Shizuoka Bank Group

Annual Report 2012

Economic Overview of Shizuoka Prefecture

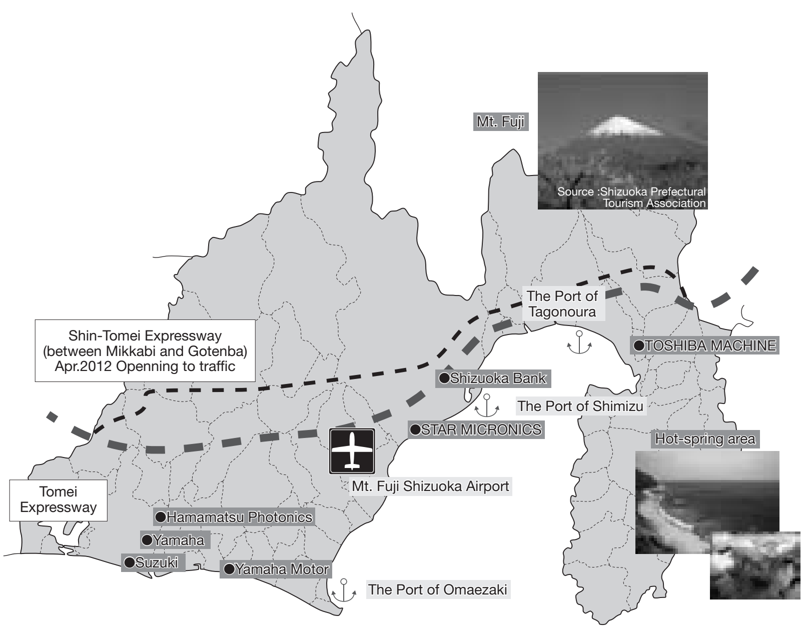
Industrial Characteristics

Shizuoka Prefecture is situated midway between the two major consumer markets and industrial centers of Japan — the Nagoya region plus the Osaka-Kyoto region to the west, and the Yokohama-Tokyo region to the east. Because of this location at a busy “crossroads” of the nation, it has historically developed into a significant center of manufacturing industry. The convenient location of Shizuoka Prefecture in transportation terms has caused the growth of a strong industrial base. The prefecture is one of the country’s leading manufacturing areas. The wide variety of industries represented within Shizuoka has led to it being dubbed “the industrial department store.” Corporations active in Shizuoka include world-leading enterprises such as Toyota, Honda, Suzuki, and Yamaha, and the prefecture is renowned for its concentration of export-oriented manufacturing companies. Many of these firms have set up production subsidiaries overseas, which is creating a growing international aspect to the regional economy. In addition, Mt. Fuji Shizuoka Airport opened in June 2009, and we expect that Shizuoka prefecture will be more internationalized, stimulating the interchange of people and ideas with the major urban centers of Eastern Asia, and act as an important driving force for the regional economy.

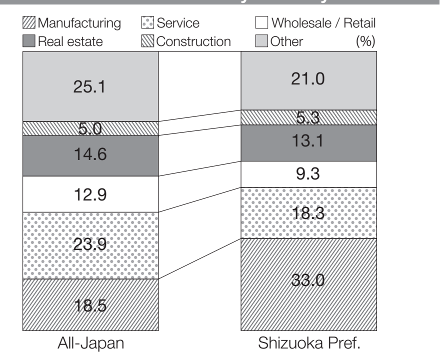
In recent years the prefectural authorities have been operating a number of schemes to encourage companies in the medical treatment, pharmaceuticals, chemicals, and optical technology industries, among others, to set up operations in the so-called “Shizuoka Triangle Research Cluster” (spread across the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

Economy in Shizuoka Prefecture and current state

- Positioned as distribution hub between Tokyo and Osaka/Kyoto.
- Represents leading manufacturing prefecture in Japan.
- Owns a lot of export-driven companies related to handling machinery of transportation and music instrument and so forth.
- Has many of representative tourist locations coming from its rich natural environment.



Percentage distribution of Shizuoka Prefecture GDP by industry



Source: Cabinet Office , Government of Japan, FY2009

No. of listed companies with HQs in Shizuoka Prefecture

Listing	No. of companies
TSE 1st section	25
TSE 2nd section	10
Mothers	2
Nagoya Stock Exchange 2nd section	1
Jasdaq	19
Total	57

*As of end nov. 2011, companies listed on more than one exchange were counted as TSE-listed

