinvention, and by keeping improvement of our outputs to extend top line.

Basic Strategy III: Increase the value of the Shizugin brand

We will undertake the initiatives for all the stakeholders, including customers, investors, community, and employees to boost the value of the Shizugin brand.

Support for Overseas Market Entry and Business

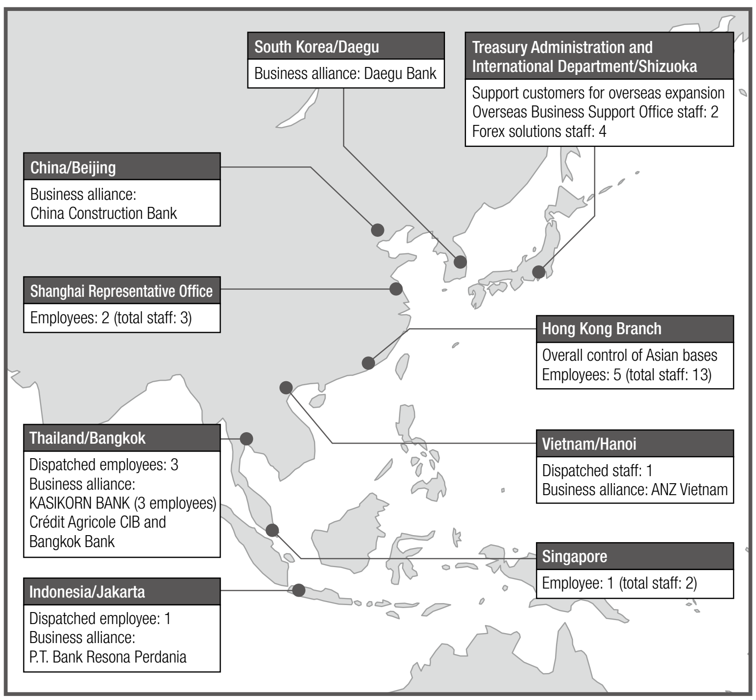
To support our customer's overseas business, the Shizuoka Bank Group has set up a total of six overseas offices – two in the United States (New York and Los Angeles), one in Europe (Brussels), and three in Asia (Hong Kong, Singapore, and Shanghai).

Support System for Asia

In the wake of rising demand from companies in Shizuoka Prefecture for help in expanding to Asia, the Shizuoka Bank set up the "Overseas Business Support Office" in January 2011 to meet the wide-ranging needs of customers for business development support during entry into an overseas market and after entry.

The Shizuoka Bank formed a business alliance with the Daegu Bank of South Korea in December 2010, and also formed business alliances (including the dispatch of Bank personnel) with KASIKORN BANK in February 2011, and with the P.T. Resona Perdania Bank and the Vietnamese subsidiary of the Australia-New Zealand Bank (ANZ Vietnam) in April 2011.

As of July 2011, there were a total of 23 Shizuoka Bank staff stationed in Asia to meet the wide-ranging needs of our customers and our policy is to increase the number of staff in Asia in the years ahead.



Business Overview of Overseas Business Support Office

- Receives inquiries about overseas business expansion and provides law and tax-related information to them
- Overseas business support (holds business forums about sales channel expansion, logistics support, etc.)
- Assists in transfer of funds between Japan head office and local subsidiary
- Provides financing using local financial institution alliance partner, etc.

TOPICS

- **Shizuoka Bank and KASIKORN BANK Alliance Commemorative Charity Party Held**

In April 2011, a Charity Party was held in Bangkok, which was attended by 195 customers from 138 client companies. A portion of working capital and funds raised were donated to a relief fund for survivors of the Great East Japan Earthquake and the floods that struck southern Thailand in March.

Networking Events, Business Forums and Seminars

The Bank actively provides overseas business support, such as networking events for customers that are expanding overseas or considering overseas expansion and business forums to help customers expand their sales channels. In addition, the Bank holds seminars in Japan to explain the market trends in various countries and laws and regulations to customers who are now expanding into Asia or considering it, and responds to a wide range of customer inquiries.

Net working Events: Shanghai Business Networking Event

- **Held on January 21, 2011**

178 companies (40 of which were Shizuoka Bank customers), including those entering the Chinese market, participated in a seminar on China's economy, a networking event, and individual consultations.

Business Forum: Japan Food Trade Matching Expo in Singapore

- **Held on November 15-16, 2010**

35 companies (8 of which were Shizuoka Bank customers) had booths and lively consultations were held with 165 local attending companies.

Seminar: Developing and Overseas Human Resource

- **Held on March 18, 2011**

Outside experts were invited to explain about the use of various countries' labor information and the foreign trainee acceptance system.

Business Performance in Fiscal 2010

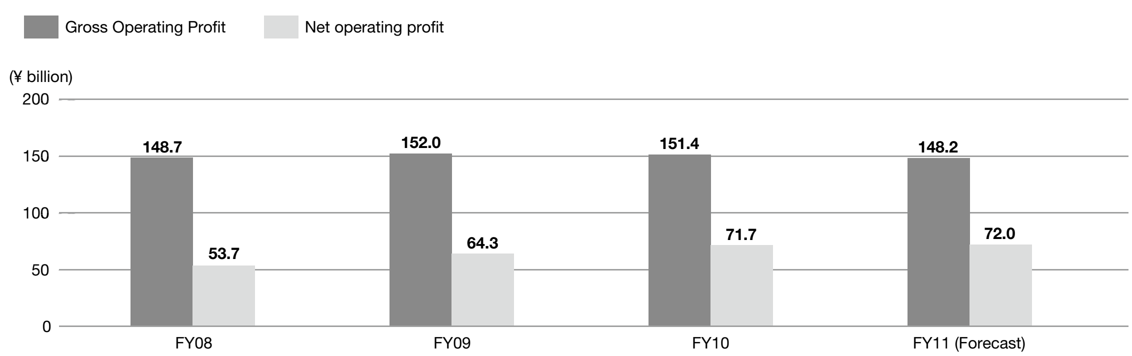
Consolidated Financial Summary

	Billions of Yen				
Years ended March 31	FY07	FY08	FY09	FY10	Annual Change
Income before income taxes and minority interests	62.0	19.7	54.3	63.5	9.2
Net income	34.8	13.0	32.8	36.2	3.4
At year ended March 31					
Capital adequacy (BIS) (%)	14.70	14.12	15.32	15.30	(0.02)
Tier I ratio (%)	13.42	13.76	14.06	14.40	0.34

Non-Consolidated Financial Summary

	Billions of Yen				
Years ended March 31	FY07	FY08	FY09	FY10	Annual Change
Gross Operating Profit	136.5	148.7	152.0	151.4	(0.6)
Net operating profit	59.0	53.7	64.3	71.7	7.4
Actual net operating profit*	58.8	69.2	72.7	70.4	(2.3)
Core net operating profit**	65.3	69.0	67.5	63.8	(3.7)
Net income	35.2	12.8	32.1	35.4	3.3
Net income per share	49.88	18.34	46.01	51.75	5.74
At year ended March 31					
Loans and bills discounted	5,941.9	6,367.5	6,301.4	6,659.2	357.8
Deposits	6,977.6	7,099.8	7,197.7	7,353.0	155.3
Total net assets	696.2	630.6	694.9	687.2	(7.7)
Total assets	9,026.4	9,076.0	8,974.9	9,380.4	405.5
ROE	6.21	2.19	5.48	5.91	0.43
ROA	0.41	0.14	0.36	0.40	0.04
OHR	56.91	53.49	52.19	53.48	1.29

* Actual NOP = NOP + General transfer to loan loss reserves
** Core NOP = NOP + General transfer to loan loss reserves – Bond-related income such as JGBs
The above figures are rounded.

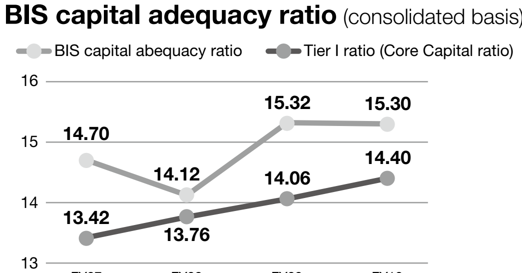


Improved Capital Adequacy

From the fiscal year ended March 31, 2007, the Basel II methodology was adopted and the method for calculating capital ratios was left for the banks to choose based on risk status and management method.

The Shizuoka Bank has taken steps to upgrade its risk management in response to business and transaction diversification and is building a more advanced internal bank system with the goal of adopting a more sophisticated method of calculation. The capital adequacy ratio (consolidated basis) based on Basel II for the fiscal year ended March 31, 2011 was 15.30%, while the Tier I ratio (core capital ratio), a basic item, was 14.40%, well above the 8% standard for banks with overseas branches. Further, we will prepare properly for the adoption of new capital adequacy ratio regulations (Basel III), which will be gradually phased in from 2013.

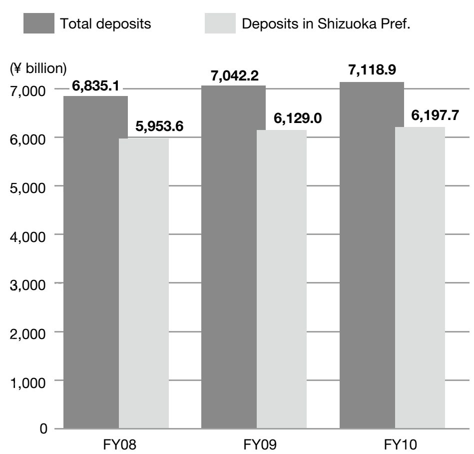
BIS capital adequacy ratio (consolidated basis)



Results of Recent Achievement

Deposit Services

Balance of deposits (average; non-consolidated)



Note: Balance of deposits excludes negotiable certificates of deposit

Deposits (non-consolidated)

• Total deposit balance (average balance)
The total average deposit balance in fiscal 2010 increased ¥76.7 billion (annual growth of 1.1%) year on year, to ¥7,118.9 billion. Of this amount, the total average deposit balance in Shizuoka Prefecture increased ¥68.7 billion, to ¥6,197.7 billion.

• Deposit Balance from Retail Customers (average balance)
The average deposit balance from retail customers in fiscal 2010 increased ¥44.1 billion, to ¥5,184.1 billion. Of this amount, the average deposit balance from retail customers in Shizuoka Prefecture increased ¥50.8 billion, to ¥4,757.2 billion.

• Deposit Balance from Corporate Customers (average balance)
The average deposit balance from corporate customers in fiscal 2010 increased ¥89.6 billion, to ¥1,632.1 billion. Of this amount, the deposit balance from corporate customers, in Shizuoka Prefecture for the fiscal year ended March 31, 2011 increased ¥42.6 billion, to ¥1,329.0 billion.

Loan Services

Loans (non-consolidated)

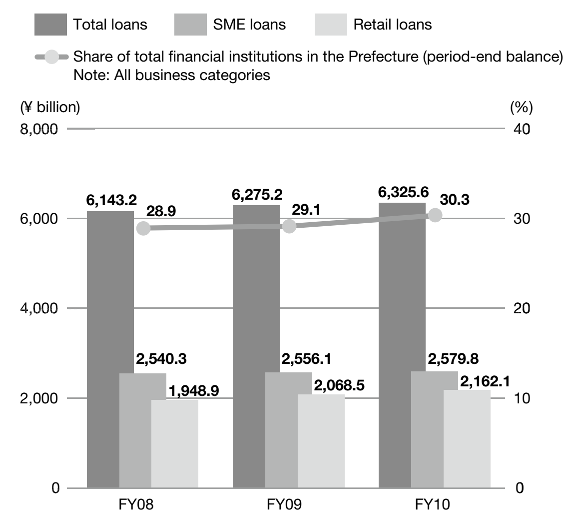
• Total loan balance (average balance)
The total average loan balance in fiscal 2010 increased ¥50.4 billion (annual growth of 0.8%) year on year, to ¥6,325.6 billion. Of this amount, the total average loan balance in Shizuoka Prefecture increased ¥35.5 billion, to ¥4,276.6 billion. Moreover, the Bank achieved its target of a 30% share of loans in Shizuoka Prefecture with a 30.3% share for the fiscal year ended March 31, 2011.

• SME Loan Balance (average balance)
The SME loan balance in fiscal 2010 increased ¥23.7 billion, to ¥2,579.8 billion. Of this amount, the SME loan balance in Shizuoka Prefecture decreased ¥11.7 billion, to ¥1,994.2 billion.