Economic scale of Shizuoka Prefecture

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

Shizuoka Prefecture indices

	Share of all-Japan		National ranking
Population	3.77m	2.9%	10th of 47 (2010)
No. of households	1.40m	2.7%	10th of 47 (2010)
Real prefectural GDP(*)	JPY 19tn	3.6%	10th of 47 (FY2011)
Per-capita income	JPY 2.926m	-	5th of 47 (FY2009)
No. of business establishments	190k	3.2%	10th of 47 (2009)
Amount of shipments of manufactured goods, etc.	JPY 16tn	5.5%	3rd of 47 (2010)
Agricultural output	JPY 212.3bn	2.6%	16th of 47 (2010)
Fishery production volume	200k tons	5.0%	4th of 47 (2010)
No. of industrial locations(*)	37	4.3%	3rd of 47 (2011)
No. of new housing starts	25k	3.0%	10th of 47 (2011)

*Based on flash reports

Shizuoka Prefecture economic scale

Prefectural GDP (2009, Nominal)		
Rank	Prefecture/Region	(US$ billions)
9	Fukuoka Prefecture	181.1
10	**Shizuoka Prefecture**	**156.0**
11	Hiroshima Prefecture	110.7
-	4 prefectures of Shikoku	135.9
-	3 prefectures of Hokuriku	115.8
GDP comparison with various countries (2009)		
Rank	Country (Region)	(US$ billions)
48	Philippines	168.3
49	Romania	164.3
50	Chile	160.9
-	**Shizuoka Prefecture**	**156.0**
51	Pakistan	155.7
52	Algeria	137.9

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

Shizuoka Bank Group at a Glance

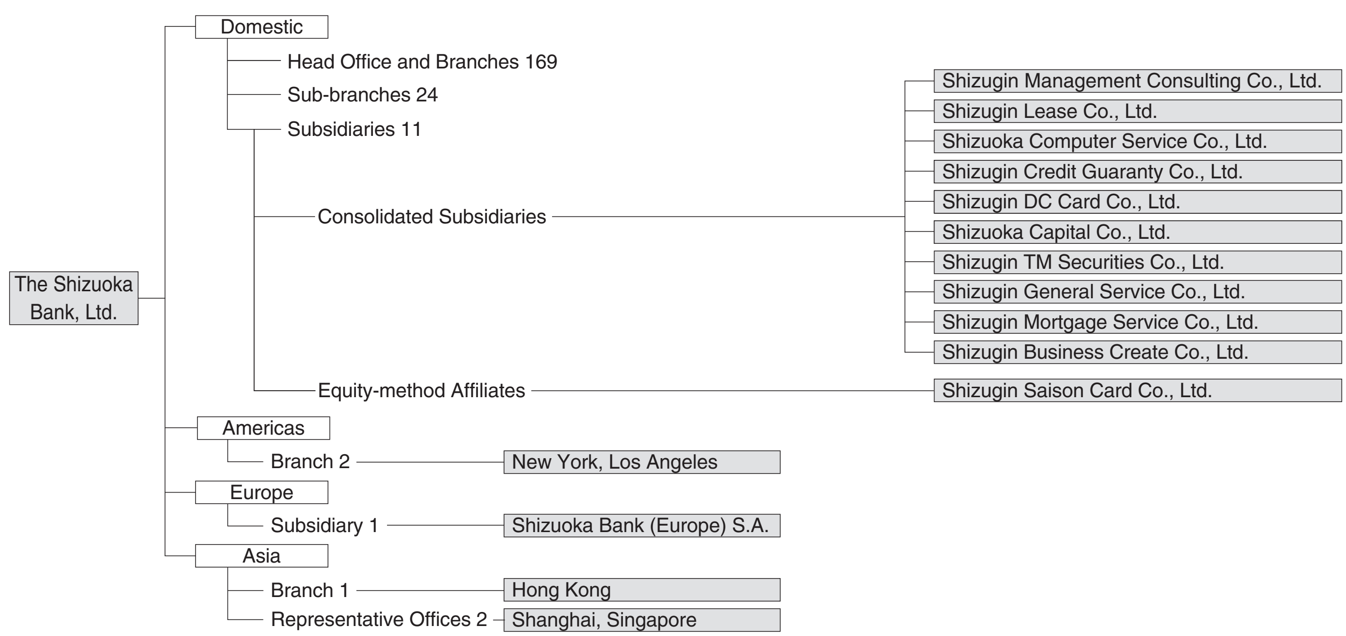
NURTURING THE VISION OF A PROSPEROUS COMMUNITY

True to a corporate philosophy which aims to “expand dreams and affluence with our community,” the Shizuoka Bank Group makes an ongoing contribution to the development of the region around Shizuoka Prefecture, which forms the core of its business base. This corporate philosophy incorporates not only an economic dimension but also a cultural one: living in harmony with the local communities and the people we serve, sharing prosperity with them as a home-grown local banking group and a member of the regional community, and also helping local people to live more fulfilling lives.