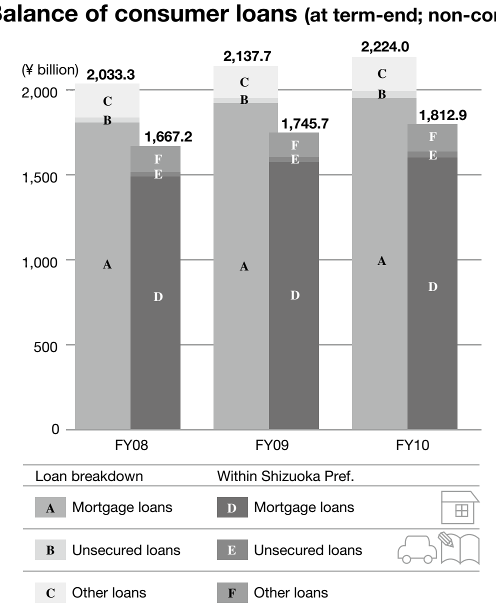
• Retail Loan Balance (average balance)
The retail loan balance in fiscal 2010 increased ¥93.6 billion, to ¥2,162.1 billion. Of this amount, the retail loan balance in Shizuoka Prefecture increased ¥70.3 billion, to ¥1,770.7 billion.

• Consumer Loan Balance (year-end balance)
The consumer loan balance, which is centered on housing loans, in fiscal 2010 increased ¥86.3 billion year on year, to ¥2,224.0 billion.

Balance of total loans (average; non-consolidated)



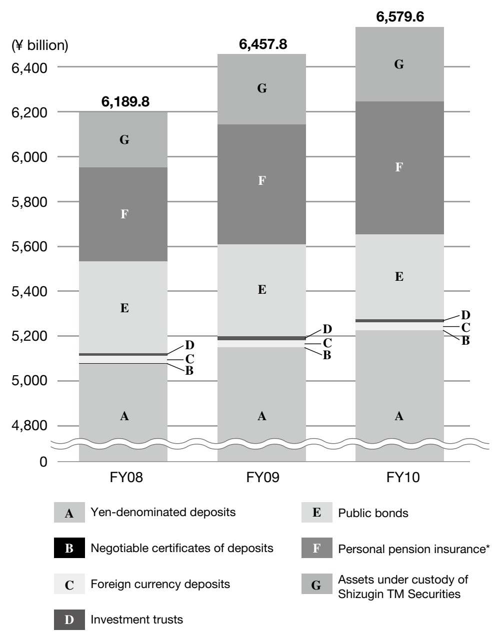
Balance of consumer loans (at term-end; non-consolidated)



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

Asset Management

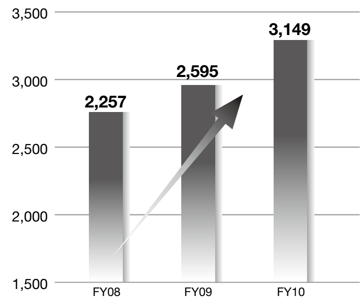
• Balance of Individual Asset Management (year-end balance)
The balance of individual asset management, including those of Shizugin TM Securities, in fiscal 2010 increased ¥121.8 billion, to ¥6,579.6 billion, of which the balance of individual asset management excluding yen deposits and negotiable certificates of deposits came to ¥1,379.9 billion.

Solutions and Management Consulting

Business Matching

Leveraging its well-developed branch network centered on Shizuoka Prefecture, the Shizuoka bank conducts business matching by introducing sales companies and suppliers to each other based on customer needs. In fiscal 2010, the Bank conducted 3,149 business matchings. The Bank also conducts ongoing initiatives including the sponsorship of "shizugin@gricom," a business forum for the agriculture, forestry and fisheries industry, and support of large business forums in collaboration with other financial institutions. In fiscal 2010, the Bank provided marketing support for distinctive products of Shizuoka Prefecture through its sponsorship of a business forum in Tokyo targeting sales to the Tokyo metropolitan area market.

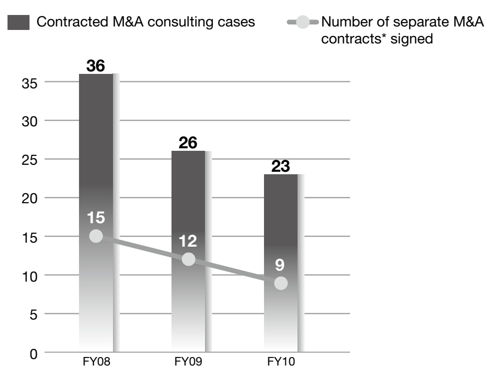
Business matching performance
(successful business matchups)



Consulting

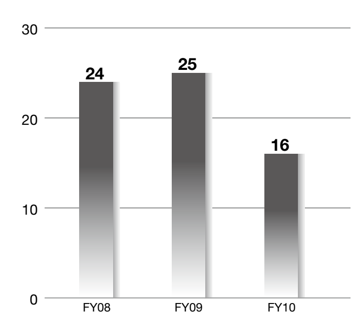
Leveraging the Group's comprehensive financial capabilities, the Bank provides information and consulting services to solve its customers' business issues. In collaboration with Shizuoka Capital Co., Ltd., the Bank provides public-offering assistance.

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.



Management Systems

Corporate Governance System

Based on our corporate philosophy and Ethical Charter, the Board of Directors is composed of 10 directors and is responsible for management-level decision-making and supervision. As such, it decides on important management strategies, such as medium-term business plans and operational plans, as well as basic policies relating to compliance and risk management, and monitors the conduct of operations.

Shizuoka Bank has adopted the corporate auditor system of governance, in which three of its five corporate auditors come from outside the Group, Corporate auditors audit directors' performance of their duties based on the auditing standard for corporate auditors. To clearly separate the supervisory and executive functions of management, we established an Office of the Chairman headed by the chairman and deputy chairman to be responsible for supervising the executive functions and outside activities, while the President, the Senior Vice President level and below, as well as executive officers appointed by the Board of Directors (as of June 27, 2011, there were 14 executive officers, of which four concurrently held the post of director) are responsible for the execution of operations. Decisions on important matters that arise in the course of these day-to-day operations are made by convening bodies, including the Executive Committee, which have been established for particular fields of operation and 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.

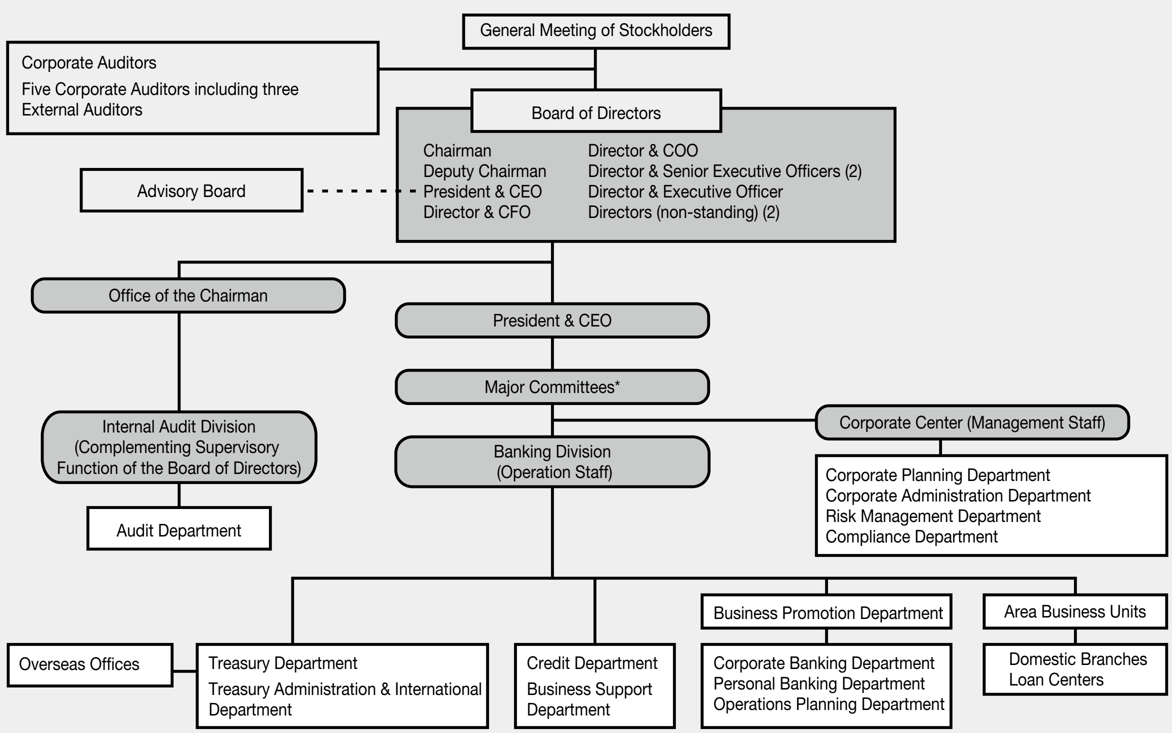
In addition, we have established an Advisory Board (in principle, the Advisory Board Committee convenes each quarter), which the Chairman of the Board presides over, to assist the President of the Bank with the goal of ensuring the objectivity of the Bank's decision-making process. This board is composed mainly of executives from outside the Bank, so as to reflect outside viewpoints.

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. This classification has 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

Bank's Corporate Governance System



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

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.

Prompt and Appropriate Disclosure

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

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

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.

Persons responsible for compliance have been assigned to all Bank branches, head office departments, and Group companies where they conduct compliance inspections and draft reports on day-to-day business operations, which are verified by the Audit Department of the Internal Audit Division.

Creating a Compliance-Centered Corporate Culture

By getting management actively involved in compliance activities, such as by taking the opportunity to participate in the branch managers' meeting and visit branch offices and having directors directly give compliance instructions, the entire Group seeks to enhance compliance awareness.

In addition to the above-mentioned efforts, we are implementing measures to foster and raise compliance awareness including the following.

Basic Policy

As a member of the local community, the Shizuoka Bank Group complies with laws, regulations, and social norms and embraces a spirit of fair play. To develop as a bank while maintaining harmony with the community, the Bank has established an Ethical Charter, which sets out the Bank's basic compliance policy.

Ethical Charter

Gaining Trust

We are constantly aware of the Bank's heavy social responsibility and its public mission. As a banking group, we strive to build unshakable trust through sound business management.

Compliance with Laws, Regulations and Rules

In the conduct of our business, we comply with laws, regulations, and Company rules and on the basis of honesty and fairness, we maintain social norms as a member of society.

Social Etiquette and Fair Play

As executives and employee of the Shizuoka Bank Group, we contribute to the development of the local community by fostering a strong social etiquette and a spirit of fair play.

Breaking Contact with Anti-Social Forces

The Shizuoka Bank Group adamantly rejects the unreasonable demands made by anti-social forces and groups that offend public order and morals and absolutely refuses to deal with such groups.

Active Communication

We will actively communicate with stakeholders and will cooperate with them to build a strong compliance system.

Shizugin Compliance Book

The Bank has established standards of conduct vis-à-vis laws and rules that must be observed in the execution of day-to-day business activities. It has also compiled the Shizugin Compliance Book. These laws and rules are written in easy-to-understand language in the recently published Shizugin Compliance Book, which is distributed to all employees and executives.

"Opinion Box" Internal Reporting System

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

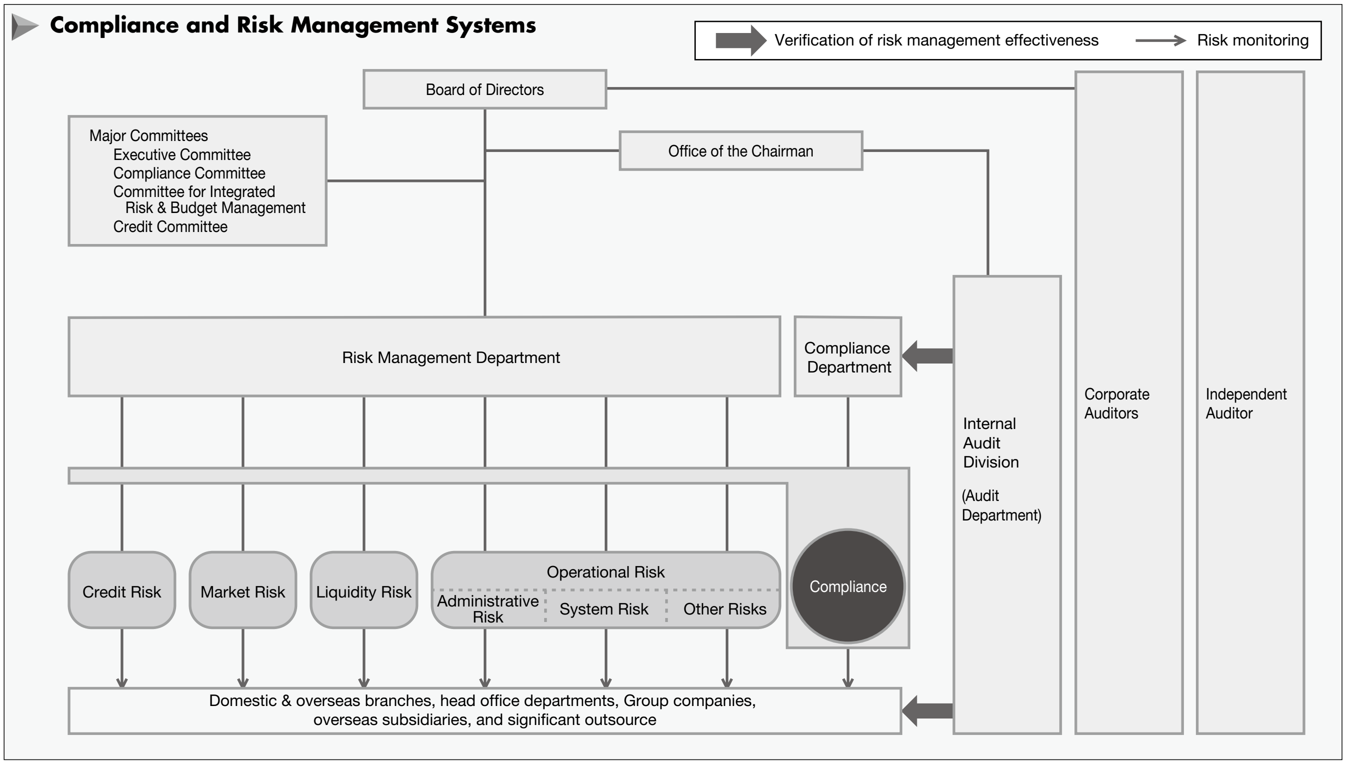
* Reporting can be made by phone, in writing, or by email.

Compliance Education and Training

The Bank conducts ongoing educational activities for the practice of compliance by training executives and employees and holding monthly study groups in branches.

Risk Management Systems

Compliance and Risk Management Systems



Integrated Risk Management Systems

At the Shizuoka Bank Group, we established a basic framework consisting of defining risk, setting up an organizational structure for risk management, and following specific risk control procedures based on the "Basic Risk Management Regulations" which lay down the fundamental principles that underlie our approach to risk management.

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

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

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

Credit Risk Management System

The Credit Risk Management Group of the Risk Management Department manages all credit risk relating to the Shizuoka Bank Group's operations both in Japan and overseas in order to maintain and enhance the soundness of the Group's loan asset portfolio. In the Bank's internal rating system, including its borrower credit rating system, which is the foundation stone of its credit risk management, responsibility for the design of the system and supervision of its function belongs to the Credit Risk Management Group; responsibility for the day-to-day application of the credit rating 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 system of checks and balances, thereby facilitating greater precision and proper functioning of 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 sales division and credit department as well as risk management units – is used to verify that the rules of credit risk management are being properly observed.

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

Borrowers' Credit Rating System

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

Borrowers' credit ratings form the basis for classification in self-assessment, which is implemented as part of capital ratio calculations based on the Banking Act. They are also widely used as a standard for calculating the general reserve for possible loan losses, and as a standard for the management of problem loans.

In principle, the Bank assigns borrower ratings to all borrowers and routinely reviews these ratings each year based on the borrowers' financial statements and other relevant data. In the event that it becomes necessary to change the rating, a review will be conducted as needed. By monitoring the current financial status of borrowers, we can improve our screening ability.

Market Risk Management System

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

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

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 effectiveness of the mutual checks and balances between these three departments is verified through inspections by the Audit Department, which is independent of the departments responsible for executing transactions.

Liquidity Risk Management System

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

To handle unforeseen circumstances, emergency fundraising management 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 that can be easily monetized. The front office addresses market liquidity risk by selecting investment assets based on their liquidity and setting limits on specific stocks and holding periods.

Operational Risk Management System

Each risk category is managed by a dedicated unit of the Bank, while the Operational Risk Management Group of the Risk Management Department is 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 steps to strengthen our operational risk management system through a range of measures including the compilation and analysis of internal loss data and the implementation of a risk control self-assessment. The effectiveness of this risk management system is 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

Because of the highly public nature of banking services, such as the withdrawing of deposits and account settlement, there are strong demands for banks to ensure business continuity as a fulfillment of their social responsibility.

To prepare itself against an outbreak of a state of emergency, 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, which had been predicted as Suruga Bay is a seismic center, or an outbreak of a highly dangerous new strain of bird influenza.

When necessary, the Bank reviews its disaster countermeasures, such as responding to stronger tsunami countermeasures in the wake of the massive tsunami that the struck coastal area, particularly in the Tohoku Region, as a result of the Great East Japan Earthquake of March 2011.

In addition to making our computer and training centers and some of our branches earthquake-proof, and reinforcing the earthquake-resistance of some 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 equipment including telecommunications equipment for emergent situations, a duplicate communications network and a backup system, which ensures that we will be able to resume business soon after disaster strikes. In addition, as a more practical measure, we routinely carry out disaster drills, backup center operation drills and other drills based on the Contingency Plan.

Our Operational Base: Shizuoka Prefecture

Economic Scale

With a nominal annual economic output of ¥16.4 trillion (US$166.51 billion) in fiscal 2008, 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 km^2	2.1%	13th	2010
Population	3.77 million	3.0%	10th	March 2010
Households	1.44 million	2.7%	10th	March 2010
Gross product (nominal)	¥16,452.7 billion	3.3%	10th	FY2008
Business premises	190.7 thousand	3.2%	10th	2009
Value of farm output	¥208.6 billion	2.5%	16th	2009
Fishery catch	199.3 thousand tons	3.6%	7th	2009
Manufactured goods shipments (by factories with four employees or more)	¥15,051.0 billion	5.7%	2nd	2009
Annual revenue of wholesaling industry	¥6,976.4 billion	1.7%	11th	2007
New housing starts	25,314	3.1%	10th	2010
Information service sales	¥142.0 billion	0.9%	10th	2009

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 fiscal 2010, the economy finally reversed a two-year downward trend in the first half, which had persisted since the onset of Lehman Brothers' collapse, on the back of higher exports driven by emerging economies, demand created by government economic stimulus policies, and the effects of employment support measures. However, in the second half, in the wake concerns of an overseas economic slowdown amid the rapid ongoing appreciation of the yen, the Japanese economy was shaken to its core by the Great East Japan Earthquake.

The seismic center of the earthquake was in an area off the coasts of Iwate and Ibaraki prefectures. The unbelievably massive tsunami damaged the Fukushima No. 1 nuclear power plant, causing unprecedented devastation through a vast area extending from the Tohoku to Kanto regions.

At the same time, the disaster disrupted the nations entire supply chain, and continues to affect companies' production activities. Moreover, the decline in consumer spending in the wake of a growing mood of voluntary restraint dealt a serious blow to tourism, leisure, and restaurant businesses. It seems clear that a full-scale economic recovery will take quite same 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 12 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, 2011 and 2010, and the related consolidated statements of income for the years then ended, the consolidated statement of comprehensive income for the year ended March 31, 2011, and the related consolidated statements of changes in equity and cash flows for the years ended March 31, 2011 and 2010, 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, 2011 and 2010, 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 21, 2011

Member of
Deloitte Touche Tohmatsu Limited

Consolidated Balance Sheets

THE SHIZUOKA BANK, LTD. and Subsidiaries March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2011	2010	2011
Assets:			
Cash and due from banks (Notes 12 and 29)	**¥ 385,726**	¥ 401,989	**$ 4,638,921**
Call loans and bills bought	**44,135**	23,632	**530,794**
Monetary claims bought	**41,670**	33,012	**501,149**
Trading assets (Notes 4 and 29)	**45,168**	46,685	**543,222**
Money held in trust (Note 5)	**2,300**	2,100	**27,661**
Securities (Notes 6, 12 and 29)	**2,067,097**	2,044,611	**24,859,864**
Loans and bills discounted (Notes 7, 12, 13 and 29)	**6,636,119**	6,284,067	**79,809,017**
Foreign exchanges (Note 8)	**5,721**	3,896	**68,804**
Lease receivables and investment assets (Notes 12 and 27)	**40,334**	39,550	**485,076**
Other assets (Notes 9 and 12)	**104,765**	92,189	**1,259,958**
Tangible fixed assets (Note 10)	**64,211**	67,479	**772,239**
Intangible fixed assets (Note 10)	**15,678**	17,516	**188,560**
Deferred tax assets (Note 26)	**7,554**	2,871	**90,858**
Customers' liabilities for acceptances and guarantees (Note 11)	**68,479**	71,693	**823,564**
Allowance for loan losses (Note 29)	**(86,574)**	(90,873)	**(1,041,180)**
Allowance for investment losses	**(370)**	(90)	**(4,455)**
Total Assets	**¥9,442,019**	¥9,040,330	**$113,554,052**
Liabilities and Equity:			
Liabilities:			
Deposits (Notes 12, 14 and 29)	**7,658,053**	7,479,446	**92,099,266**
Call money and bills sold (Note 29)	**55,959**	113,880	**673,000**
Payables under securities lending transactions (Notes 12 and 29)	**223,921**	207,795	**2,692,984**
Trading liabilities (Note 4)	**29,456**	27,751	**354,262**
Borrowed money (Notes 12, 15 and 29)	**512,094**	164,998	**6,158,683**
Foreign exchanges (Note 8)	**146**	89	**1,759**
Bonds payable (Note 16)	**25,000**	65,000	**300,661**
Other liabilities (Notes 12 and 17)	**127,463**	158,131	**1,532,932**
Provision for retirement benefits (Note 18)	**22,785**	23,014	**274,028**
Provision for losses from reimbursement of inactive accounts	**883**	889	**10,619**
Provision for contingent losses	**3,582**	2,141	**43,091**
Reserves under special laws	**11**	11	**135**
Deferred tax liabilities (Note 26)	**0**	6,417	**0**
Acceptances and guarantees (Note 11)	**68,479**	71,693	**823,564**
Total Liabilities	**¥8,727,838**	¥8,321,261	**$104,964,984**
Equity: (Notes 19, 20, 21 and 34)			
Capital stock, authorized, 2,414,596 thousand shares: issued, 685,129 thousand shares in 2011 and 705,129 thousand shares in 2010	**90,845**	90,845	**1,092,553**
Capital surplus	**54,884**	54,884	**660,061**
Subscription rights to shares	**253**	181	**3,047**
Retained earnings	**491,986**	480,707	**5,916,851**
Treasury stock-at cost 9,260 thousand shares in 2011 and 9,161 thousand shares in 2010	**(7,734)**	(8,640)	**(93,022)**
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	**64,179**	83,376	**771,852**
Deferred gains or losses on hedges	**(427)**	(404)	**(5,146)**
Foreign currency translation adjustments	**(1,257)**	(1,031)	**(15,128)**
Total	**692,728**	699,918	**8,331,068**
Minority interests	**21,452**	19,150	**258,000**
Total Equity	**714,180**	719,069	**8,589,068**
Total Liabilities and Equity	**¥9,442,019**	¥9,040,330	**$113,554,052**

See notes to consolidated financial statements.

Consolidated Statements of Income

THE SHIZUOKA BANK, LTD. and Subsidiaries Years ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2011	2010	**2011**
Income:			
Interest Income:			
Interest on loans and discounts	**¥105,506**	¥110,857	**$1,268,873**
Interest and dividends on securities	**30,992**	31,398	**372,733**
Other interest income	**1,330**	1,867	**16,004**
Subtotal	**137,830**	144,124	**1,657,610**
Fees and Commissions	**46,449**	45,637	**558,623**
Trading Income	**139**	1,712	**1,679**
Other Operating Income (Note 22)	**14,596**	11,620	**175,538**
Other Income (Note 23)	**10,576**	12,158	**127,203**
Total Income	**209,592**	215,253	**2,520,653**
Expenses:			
Interest Expense:			
Interest on deposits	**7,210**	11,595	**86,721**
Interest on borrowings and rediscounts	**597**	1,254	**7,187**
Other interest expense	**1,741**	1,818	**20,950**
Subtotal	**9,550**	14,668	**114,858**
Fees and Commission Payments	**22,647**	22,019	**272,366**
Other Operating Expenses (Note 24)	**5,618**	4,654	**67,566**
General and Administrative Expenses	**89,143**	87,883	**1,072,080**
Other Expenses (Note 25)	**19,139**	31,762	**230,183**
Total Expenses	**146,098**	160,988	**1,757,053**
Income before Income Taxes and Minority Interests	**63,493**	54,264	**763,600**
Income Taxes: (Note 26)			
Current	**24,803**	23,838	**298,295**
Deferred	**194**	(3,638)	**2,340**
Net Income before Minority Interests	**38,495**	34,064	**462,965**
Minority Interests in Net Income of Consolidated Subsidiaries	**2,339**	1,308	**28,138**
Net Income	**¥ 36,155**	¥ 32,755	**$ 434,827**

	Yen		U.S. Dollars (Note 2)
Per Share: (Note 33)			
Basic net income	**¥52.92**	¥46.92	**$0.64**
Diluted net income	**52.90**	46.91	**0.64**
Cash dividends applicable to the year	**13.00**	13.00	**0.16**

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

THE SHIZUOKA BANK, LTD. and Subsidiaries Year ended March 31, 2011

	Millions of Yen	Thousands of U.S. Dollars (Note 2)
	2011	**2011**
Net Income before Minority Interests	**¥38,495**	**$462,965**
Other Comprehensive Income (Loss): (Note 32)		
Valuation difference on available-for-sale securities	**(19,205)**	**(230,974)**
Deferred gains or losses on hedges	**(23)**	**(287)**
Foreign currency translation adjustments	**(226)**	**(2,727)**
Total other comprehensive income (loss)	**(19,456)**	**(233,988)**
Comprehensive Income (Note 32)	**19,039**	**228,977**
Total Comprehensive Income Attributable To: (Note 32)		
Owners of the parent	**¥16,708**	**$200,947**
Minority interests	**2,330**	**28,030**

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

THE SHIZUOKA BANK, LTD. and Subsidiaries Years ended March 31, 2011 and 2010

	Thousands	Millions of Yen										
							Accumulated other comprehensive income					
	Number of Shares of Common Stock Outstanding	Capital Stock	Capital Surplus	Subscription Rights to Shares	Retained Earnings	Treasury Stock	Valuation Difference on Available-for-Sale Securities	Deferred Gains or Losses on Hedges	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
Balance at April 1, 2009	710,129	¥90,845	¥54,887	¥129	¥462,094	¥(12,349)	¥40,284	¥(312)	¥ (884)	¥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
Purchases of treasury stock (5,248 thousand shares)						(4,218)				(4,218)		(4,218)
Disposals of treasury stock (3,245 thousand shares)			(3)		(780)	3,288				2,504		2,504
Retirements 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	3,709	43,091	(91)	(146)	65,222	1,330	66,553
Balance at March 31, 2010	705,129	¥90,845	¥54,884	¥181	¥480,707	¥ (8,640)	¥83,376	¥(404)	¥(1,031)	¥699,918	¥19,150	¥719,069
Balance at April 1, 2010	705,129	¥90,845	¥54,884	¥181	¥480,707	¥ (8,640)	¥83,376	¥(404)	¥(1,031)	¥699,918	¥19,150	¥719,069
Changes during the period:												
Cash dividends, ¥13.00 per share					**(8,917)**					**(8,917)**		**(8,917)**
Net income					**36,155**					**36,155**		**36,155**
Purchases of treasury stock (20,111 thousand shares)						**(15,063)**				**(15,063)**		**(15,063)**
Disposals of treasury stock (12 thousand shares)					**(1)**	**11**				**9**		**9**
Retirements of treasury stock (20,000 thousand shares)	**(20,000)**				**(15,957)**	**15,957**						
Net changes other than shareholders' equity				**72**			**(19,196)**	**(23)**	**(226)**	**(19,374)**	**2,302**	**(17,072)**
Total changes during the period	**(20,000)**			**72**	**11,278**	**905**	**(19,196)**	**(23)**	**(226)**	**(7,190)**	**2,302**	**(4,888)**
Balance at March 31, 2011	**685,129**	**¥90,845**	**¥54,884**	**¥253**	**¥491,986**	**¥ (7,734)**	**¥64,179**	**¥(427)**	**¥(1,257)**	**¥692,728**	**¥21,452**	**¥714,180**

	Thousands of U.S. Dollars (Note 2)										
						Accumulated other comprehensive income					
	Capital Stock	Capital Surplus	Subscription Rights to Shares	Retained Earnings	Treasury Stock	Valuation Difference on Available-for-Sale Securities	Deferred Gains or Losses on Hedges	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
Balance at April 1, 2010	$1,092,553	$660,061	$2,177	$5,781,207	$(103,909)	$1,002,719	$(4,859)	$(12,401)	$8,417,548	$230,308	$8,647,856
Changes during the period:											
Cash dividends, $0.16 per share				**(107,245)**					**(107,245)**		**(107,245)**
Net income				**434,827**					**434,827**		**434,827**
Purchases of treasury stock					**(181,166)**				**(181,166)**		**(181,166)**
Disposals of treasury stock				**(20)**	**135**				**115**		**115**
Retirements of treasury stock				**(191,918)**	**191,918**						
Net changes other than shareholders' equity			**870**			**(230,867)**	**(287)**	**(2,727)**	**(233,011)**	**27,692**	**(205,319)**
Total changes during the period			**870**	**135,644**	**10,887**	**(230,867)**	**(287)**	**(2,727)**	**(86,480)**	**27,692**	**(58,788)**
Balance at March 31, 2011	**$1,092,553**	**$660,061**	**$3,047**	**$5,916,851**	**$ (93,022)**	**$ 771,852**	**$(5,146)**	**$(15,128)**	**$8,331,068**	**$258,000**	**$8,589,068**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

THE SHIZUOKA BANK, LTD. and Subsidiaries Years ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2011	2010	**2011**
I. Operating Activities:			
Income before income taxes and minority interests	**¥ 63,493**	¥ 54,264	**$ 763,600**
Adjustments for:			
Income taxes paid	**(28,895)**	(9,676)	**(347,507)**
Depreciation and amortization	**13,023**	12,959	**156,626**
Impairment losses	**15**	3	**180**
Equity in (earnings) losses of affiliates	**240**	255	**2,895**
Loss on change in accounting standard for asset retirement obligations	**329**		**3,958**
Increase (decrease) in allowance for loan losses	**(4,299)**	9,731	**(51,712)**
Increase (decrease) in allowance for investment losses	**280**	(18)	**3,370**
Increase (decrease) in provision for retirement benefits	**(229)**	144	**(2,756)**
Increase (decrease) in provision for reimbursement of inactive accounts	**(6)**	(71)	**(72)**
Increase (decrease) in provision for contingent losses	**1,441**	878	**17,331**
Interest income	**(137,830)**	(144,124)	**(1,657,610)**
Interest expense	**9,550**	14,668	**114,858**
Losses (gains) on securities	**(6,782)**	(8,150)	**(81,564)**
Losses (gains) on money held in trust	**(15)**	(12)	**(188)**
Losses (gains) on sale of fixed assets	**341**	(428)	**4,111**
Net decrease (increase) in trading assets	**1,516**	18,442	**18,238**
Net increase (decrease) in trading liabilities	**1,705**	(589)	**20,507**
Net decrease (increase) in loans and bills discounted	**(367,877)**	54,940	**(4,424,263)**
Net increase (decrease) in deposits	**204,481**	101,933	**2,459,185**
Net increase (decrease) in borrowed money	**347,095**	(309,092)	**4,174,334**
Net decrease (increase) in due from banks (excluding deposits paid to Bank of Japan)	**43,522**	(122,099)	**523,426**
Net decrease (increase) in call loans	**(23,015)**	33,113	**(276,794)**
Net decrease (increase) in monetary claims bought	**(8,658)**	19,315	**(104,125)**
Net increase (decrease) in call money	**(45,815)**	(32,703)	**(551,000)**
Net increase (decrease) in payables under securities lending transactions	**38,068**	87,686	**457,829**
Net decrease (increase) in foreign exchanges (assets)	**(1,981)**	6,126	**(23,836)**
Net increase (decrease) in foreign exchanges (liabilities)	**56**	(27)	**681**
Net decrease (increase) in lease receivables and investment assets	**(1,464)**	(3,845)	**(17,612)**
Increase (decrease) in straight bonds-issuance and redemption	**(40,000)**	(20,000)	**(481,058)**
Interest and dividends received	**142,671**	147,617	**1,715,832**
Interest paid	**(12,685)**	(15,841)	**(152,562)**
Other-net	**7,550**	(12,006)	**90,807**
Total Adjustments	**132,334**	(170,868)	**1,591,509**
Net Cash Provided by (Used in) Operating Activities	**195,827**	(116,603)	**2,355,109**
II. Investing Activities:			
Purchases of securities	**(1,623,963)**	(1,743,221)	**(19,530,525)**
Proceeds from sales of securities	**1,333,457**	1,642,637	**16,036,776**
Proceeds from redemptions of securities	**158,309**	232,282	**1,903,898**
Increase in money held in trust	**(200)**	(2,100)	**(2,405)**
Purchases of tangible fixed assets	**(4,646)**	(5,644)	**(55,881)**
Purchases of intangible fixed assets	**(3,889)**	(3,832)	**(46,781)**
Proceeds from sales of tangible fixed assets	**1,263**	1,566	**15,197**
Payments for execution of asset retirement obligations	**(60)**		**(728)**
Net Cash Provided by (Used in) Investing Activities	**(139,729)**	121,687	**(1,680,449)**
III. Financing Activities:			
Dividends paid	**(8,907)**	(8,710)	**(107,124)**
Dividends paid to minority interests	**(27)**	(21)	**(329)**
Purchases of treasury stock	**(15,063)**	(4,218)	**(181,166)**
Proceeds from sales of treasury stock	**9**	2,504	**115**
Net Cash Provided by (Used in) Financing Activities	**(23,989)**	(10,445)	**(288,504)**
IV. Foreign Currency Translation Adjustments on Cash and Cash Equivalents	**(40)**	(15)	**(485)**
V. Net Increase (Decrease) in Cash and Cash Equivalents	**32,068**	(5,378)	**385,671**
VI. Cash and Cash Equivalents at Beginning of Year	**131,917**	137,295	**1,586,496**
VII. Cash and Cash Equivalents at End of Year (1)	**¥ 163,985**	¥ 131,917	**$ 1,972,167**

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, 2011 and 2010 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)
	2011	2010	**2011**
Cash and due from banks	**¥385,726**	¥401,989	**$4,638,921**
Other due from banks	**(221,740)**	(270,072)	**(2,666,754)**
Cash and cash equivalents, end of year	**¥163,985**	¥131,917	**$1,972,167**

Notes to Consolidated Financial Statements

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 ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards ("IFRS").

Under Japanese GAAP, a consolidated statement of comprehensive income is required from the fiscal year ended March 31, 2011 and has been presented herein. Accordingly, accumulated other comprehensive income is presented in the consolidated balance sheet and the consolidated statement of changes in equity. Information with respect to other comprehensive income for the year ended March 31, 2010 is disclosed in Note 32. In addition, "net income before minority interests" is disclosed in the consolidated statements of income from the year ended March 31, 2011.

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 2010 consolidated financial statements to conform to classifications and presentations used in 2011.

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 ¥83.15 to $1, the approximate rate of exchange at March 31, 2011. Such translation should not be construed as a representation that Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation:

The accompanying consolidated financial statements as of March 31, 2011 and 2010 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 IFRS 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 research and development costs; 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.

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 Bank's self-assessment system. This system reflects the past experience of credit losses, possible future credit losses, business and economic conditions, the character, quality and performance of the portfolio and other pertinent indicators.

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

The Bank has established a credit rating system under which its 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 possible losses on future claims of withdrawal based on historical reimbursement experience.

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

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

Asset retirement obligations:
In March 2008, the ASBJ published the accounting standard for asset retirement obligations, ASBJ Statement No.18, "Accounting Standard for Asset Retirement Obligations," and ASBJ Guidance No.21, "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of 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 was effective for fiscal years beginning on or after April 1, 2010.

The Bank applied this accounting standard effective April 1, 2010. The effect of this change was to decrease operating income by ¥56 million ($678 thousand) and income before income taxes and minority interests by ¥385 million ($4,636 thousand).

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.

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 683,187,706 shares for 2011 and 698,073,881 shares for 2010.

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:

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 due to 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.

4. TRADING ASSETS AND LIABILITIES

Trading assets and liabilities at March 31, 2011 and 2010 consisted of the following:

(a) Trading assets

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Trading securities:			
National government bonds	**¥ 2,935**	¥ 4,399	**$ 35,309**
Local government bonds	**1,946**	1,180	**23,414**
Foreign securities		45	
Subtotal	**4,882**	5,625	**58,723**
Financial derivatives:			
Other (Note)	**30,835**	29,938	**370,846**
Subtotal	**30,835**	29,938	**370,846**
Other trading assets:			
Commercial paper	**9,449**	11,119	**113,649**
Other (Note)	**0**	2	**4**
Subtotal	**9,450**	11,121	**113,653**
Total	**¥45,168**	¥46,685	**$543,222**

(b) Trading liabilities

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Trading security derivatives:		¥ 3	
Subtotal		3	
Financial derivatives:			
Other (Note)	**¥29,456**	27,747	**$354,262**
Subtotal	**29,456**	27,747	**354,262**
Total	**¥29,456**	¥27,751	**$354,262**

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

5. MONEY HELD IN TRUST

Money held in trust at March 31, 2011 consisted of the following:

	Millions of Yen			
March 31, 2011	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Money held in trust classified as:				
Held-to-maturity	**¥2,300**	**¥0**		**¥2,300**

	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, 2011	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Money held in trust classified as:				
Held-to-maturity	**$27,661**	**$0**		**$27,661**

6. SECURITIES

Securities at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
National government bonds	**¥ 802,395**	¥ 586,889	**$ 9,649,980**
Local government bonds	**72,396**	103,655	**870,676**
Corporate debentures	**544,214**	678,939	**6,544,974**
Corporate stocks	**208,898**	235,208	**2,512,314**
Other securities	**439,191**	439,918	**5,281,920**
Total	**¥2,067,097**	¥2,044,611	**$24,859,864**

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.

Information regarding each category of the securities classified as trading, available-for-sale and held-to-maturity at March 31, 2011 and 2010 were as follows:

	Millions of Yen			
March 31, 2011	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				**¥ 14,333**
Available-for-sale:				
Equity securities	**¥ 112,209**	**¥95,762**	**¥5,200**	**202,771**
Debt securities	**1,399,421**	**14,000**	**4,135**	**1,409,286**
Others	**423,943**	**5,459**	**2,481**	**426,921**
Held-to-maturity	**12,994**	**81**	**93**	**12,983**

	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

	Thousands of U.S. Dollars			
March 31, 2011	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				**$ 172,376**
Available-for-sale:				
Equity securities	**$ 1,349,481**	**$1,151,679**	**$62,539**	**2,438,621**
Debt securities	**16,830,081**	**168,382**	**49,738**	**16,948,725**
Others	**5,098,536**	**65,656**	**29,841**	**5,134,351**
Held-to-maturity	**156,279**	**985**	**1,121**	**156,143**

Available-for-sale securities sold during the years ended March 31, 2011 and 2010 were as follows:

	Millions of Yen		
Year ended March 31, 2011	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales
Equity securities	**¥ 3,727**	**¥ 832**	**¥ 89**
Debt securities	**1,100,264**	**10,546**	**3,083**
Others	**244,336**	**2,931**	**3,138**
Total	**¥1,348,327**	**¥14,310**	**¥6,311**

	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

	Thousands of U.S. Dollars		
Year ended March 31, 2011	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales
Equity securities	**$ 44,824**	**$ 10,011**	**$ 1,075**
Debt securities	**13,232,280**	**126,836**	**37,089**
Others	**2,938,501**	**35,261**	**37,746**
Total	**$16,215,605**	**$172,108**	**$75,910**

Marketable available-for-securities whose fair value significantly declines in comparison with their acquisition cost and where it is unlikely that the securities will recover are written down and accounted for as impairment losses.

Impairment losses on marketable available-for-sale securities for the years ended March 31, 2011 and 2010 were ¥1,603 million ($19,281 thousand) and ¥16 million.

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

7. LOANS AND BILLS DISCOUNTED

Loans and bills discounted at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Bills discounted	**¥ 37,701**	¥ 37,453	**$ 453,415**
Loans on bills	**227,565**	218,521	**2,736,810**
Loans on deeds	**5,153,906**	4,839,472	**61,983,246**
Overdrafts	**1,216,945**	1,188,619	**14,635,546**
Total	**¥6,636,119**	¥6,284,067	**$79,809,017**

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, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Loans under bankruptcy proceedings	**¥ 8,986**	¥ 19,245	**$ 108,074**
Past due loans	**216,805**	198,149	**2,607,400**
Loans past due for three months or more	**2,117**	1,692	**25,462**
Loans with relaxed conditions	**16,280**	12,525	**195,799**
Total	**$244,189**	¥231,612	**$2,936,735**

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 or the relinquishment of a portion of liabilities) with the goal of supporting the recovery of borrowers that have fallen into financial difficulty and thereby promoting the recovery of the loan.

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, 2011 and 2010, the Bank had the right by contract or custom to sell or repledge bills discounted and foreign exchange bills bought and their total face values were ¥38,578 million ($463,968 thousand) and ¥38,315 million, respectively.

8. FOREIGN EXCHANGES

Foreign exchange assets and liabilities at March 31, 2011 and 2010 consisted of the following:

(a) Assets

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Due from foreign banks	**¥2,823**	¥1,592	**$33,958**
Foreign exchange bills bought	**877**	861	**10,553**
Foreign exchange bills receivable	**2,019**	1,442	**24,293**
Total	**¥5,721**	¥3,896	**$68,804**

(b) Liabilities

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Foreign exchange bills sold	**¥110**	¥53	**$1,328**
Foreign exchange bills payable	**35**	35	**431**
Total	**¥146**	¥89	**$1,759**

9. OTHER ASSETS

Other assets at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Accrued income	**¥ 10,203**	¥10,192	**$ 122,710**
Derivative products	**23,572**	20,600	**283,496**
Prepaid expenses	**5,510**	6,862	**66,272**
Others	**65,478**	54,533	**787,480**
Total	**¥104,765**	¥92,189	**$1,259,958**

10. TANGIBLE FIXED ASSETS AND INTANGIBLE FIXED ASSETS

Tangible fixed assets and intangible fixed assets at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Tangible fixed assets			
Buildings	**¥28,226**	¥27,389	**$339,464**
Land	**24,377**	24,762	**293,174**
Construction in progress	**144**	1,979	**1,733**
Other tangible fixed assets	**11,463**	13,347	**137,868**
Subtotal	**64,211**	67,479	**772,239**
Intangible fixed assets			
Software	**15,169**	17,002	**182,439**
Other intangible assets	**508**	514	**6,121**
Subtotal	**15,678**	17,516	**188,560**
Total	**¥79,890**	¥84,995	**$960,799**

Tangible fixed assets are stated at cost less accumulated depreciation of ¥114,021 million ($1,371,276 thousand) and ¥123,881 million in 2011 and 2010, respectively.

As of March 31, 2011 and 2010, deferred gains for tax purposes of ¥10,621 million ($127,734 thousand) and ¥10,670 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, 2011 and 2010. As a result, the Group recognized an impairment loss of ¥15 million ($180 thousand) and ¥3 million as other expense for certain branches due to continuous operating losses and the carrying amount of the relevant tangible fixed assets was written down to the recoverable amount. The recoverable amount of such tangible fixed assets was measured at its net selling price determined by quotation from a third-party vendor.

11. CUSTOMERS’ LIABILITIES FOR ACCEPTANCES AND GUARANTEES

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

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

Liabilities for guarantees on corporate bonds included in Securities, which were issued by private placement (Article 2 Paragraph 3 of the Financial Instruments and Exchange Act) as of March 31, 2011 and 2010 amounted to ¥31,496 million ($378,788 thousand) and ¥33,980 million, respectively.

12. ASSETS PLEDGED

Assets pledged as collateral and their relevant liabilities at March 31, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Assets pledged as collateral:			
Due from banks	**¥ 240**	¥ 240	**$ 2,897**
Securities	**1,057,313**	580,122	**12,715,735**
Lease receivables and investment assets	**281**	378	**3,384**
Relevant liabilities to above assets:			
Deposits	**¥ 66,012**	¥ 85,904	**$ 793,899**
Payables under securities lending transactions	**223,921**	207,795	**2,692,984**
Borrowed money	**499,720**	148,269	**6,009,862**
Other liabilities	**308**	61	**3,711**

In addition to the above, the Bank has provided ¥202,319 million ($2,433,181 thousand) and ¥195,036 million in securities and ¥166 million ($2,000 thousand) and ¥186 million in negotiable certificate of deposit as collateral for foreign exchange settlements and certain other transactions and as security for futures transactions at March 31, 2011 and 2010, respectively.

Guarantee deposits on office space are included in other assets in the amount of ¥2,146 million ($25,820 thousand) and ¥2,004 million at March 31, 2011 and 2010, respectively.

13. LOAN COMMITMENTS

Loan commitments at March 31, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Unexecuted loan commitments outstanding			
Loans due within one year	**¥1,493,048**	¥1,469,613	**$17,956,080**
Loans due over one year	**58,872**	61,820	**708,030**
Total	**¥1,551,920**	¥1,531,433	**$18,664,110**

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 ¥1,551,920 million ($18,664,110 thousand) and ¥1,531,433 million at March 31, 2011 and 2010, respectively.

Of this total, ¥1,493,048 million ($17,956,080 thousand) and ¥1,469,016 million relate 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, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Current deposits	**¥ 366,636**	¥ 334,409	**$ 4,409,339**
Savings deposits	**3,663,381**	3,506,348	**44,057,509**
Deposits at notice	**32,787**	32,751	**394,321**
Time deposits	**3,069,056**	3,049,282	**36,909,879**
Negotiable certificates of deposit	**300,657**	269,300	**3,615,846**
Other	**225,533**	287,355	**2,712,372**
Total	**¥7,658,053**	¥7,479,446	**$92,099,266**

15. BORROWED MONEY

At March 31, 2011 and 2010, the weighted average annual interest rates applicable to borrowed money were 0.11% and 0.18%, respectively.

Borrowed money are borrowings from financial institutions. Annual maturities of borrowed money as of March 31, 2011 were as follows:

Years Ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2012	¥506,695	$6,093,756
2013	2,246	27,014
2014	1,711	20,586
2015	1,206	14,506
2016 and thereafter	234	2,821
Total	¥512,094	$6,158,683

16. BONDS PAYABLE

Bonds at March 31, 2011 and 2010 consisted of the following:

		Millions of Yen		Thousands of U.S. Dollars
	Rate (%)	**2011**	2010	**2011**
Unsecured bonds, payable in Japanese yen, due September 2010	2.22		¥20,000	
Unsecured bonds, payable in Japanese yen, due May 2011	1.65	**¥ 5,000**	5,000	**$ 60,131**
Unsecured bonds, payable in Japanese yen, due September 2014	1.59	**10,000**	10,000	**120,265**
Unsecured bonds, payable in Japanese yen, due June 2010	0.54		20,000	
Unsecured bonds, payable in Japanese yen, due June 2015	1.37	**10,000**	10,000	**120,265**
Total		**¥25,000**	¥65,000	**$300,661**

Annual maturities of bonds as of March 31, 2011 were as follows:

Years Ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2012	¥ 5,000	$ 60,131
2013	0	0
2014	0	0
2015	10,000	120,265
2016 and thereafter	10,000	120,265
Total	¥25,000	$300,661

17. OTHER LIABILITIES

Other liabilities at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Income taxes payable	**¥ 12,869**	¥ 17,144	**$ 154,771**
Accrued expenses	**8,361**	11,176	**100,555**
Deposits from employees	**2,808**	2,837	**33,778**
Unearned income	**10,198**	10,510	**122,650**
Derivative products	**25,824**	21,918	**310,576**
Other	**67,401**	94,543	**810,602**
Total	**¥127,463**	¥158,131	**$1,532,932**

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, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Projected benefit obligation	**¥74,974**	¥75,573	**$901,673**
Fair value of plan assets	**(43,290)**	(45,334)	**(520,633)**
Unrecognized actuarial (loss) gain	**(14,463)**	(14,150)	**(173,941)**
Prepaid pension costs	**5,565**	6,926	**66,929**
Net provision	**¥22,785**	¥23,014	**$274,028**

The components of net periodic benefit costs for the year ended March 31, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Service cost	**¥1,833**	¥1,904	**$22,050**
Interest cost	**1,501**	1,504	**18,061**
Expected return on plan assets	**(1,430)**	(1,443)	**(17,204)**
Recognized actuarial losses	**2,935**	3,436	**35,298**
Other	**600**	600	**7,224**
Net periodic benefit costs	**¥5,440**	¥6,002	**$65,429**

Assumptions used for the year ended March 31, 2011 and 2010 are set forth as follows:

	2011	2010
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 provide 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, 2011 were as follows:

	Persons Granted	Number of Options	Date of Grant	Exercise Price	Exercise Period
2007 Stock Option	8 directors	67,000 shares	2007. 7.27	¥ 1 ($0.01)	From July 28, 2007 To July 27, 2032
2008 Stock Option	8 directors	66,000 shares	2008. 7.18	¥ 1 ($0.01)	From July 19, 2008 To July 18, 2033
2009 Stock Option	8 directors	89,000 shares	2009. 7.24	¥ 1 ($0.01)	From July 25, 2009 To July 24, 2034
2010 Stock Option	8 directors	100,000 shares	2010. 7.23	¥ 1 ($0.01)	From July 24, 2010 To July 23, 2035

The stock option activity is as follows:

	2007 Stock Option	2008 Stock Option	2009 Stock Option	2010 Stock Option
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		
For the year ended March 31, 2011				
Non-vested				
March 31, 2010—Outstanding			89,000	
Granted				100,000
Vested			89,000	
March 31, 2011—Outstanding				100,000
Vested				
March 31, 2010—Outstanding	56,000	55,000		
Vested			89,000	
Exercised				
March 31, 2011—Outstanding	56,000	55,000	89,000	
Exercise price	¥ 1 ($ 0.01)	¥ 1 ($ 0.01)	¥ 1 ($0.01)	¥ 1 ($0.01)
Fair value price at grant date	¥1,153 ($13.87)	¥1,057 ($12.71)	¥875 ($10.52)	¥704 ($8.47)

The assumptions used to measure the fair value of the 2010 Stock Option are as follows:
Estimate method: Black-Scholes option pricing model
Volatility of stock price: 38.9%
Estimated remaining outstanding period: 2 years
Estimated dividend: ¥13 per share
Risk free interest rate: 0.1%

21. VALUATION DIFFERENCE ON AVAILABLE-FOR-SALE SECURITIES

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

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Valuation difference	**¥104,942**	¥135,427	**$1,262,082**
Deferred tax liabilities	**(40,664)**	(51,943)	**(489,044)**
Amounts equivalent to difference on available-for-sale securities	**¥ 64,278**	¥ 83,483	**$ 773,038**
Minority interests adjustment	**¥ (98)**	¥ (107)	**$ (1,186)**
Valuation difference on available-for-sale securities	**¥ 64,179**	¥ 83,376	**$ 771,852**

22. OTHER OPERATING INCOME

Other operating income for the years ended March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Gains on foreign exchange transactions	**¥ 1,319**	¥ 1,607	**$ 15,864**
Gains on sales of bonds	**12,199**	9,849	**146,713**
Gains on financial derivatives	**1,076**	162	**12,947**
Other	**1**	0	**14**
Total	**¥14,596**	¥11,620	**$175,538**

23. OTHER INCOME

Other income for the years ended March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Gains on sales of stocks and other securities	**¥ 832**	¥ 3,642	**$ 10,012**
Other	**9,744**	8,515	**117,191**
Total	**¥10,576**	¥12,158	**$127,203**

24. OTHER OPERATING EXPENSES

Other operating expenses for the years ended March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Losses on sales of bonds	**¥5,316**	¥3,052	**$63,935**
Losses on redemption of bonds	**301**	1,565	**3,631**
Amortized bond issue costs		28	
Other		9	
Total	**¥5,618**	¥4,654	**$67,566**

25. OTHER EXPENSES

Other expenses for the years ended March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Provision of allowance for loan losses	**¥ 6,098**	¥21,479	**$ 73,342**
Losses on written-off claims	**988**	324	**11,883**
Losses on sales of stocks and other securities	**89**	602	**1,076**
Losses on devaluation of stocks and other securities	**1,639**	157	**19,713**
Losses on money held in trust	**12**	4	**152**
Equity in losses of affiliates	**240**	255	**2,895**
Losses on disposition of fixed assets	**909**	384	**10,937**
Impairment losses	**15**	3	**180**
Other	**9,146**	8,550	**110,005**
Total	**¥19,139**	¥31,762	**$230,183**

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, 2011 and 2010, respectively.

The tax effects of significant temporary differences, which resulted in deferred tax assets and liabilities, at March 31, 2011 and 2010 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Deferred tax assets:			
Allowance for loan losses	**¥31,290**	¥32,353	**$376,313**
Provision for retirement benefits	**14,798**	14,322	**177,973**
Valuation loss on securities	**5,346**	5,429	**64,295**
Depreciation	**3,684**	3,695	**44,309**
Other	**1,895**	1,370	**22,794**
Deferred tax assets	**57,014**	57,171	**685,684**
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	**(40,664)**	(51,943)	**(489,044)**
Gain on establishment of employee retirement benefit trust	**(6,922)**	(6,922)	**(83,250)**
Revaluation reserve for fixed assets	**(1,842)**	(1,834)	**(22,157)**
Other	**(31)**	(17)	**(375)**
Deferred tax liabilities	**(49,459)**	(60,717)	**(594,826)**
Net deferred tax liabilities (assets)	**¥ 7,554**	¥ (3,545)	**$ 90,858**

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

	2010
Normal effective statutory tax rate	39.7 %
Valuation allowance	(1.2) %
Dividends exempted for income tax purposes	(1.6) %
Other	0.3 %
Actual effective tax rate	37.2 %

A reconciliation between the normal effective statutory tax rate for the year ended March 31, 2011 and the actual effective tax rate reflected in the accompanying consolidated statements of income was not required under Japanese accounting standards since the difference is less than 5% of the normal effective statutory tax rate.

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, 2011 and 2010 were ¥35 million ($384 million) and ¥35 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	**2011**	2010	**2011**
Acquisition cost	**¥258**	¥261	**$3,105**
Accumulated depreciation	**(95)**	(85)	**(1,151)**
Net leased property	**¥162**	¥176	**$1,954**

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
Tangible Fixed Assets	**2011**	2010	**2011**
Due within one year	**¥ 8**	¥ 8	**$ 100**
Due after one year	**211**	220	**2,547**
Total	**¥220**	¥228	**$2,647**

Depreciation expense and interest expense under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Depreciation expense	**¥13**	¥13	**$164**
Interest expense	**27**	28	**332**

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
	2011	2010	**2011**
Gross lease receivables	**¥42,860**	¥42,477	**$515,466**
Estimate residual values	**2,358**	2,837	**28,370**
Unearned interest income	**(5,162)**	(6,045)	**(62,090)**
Lease investment assets	**¥40,057**	¥39,269	**$481,746**

Maturities of lease receivables are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Years Ending March 31,	**2011**	**2011**
2012	**¥ 53**	**$ 642**
2013	**48**	**578**
2014	**47**	**575**
2015	**47**	**567**
2016	**47**	**565**
2017 and thereafter	**47**	**569**
Total	**¥290**	**$3,496**

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

	Millions of Yen	Thousands of U.S. Dollars
Years Ending March 31,	**2011**	**2011**
2012	**¥12,948**	**$155,719**
2013	**10,181**	**122,445**
2014	**7,899**	**95,004**
2015	**5,417**	**65,152**
2016	**3,053**	**36,723**
2017 and thereafter	**3,361**	**40,423**
Total	**¥42,860**	**$515,466**

(2) Operating Lease

(a) Lessee

The minimum rental commitments under noncancelable operating leases at March 31, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Due within one year	**¥186**	¥161	**$2,240**
Due after one year	**564**	617	**6,789**
Total	**¥750**	¥778	**$9,029**

(b) Lessor

The future lease payment receivables under noncancelable operating leases at March 31, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Due within one year	**¥259**	¥308	**$3,124**
Due after one year	**332**	569	**3,995**
Total	**¥591**	¥877	**$7,119**

28. SEGMENT INFORMATION

For the year ended March 31, 2011 and 2010

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.

The segment information for the year ended March31, 2010 under the revised accounting standard is also disclosed hereunder as required.

1. Description of reportable segments

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

2. Methods of measurement of ordinary income, profit (loss), assets, liabilities and other items for each reportable segment

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

3. Information about ordinary income, profit (loss), assets, liabilities and other items

	Millions of Yen						
	Reportable segment						
Year ended March 31, 2011	Bank operations	Leasing operations	Total	Other	Total	Reconciliations	Consolidated
Ordinary income:							
Ordinary income from external customers	**¥ 178,676**	**¥21,147**	**¥ 199,824**	**¥ 9,190**	**¥ 209,014**		**¥ 209,014**
Ordinary income from intersegment transactions	**1,357**	**2,793**	**4,150**	**3,640**	**7,791**	**¥ (7,791)**	
Total	**180,034**	**23,940**	**203,975**	**12,831**	**216,806**	**(7,791)**	**209,014**
Segment profit	**58,808**	**1,886**	**60,695**	**2,978**	**63,673**	**495**	**64,169**
Segment assets	**9,412,862**	**60,557**	**9,473,419**	**36,686**	**9,510,106**	**(68,086)**	**9,442,019**
Segment liabilities	**8,722,280**	**53,187**	**8,775,468**	**14,989**	**8,790,457**	**(62,619)**	**8,727,838**
Other:							
Depreciation	**11,956**	**873**	**12,829**	**267**	**13,097**	**(74)**	**13,023**
Interest income	**137,928**	**20**	**137,949**	**168**	**138,118**	**(288)**	**137,830**
Interest expense	**9,457**	**335**	**9,792**	**32**	**9,824**	**(273)**	**9,550**
Increase in property, plant and equipment and intangible assets	**8,209**	**42**	**8,251**	**299**	**8,551**	**(14)**	**8,536**

	Millions of Yen						
	Reportable segment						
Year ended March 31, 2010	Bank operations	Leasing operations	Total	Other	Total	Reconciliations	Consolidated
Ordinary income:							
Ordinary income from external customers	¥ 185,683	¥19,687	¥ 205,371	¥ 9,107	¥ 214,479		¥ 214,479
Ordinary income from intersegment transactions	1,103	3,067	4,171	3,605	7,776	¥ (7,776)	
Total	186,787	22,755	209,542	12,713	222,255	(7,776)	214,479
Segment profit	50,750	691	51,442	2,780	54,223	(344)	53,878
Segment assets	9,008,143	59,993	9,068,136	35,964	9,104,100	(63,770)	9,040,330
Segment liabilities	8,307,089	56,064	8,363,154	16,595	8,379,750	(58,489)	8,321,261
Other:							
Depreciation	11,852	919	12,771	258	13,030	(70)	12,959
Interest income	144,230	31	144,262	213	144,476	(352)	144,124
Interest expense	14,575	407	14,982	52	15,035	(366)	14,668
Increase in property, plant and equipment and intangible assets	9,109	206	9,315	233	9,549	(72)	9,477

	Thousands of U.S. Dollars						
	Reportable segment						
Year ended March 31, 2011	Bank operations	Leasing operations	Total	Other	Total	Reconciliations	Consolidated
Ordinary income:							
Ordinary income from external customers	**$ 2,148,850**	**$254,331**	**$ 2,403,181**	**$110,529**	**$ 2,513,710**		**$ 2,513,710**
Ordinary income from intersegment transactions	**16,330**	**33,592**	**49,922**	**43,784**	**93,706**	**$ (93,706)**	
Total	**2,165,180**	**287,923**	**2,453,103**	**154,313**	**2,607,416**	**(93,706)**	**2,513,710**
Segment profit	**707,260**	**22,693**	**729,953**	**35,819**	**765,772**	**5,961**	**771,733**
Segment assets	**113,203,397**	**728,289**	**113,931,686**	**441,208**	**114,372,894**	**(818,842)**	**113,554,052**
Segment liabilities	**104,898,148**	**639,654**	**105,537,802**	**180,267**	**105,718,069**	**(753,085)**	**104,964,984**
Other:							
Depreciation	**143,793**	**10,505**	**154,298**	**3,221**	**157,519**	**(893)**	**156,626**
Interest income	**1,658,795**	**248**	**1,659,043**	**2,032**	**1,661,075**	**(3,465)**	**1,657,610**
Interest expense	**113,734**	**4,032**	**117,766**	**387**	**118,153**	**(3,295)**	**114,858**
Increase in property, plant and equipment and intangible assets	**98,735**	**505**	**99,240**	**3,598**	**102,838**	**(176)**	**102,662**

4. Related information
Information about services

	Millions of Yen					Thousands of U.S. Dollars				
	Lending operations	Investment operations	Leasing operations	Other	Total	Lending operations	Investment operations	Leasing operations	Other	Total
Year ended March 31, 2011	**¥105,307**	**¥45,121**	**¥21,130**	**¥37,456**	**¥209,014**	**$1,266,472**	**$542,652**	**$254,120**	**$450,466**	**$2,513,710**

Information about geographical areas
(1) Ordinary Income
The domestic share of ordinary income from external customers exceeds 90% of ordinary income in the consolidated statements of income, thus information is not presented.
(2) Fixed Assets
The domestic share of fixed assets exceeds 90% of fixed assets in the consolidated balance sheets, thus information is not presented.

Information about major customers
Ordinary income from a specific customer does not exceed 10% of ordinary income in the consolidated statements of income, thus information is not presented.
5. Information about impairment losses of assets

	Millions of Yen					Thousands of U.S. Dollars				
	Reportable segment					Reportable segment				
Year ended March 31, 2011	Bank operations	Leasing operations	Total	Other	Total	Bank operations	Leasing operations	Total	Other	Total
Impairment losses of assets	**¥15**		**¥15**		**¥15**	**$180**		**$180**		**$180**

For the year ended March 31, 2010
Information regarding business segments of the Bank and its subsidiaries for the years ended March 31, 2010 was 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 external 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

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

29. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

In March 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.

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

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 the safety and liquidity of the investment. These securities are exposed to risks of market price fluctuations associated with the credit standing of issuers and interest rate changes. If the prices of equity securities and other securities held decline, impairment losses or valuation losses could adversely affect the operating results and financial standing of the Group.

Financial liabilities consist primarily of deposits from domestic customers, corporate bonds, and funds raised in the call market. If the Group loses its credit status because of downgrades or other factors or if the market environment deteriorates, conditions for financing could worsen or transactions could be constrained.

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

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

(3) Risk management systems for financial instruments

(i) Integrated risk management system

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

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

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

(ii) Credit risk management system

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

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

The Bank's borrower credit rating system, which is an essential part of its credit risk management, together with other internal rating systems, are operated by the Rating Assessment Group of the Credit Department, designed and supervised by the Credit Risk Management Group which is independent from the Credit Department, and verified by the Risk Management Group of the Risk Management Department.

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

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

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

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

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

A variance co-variance model is used for the measurement of VaR. The Bank performs back-testing comparing VaR calculated by the model and actual profit and loss, in order to determine whether measurement model captures market risks with sufficient accuracy.

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

The total amount of market risks as of March 31, 2011 is as follows:

March 31, 2011	Millions of Yen	Thousands of U.S. Dollars
VaR	**¥120,792**	**$1,452,699**

The assumptions used to measure VaR are as follows:

Observation period: 1 year

Confidence interval: 99%

Holding period: 10 days, 21 days or 125 days classified by the nature of transaction

The due date of core deposits, defined as demand deposits staying long-term without withdrawal, are allocated within 5 years (average 2.5 years).

(iv) Liquidity risk management system

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

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

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

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

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

2. Fair values of financial instruments
The carrying amount, fair values and differences between them at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		
March 31, 2011	Carrying amount	Fair value	Unrealized gains (losses)
Cash and due from banks	**¥ 385,726**	**¥ 385,726**	
Trading assets:			
Trading securities	**14,333**	**14,333**	
Securities:			
Held-to-maturity	**12,994**	**12,983**	**¥ (11)**
Available-for-sale securities	**2,038,979**	**2,038,979**	
Loans and bills discounted	**6,636,119**		
Allowance for loan losses	**(82,682)**		
Subtotal	**6,553,436**	**6,611,468**	**58,031**
Total	**¥9,005,469**	**¥9,063,490**	**¥58,020**
Deposits	**¥7,658,053**	**¥7,660,454**	**¥ (2,401)**
Call money and bills sold	**55,959**	**55,959**	
Payables under securities lending transactions	**223,921**	**223,921**	
Borrowed money	**512,094**	**512,092**	**1**
Total	**¥8,450,030**	**¥8,452,428**	**¥ (2,398)**
Derivative transactions:			
Non-hedging derivatives	**¥ 1,356**	**¥ 1,356**	
Hedging derivatives	**(2,229)**	**(2,229)**	
Total	**¥ (872)**	**¥ (872)**	

	Millions of Yen		
March 31, 2010	Carrying amount	Fair value	Unrealized gains (losses)
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, 2011	Carrying amount	Fair value	Unrealized gains (losses)
Cash and due from banks	**$ 4,638,921**	**$ 4,638,921**	
Trading assets:			
Trading securities	**172,376**	**172,376**	
Securities:			
Held-to-maturity	**156,279**	**156,143**	**$ (136)**
Available-for-sale securities	**24,521,697**	**24,521,697**	
Loans and bills discounted	**79,809,017**		
Allowance for loan losses	**(994,384)**		
Subtotal	**78,814,633**	**79,512,547**	**697,914**
Total	**$108,303,906**	**$109,001,684**	**$697,778**
Deposits	**$ 92,099,266**	**$ 92,128,136**	**$ (28,870)**
Call money and bills sold	**673,000**	**673,000**	
Payables under securities lending transactions	**2,692,984**	**2,692,984**	
Borrowed money	**6,158,683**	**6,158,664**	**19**
Total	**$101,623,933**	**$101,652,784**	**$ (28,851)**
Derivative transactions:			
Non-hedging derivatives	**$ 16,319**	**$ 16,319**	
Hedging derivatives	**(26,815)**	**(26,815)**	
Total	**$ (10,496)**	**$ (10,496)**	

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

Methods used for calculating the fair values of financial instruments

Assets

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

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

(3) Securities

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

(4) Loans and bills discounted

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

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

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

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

Liabilities

(1) Deposits

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

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

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

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

(4) Borrowed money

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

Derivatives

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

Carrying amount of financial instruments whose fair value cannot be reliably determined at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Unlisted stocks	**¥ 6,128**	¥ 7,424	**$ 73,709**
Investments in partnerships and others	**8,995**	9,734	**108,179**
Total	**¥15,123**	¥17,158	**$181,888**

Notes: 1. Unlisted stocks without market prices, and whose fair values are difficult to determine, are not included in the fair value information. The table above includes investments in associated companies accounted for by the equity method of ¥66 million ($8,020 thousand) and ¥307 million in 2011 and 2010, respectively.

2. Impairment losses on unlisted stocks for the years ended March 31, 2011 and 2010 were ¥34 million ($417 thousand) and ¥140 million, respectively.

3. Investments in partnerships, whose assets include unlisted stocks and other assets, are not included in fair value disclosures as it is difficult to determine their fair values.

Maturity analysis for financial assets and securities with contractual maturities

	Millions of Yen				
March 31, 2011	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years
Due from banks	**¥ 292,573**				
Securities:	**115,632**	**¥ 322,935**	**¥ 214,476**	**¥239,556**	**¥ 879,855**
Held-to-maturity securities	**1,374**	**1,810**	**2,800**	**587**	**6,348**
Available-for-sale securities	**114,257**	**321,124**	**211,676**	**238,968**	**873,507**
Loans and bills discounted	**2,107,505**	**1,189,535**	**848,243**	**436,128**	**1,668,876**
Total	**¥2,515,711**	**¥1,512,470**	**¥1,062,719**	**¥675,684**	**¥2,548,732**

March 31, 2011	Thousands of U.S. Dollars Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years
Due from banks	**$ 3,518,629**				
Securities:	**1,390,649**	**$ 3,883,765**	**$ 2,579,387**	**$2,881,011**	**$10,581,550**
Held-to-maturity securities	**16,532**	**21,771**	**33,674**	**7,069**	**76,353**
Available-for-sale securities	**1,374,117**	**3,861,994**	**2,545,713**	**2,873,942**	**10,505,197**
Loans and bills discounted	**25,345,824**	**14,305,897**	**10,201,364**	**5,245,082**	**20,070,671**
Total	**$30,255,102**	**$18,189,662**	**$12,780,751**	**$8,126,093**	**$30,652,221**

Notes: 1. The amount of loans and bills discounted without due dates are excluded totaling ¥225,791 million ($2,715 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 ¥160,039 million ($1,924 million).

Maturity analysis for borrowed money and other interest-bearing debt

March 31, 2011	Millions of Yen Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years
Deposits	**¥7,025,464**	**¥573,600**	**¥48,028**	**¥3,198**	**¥7,762**
Call money and bills sold	**55,959**				
Payables under securities lending transactions	**223,921**				
Borrowed money	**506,695**	**3,957**	**1,440**		
Total	**¥7,812,042**	**¥577,558**	**¥49,468**	**¥3,198**	**¥7,762**

March 31, 2011	Thousands of U.S. Dollars Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years
Deposits	**$84,491,458**	**$6,898,387**	**$577,607**	**$38,461**	**$93,353**
Call money and bills sold	**673,000**				
Payables under securities lending transactions	**2,692,984**				
Borrowed money	**6,093,756**	**47,599**	**17,328**		
Total	**$93,951,198**	**$6,945,986**	**$594,935**	**$38,461**	**$93,353**

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 the nature and the purpose of derivative financial instruments.

Derivative transactions to which hedge accounting is not applied at March 31, 2011 and 2010 consisted of the following:

March 31, 2011	Millions of Yen Contract or notional amount	Contract amount due after one year	Fair value	Unrealized gains (losses)
Over-the-counter:				
Interest rate swaps	**¥1,202,226**	**¥996,930**	**¥761**	**¥761**
Currency swaps	**519,287**	**435,408**	**547**	**547**
Exchange contracts	**37,479**		**152**	**152**
Currency options	**304,147**	**209,675**	**(328)**	**(328)**
Other	**29,198**	**21,571**	**224**	**224**

March 31, 2010	Millions of Yen Contract or notional amount	Contract amount due after one year	Fair value	Unrealized gains (losses)
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, 2011	Thousands of U.S. Dollars Contract or notional amount	Contract amount due after one year	Fair value	Unrealized gains (losses)
Over-the-counter:				
Interest rate swaps	**$14,458,527**	**$11,989,544**	**$9,159**	**$9,159**
Currency swaps	**6,245,187**	**5,236,421**	**6,583**	**6,583**
Exchange contracts	**450,746**		**1,833**	**1,833**
Currency options	**3,657,819**	**2,521,657**	**(3,950)**	**(3,950)**
Other	**351,156**	**259,424**	**2,695**	**2,695**

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, 2011 and 2010 consisted of the following:

March 31, 2011	Hedged item	Millions of Yen Contract amount	Contract amount due after one year	Fair value
Principled treatment				
Interest rate swaps	Deposits	**¥20,334**	**¥20,334**	**¥ (793)**
Exchange contracts	Loans, deposits and securities in foreign currencies	**92,373**		**(1,436)**
Special hedging treatment				
Interest rate swaps	Loans	**10,496**	**5,844**	

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, 2011	Hedged item	Thousands of U.S. Dollars Contract amount	Contract amount due after one year	Fair value
Principled treatment				
Interest rate swaps	Deposits	**$ 244,546**	**$244,546**	**$ (9,543)**
Exchange contracts	Loans, deposits and securities in foreign currencies	**1,110,927**		**(17,272)**
Special hedging treatment				
Interest rate swaps	Loans	**126,235**	**70,289**	

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

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

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

31. RELATED PARTY TRANSACTIONS

Related party transactions for the years ended March 31, 2011 and 2010 were as follows:

Related party	Category	Description of transactions	Millions of Yen 2011	Millions of Yen 2010	Thousands of U.S. Dollars 2011
Yasuhiko Saito Lawyer	Corporate Auditor of Shizuoka Bank	Legal service fees	**¥21**	¥ 21	**$ 256**
		Lending operation loans	**83**	33	**1,001**
Tsutomu Goto	Close relative of a director of Shizuoka Bank	Lending operation loans	**214**	233	**2,580**
Yoko Mizuguchi	Close relative of a director of Shizuoka Bank	Lending operation loans	**12**	13	**145**
Kenji Mizuguchi	Close relative of a director of Shizuoka Bank	Lending operation loans	**45**	48	**553**
Makizo Iio	Close relative of a director of Shizuoka Bank	Lending operation loans	**36**	38	**444**
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	**50**	52	**601**

Notes: 1. Amounts of loans are balances at the end of the year except Sano Kogyo Co., Ltd.
2. Amount of loans of Sano Kogyo are balances on June 30, 2010 and March 31, 2010, as the related director retired on June 24, 2010.

32. COMPREHENSIVE INCOME

Other comprehensive income for the year ended March 31, 2010 consisted of the following:

	Millions of Yen 2010
Other comprehensive income:	
Valuation difference on available-for-sale securities	¥43,141
Deferred gains or losses on hedges	(91)
Foreign currency translation adjustments	(146)
Total other comprehensive income	¥42,903

Total comprehensive income for the year ended March 31, 2010 comprised the following:

	Millions of Yen 2010
Total comprehensive income attributable to:	
Owners of the parent	¥75,609
Minority interests	1,358
Total comprehensive income	¥76,968

33. NET INCOME PER SHARE

Basic net income per share ("EPS") for the years ended March 31, 2011 and 2010 is computed as follows:

For the year ended March 31, 2011	Millions of Yen Net income	Thousands of Stocks Weighted average stocks	Yen EPS	U.S. Dollars EPS
Basic EPS				
Net income available to common shareholders	**¥36,155**	**683,187**	**¥52.92**	**$0.636**
Effect of dilutive securities Stock option		**269**	**(0.02)**	
Diluted EPS				
Net income for computation	**¥36,155**	**683,456**	**¥52.90**	**$0.636**

For the year ended March 31, 2010	Millions of Yen Net income	Thousands of Stocks Weighted average stocks	Yen EPS	U.S. Dollars EPS
Basic EPS				
Net income available to common shareholders	¥32,755	698,073	¥46.92	$0.564
Effect of dilutive securities Stock option		177	(0.01)	
Diluted EPS				
Net income for computation	¥32,755	698,251	¥46.91	$0.564

34. SUBSEQUENT EVENTS

(1) Purchase of Treasury Stock

On April 1, 2011, the Board of Directors resolved the following purchase of treasury stock:

Type of stock: Common stock

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

Aggregate amount of shares: Up to ¥16,000 million ($192,423 thousand)

Purchase period: April 6, 2011 to June 23, 2011

(2) Appropriations of Retained Earnings

The following appropriations of retained earnings were authorized at the ordinary general shareholders' meeting held on June 24, 2011:

	Millions of Yen	Thousands of U.S. Dollars
Cash dividends, ¥6.5 ($0.07) per share	**¥4,393**	**$52,833**
Total	**¥4,393**	**$52,833**

Key Consolidated Financial Indicators

Summary of Profits (Losses)

Years ended March 31	Millions of Yen 2011	2010	Increase (decrease)	Percentage change
Net interest income	**¥128,279**	¥129,455	¥ (1,176)	(0.9)
Net fees and commissions	**23,802**	23,617	184	0.8
Net trading income	**139**	1,712	(1,573)	(91.9)
Net other operating income	**8,977**	6,965	2,012	28.9
General and administrative expenses	**89,143**	87,883	1,259	1.4
Net other ordinary income	**(7,886)**	(19,989)	12,103	60.5
Ordinary profits	**64,169**	53,878	10,290	19.1
Income before income taxes and minority interests	**63,493**	54,264	9,228	17.0
Income taxes:				
Current	**24,803**	23,838	964	4.0
Deferred	**194**	(3,638)	3,833	105.3
Minority interest in net income of consolidated subsidiaries	**2,339**	1,308	1,030	78.8
Net income	**36,155**	32,755	3,399	10.4

Breakdown of Net Interest Margin

Year ended March 31	Billions of Yen 2011
Interest income	**¥ 137.8**
Average interest-earning assets	**8,520.3**
Average interest rate of interest-earning assets (%)	**1.61**
Interest expense (Note)	**9.5**
Average interest-bearing liabilities	**8,094.0**
Average interest rate of interest-bearing liabilities (%)	**0.11**
Net interest income	**128.2**

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

Net Other Operating Income

Years ended March 31	Millions of Yen 2011	2010	Increase (decrease)
Gains on foreign exchange transactions	**¥ 1,319**	¥ 1,607	**(288)**
Gains/losses on government bonds	**6,581**	5,203	**1,377**
Gains on sales	**12,199**	9,849	**2,349**
Losses on sales	**(5,316)**	(3,052)	**(2,264)**
Losses on redemptions	**(301)**	(1,565)	**1,263**
Amortized bond issue cost		(28)	**28**
Gains/losses on derivative transactions	**1,076**	162	**914**
Proceeds from derivative transactions	**1,076**	162	**914**
Others	**1**	(8)	**9**
Gains/losses on other business	**8,977**	6,965	**2,012**
Other operating revenue	**14,596**	11,620	**2,975**
Other operating expenses	**(5,618)**	(4,654)	**(963)**

Loans Outstanding by Type of Borrower

March 31	Billions of Yen, % Share 2010		2011	
Domestic branches:				
Manufacturing	¥1,194.5	19.33%	**¥1,208.3**	**18.50%**
Agriculture and Forestry	4.7	0.08	**4.6**	**0.07**
Fishery	3.1	0.05	**3.8**	**0.06**
Mining and Quarrying	20.6	0.33	**23.7**	**0.36**
Construction	286.3	4.63	**301.0**	**4.61**
Utilities	50.9	0.82	**51.8**	**0.79**
Telecommunications	35.5	0.57	**40.0**	**0.61**
Transportation and Mail service	233.3	3.78	**245.9**	**3.77**
Wholesale and Retailing	704.6	11.40	**752.4**	**11.52**
Finance and Insurance	384.5	6.22	**414.3**	**6.35**
Real estate, Lease and Rental	526.3	8.52	**1,345.1**	**20.60**
Medical, Welfare, Lodging and Other services	458.5	7.42	**473.3**	**7.25**
Local governments	126.5	2.05	**134.1**	**2.06**
Other	2,150.5	34.80	**1,531.7**	**23.45**
Subtotal	6,180.5	100.00	**6,530.5**	**100.00**
Overseas branches and offshore accounts:				
Governments and official institutions				
Banks and other financial institutions	1.8	1.80	**2.4**	**2.36**
Other	101.6	98.20	**103.0**	**97.64**
Subtotal	103.4	100.00	**105.5**	**100.00**
Total	¥6,284.0		**¥6,636.1**	

Note: From this year, loans to personal landlords formerly included in "Other" is classified as "Real estate, Lease and Rental." Thus the amount of "Real estate, Lease and Rental" as of March 31, 2011 increased by ¥747 billion, and "Other" decreased by the same amount.

Risk Management Asset Information

March 31	Millions of Yen 2011	2010	Increase (decrease)
Loans under bankruptcy proceedings A	**¥ 8,986**	¥ 19,245	¥(10,259)
% of loans and bills discounted	**0.13**	0.30	(0.17)
Past due loans B	**216,805**	198,149	18,656
% of loans and bills discounted	**3.26**	3.15	0.11
Loans past due for three months or more C	**2,117**	1,692	424
% of loans and bills discounted	**0.03**	0.02	0.00
Loans with relaxed conditions D	**16,280**	12,525	3,754
% of loans and bills discounted	**0.24**	0.19	0.05
Risk management loan total E (E=A+B+C+D)	**244,189**	231,612	12,576
% of loans and bills discounted	**3.67**	3.68	(0.01)
Value covered with collateral, guarantees, etc. F	**217,814**	204,570	13,244
Cover ratio (%) F/E	**89.19**	88.32	0.87

Notes: 1. Risk management loans are based on Article 19-2 of the Ordinance for Endorsement of the Banking Act. Because these loans are disclosed regardless of the presence or absence of collateral, guarantees or other coverage, the figures shown do not represent unrecoverable amounts.
2. Loans past due for three months or more include loans for which payments of principal or interest are delinquent by three months or more, as calculated from the day following the contracted payment date, but do not include loans to bankrupt borrowers or past due loans.
3. 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 difficulty and thereby promoting the recovery of the loan.
4. Value covered with collateral, guarantees, etc., includes provisions in the specific reserve for possible loan losses. The covered value was stated on a possible disposal basis.

Allowance for Loan Losses

March 31	Millions of Yen 2011	2010
General allowance for loan losses	**¥49,619**	¥51,453
Specific allowance for loan losses	**36,954**	39,420
Total	**¥86,574**	¥90,873
[Loans on written-off claims for the year]	**¥ [988]**	¥ [324]

Financial Index

Years ended March 31	Consolidated 2011	2010	Increase (decrease)	Non-Consolidated 2011	2010	Increase (decrease)
Per share (Yen):						
Net income	**¥ 52.92**	¥ 46.92	6.00	**¥ 51.75**	¥ 46.01	5.74
Net assets	**1,024.57**	1,005.41	19.16	**1,016.34**	998.21	18.13
Cash dividends	**13.00**	13.00		**13.00**	13.00	
Dividend payout ratio (%)				**25.12**	28.25	(3.13)
Return on equity (ROE) (%) (Note)	**5.19**	4.90	0.29	**5.91**	5.48	0.43
Price earnings ratio (PER) (%)	**13.00**	17.36	(4.36)	**13.29**	17.71	(4.42)

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	**2011**	2010	**2011**	2010
Tier I:				
Common shareholders' equity	**¥ 645.9**	¥ 631.4	**¥ 619.0**	¥ 607.4
Tier II capital included as Tier I				
Total adjusted Tier I capital	**645.9**	631.4	**619.0**	607.4
Tier II:				
45% of an aggregate amount equivalent to the balance sheet value of available for sale securities with relevant aggregate book value deducted	**46.1**	59.6	**46.0**	59.4
Allowance for loan losses, excluding specific reserve	**1.4**	1.3	**0.5**	0.4
Others	**3.0**	6.5	**1.7**	4.9
Tier II capital included as Tier I				
Total adjusted Tier II capital	**50.6**	67.5	**48.2**	64.8
Tier II capital included as qualifying capital	**50.6**	67.5	**48.2**	64.8
Tier III (Note 1)**:**				
Short-term subordinated debt (Capital for covering market risks)				
Deduction items	**10.5**	11.2	**6.3**	6.5
Total capital	**686.0**	687.7	**660.9**	665.8
Total risk-adjusted assets (Notes 1 and 3)	**4,482.8**	4,488.9	**4,435.8**	4,422.7
Capital adequacy ratio (%) (Note 2)	**15.30**	15.32	**14.90**	15.05
Tier I ratio (%) (Note 2)	**14.40**	14.06	**13.95**	13.73

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 Banking Act.
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	**2011**	2010
Commitments to extend credit	**¥2,949.2**	¥2,971.4
Guarantees	**100.3**	106.1
Total	**¥3,049.6**	¥3,077.6

The Shizuoka Bank

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NUMBER OF EMPLOYEES
(As of March 31, 2011)
3,133

DATE OF ESTABLISHMENT
March 1, 1943

DOMESTIC NETWORK
(As of July 1, 2011)
Head Office, 168 branches,
23 sub-branches

OVERSEAS NETWORK
(As of July 1, 2011)
3 branches,
2 representative offices and
1 subsidiary

Overseas Service Network

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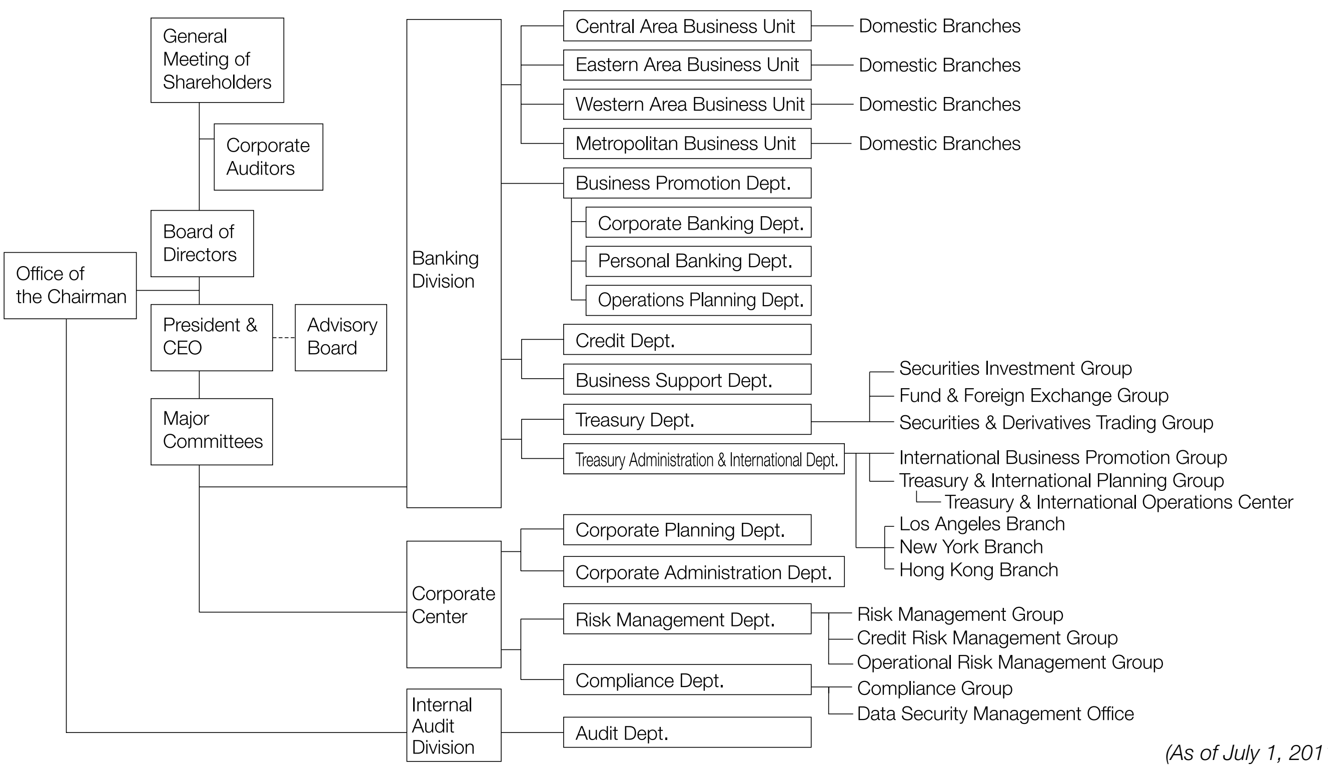
Fax: (32) 2-646-2462

Organization Chart



(As of July 1, 2011)

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
Mitsuhiro Ishibashi

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

(As of July 1, 2011)

Investor Information

CAPITAL STOCK *(As of March 31, 2011)*
Common stock.................................. ¥90,845 million

NUMBER OF SHARES *(As of March 31, 2011)*
Authorized... 2,414,596,000 shares
Issued and outstanding .... 685,129,069 shares

NUMBER OF SHAREHOLDERS *(As of March 31, 2011)*
23,247

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	2007	2008	2009	2010	**2011**
High	1,379	1,339	1,294	994	**834**
Low	1,104	1,042	673	762	**617**

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

Month	Oct. 2010	Nov. 2010	Dec. 2010	Jan. 2011	Feb. 2011	Mar. 2011
High	763	739	771	773	802	778
Low	675	682	702	743	741	617
Turnover (thousands of shares)	45,494	40,597	51,264	31,485	38,964	67,983

PRINCIPAL SHAREHOLDERS
The 10 largest shareholders of the Bank and their respective shareholdings at March 31, 2011 were as follows:

	Number of Shares in Thousands	Percentage of Total Shares Outstanding
Nippon Life Insurance Company	29,745	4.34%
Meiji Yasuda Life Insurance Company	29,117	4.24
Japan Trustee Services Bank, Ltd. (trust account)	26,150	3.81
The Master Trust Bank of Japan, Ltd.	24,842	3.62
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	23,884	3.48
The Dai-ichi Mutual Life Insurance Company	23,546	3.43
Tokio Marine & Nichido Fire Insurance Co., Ltd.	16,216	2.36
Sumitomo Life Insurance Company	13,070	1.90
Mitsui Sumitomo Insurance Company, Ltd.	10,197	1.48
Daiichi Sankyo Company, Limited	9,343	1.36
Total	206,113	30.08%

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