A FIRST-CLASS REGIONAL BANK GROUP

The Shizuoka Bank Group comprises Shizuoka Bank and 12 Group companies, and is one of the largest regional banking groups in Japan. Centered on Shizuoka Bank with its 168 branches and 24 sub-branches, the Group serves the needs of customers not only within Shizuoka Prefecture, its home region, but also three major economic centers in Japan, namely Tokyo, Osaka, and Nagoya, all of which are comparatively nearby. For overseas operation, the Bank operates in New York, Los Angeles, Brussels, Hong Kong, Shanghai, and Singapore.

The Structure of the Shizuoka Bank Group (As of July 1, 2012)



Contents

To Our Shareholders

Seiya Ito
Chairman

Katsunori Nakanishi
President & Chief Executive Officer

We would like to express our appreciation to you for your continued patronage of the Shizuoka Bank Group.

Although the Japanese economy recovered somewhat in the aftermath of the Great East Japan Earthquake, a decisive recovery has yet to materialize owing to the impact of both sluggish foreign demand and the strong yen, two factors that reflect the unclear outlook of a world economy in which the European sovereign debt crisis looms large.

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

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

July 2012

Seiya Ito
Chairman

Katsunori Nakanishi
President & Chief Executive Officer

Message from the President

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

Open up a future for the region

In fiscal 2011, amid continuing efforts to recover from the Great East Japan Earthquake, the Japanese economy was buffeted by adverse factors, notably the damage caused by flooding in Thailand and the impact of strong yen stoked by the European sovereign debt crisis. However, disrupted supply chains rapidly returned to normal thanks to the efforts of numerous companies and the Japanese economy showed some signs of improvement underpinned by rising exports to the U.S., demand associated with post-quake reconstruction, and a modest expansion of personal consumption, although the outlook of the Japanese economy remains uncertain.

Fiscal 2011 is the first year of the Shizuoka Bank Group's 11th medium-term business plan, "MIRAI—Future," covering the three years from April 2011 to March 2014. In order to achieve our vision of becoming "a comprehensive financial group advancing hand in hand with customers to open up a future for the region," Group companies made a concerted effort to implement the three basic strategies: 1) grow through innovation and problem solving, 2) build a robust operating structure with high productivity, and 3) increase the value of the Shizugin brand.

In a rapidly evolving society

Our major initiatives in fiscal 2011 are described in this annual report. In corporate banking, while smoothly responding to the funding needs of small and medium-sized enterprises, we endeavored to strengthen relationships with regional companies so as to increase the number of loan customers.

We entered into partnership agreements with two Indonesian banks, a Vietnamese bank, and a South Korean bank with a view to bolstering our support for regional companies that seek to reach out to markets in Asia against the backdrop of a rapidly evolving society. In Japan we vigorously provided support to customers that are tapping opportunities in promising business fields, including healthcare and nursing care, the environment, and agriculture, through the Shizugin Growth Field Support Project.

Our initiatives in region-based relationship banking have three pillars: 1) business matching to support customers' business expansion by increasing sales channels, 2) the Shizuginship workshop for young managers to foster next-generation business leaders, and 3) management improvement and business rehabilitation to support customers facing a challenging business environment.

As a result, the Bank achieved increases in both deposits and loans in fiscal 2011, centering on small and medium-sized enterprises in the region and personal customers, and recorded an increase in ordinary profit for the third consecutive year. I am grateful to our customers and shareholders for their support.

In line with our basic policy of maintaining a payout ratio of around 25% and one of the highest dividends paid among major regional banks, we paid an annual dividend of ¥13.5 per share. We increased the year-end dividend per share by ¥0.5.

Drawing on 70 years of history

The Shizuoka Bank was established in 1943 as a result of the merger of the Shizuoka Sanjyu-go Bank and the Enshu Bank . The Shizuoka Sanjyu-go Bank originated from a national bank and was characterized by its down-to-earth corporate culture. The Enshu Bank was based in the western part of Shizuoka Prefecture, a region noted for its challenging spirit, and many of its customers were pioneering enterprises. Since then, the Shizuoka Bank has adhered to its policy of rootedness in the region and sound management. We will celebrate our 70th anniversary in March 2013.

In the course of its development, the Bank experienced the postwar turmoil and reconstruction as well as several other historic shifts, including the collapse of the bubble economy and the ensuing financial crisis and the tribulations of the Japanese economy in the wake of the collapse of Lehman Brothers. Despite many challenges, throughout its history the Bank has been able to fulfill its mission of contributing to the development of the region as a regional financial institution. In this regard, the continued support of our customers, shareholders and the region we serve has been invaluable. I would like to express my sincere appreciation to all our stakeholders.

To mark this milestone, all of us at the Shizuoka Bank are redoubling our efforts to serve you.

In fiscal 2012, the Bank intends to increase the year-end dividend by adding a ¥1 per share commemorative dividend, resulting in an annual dividend of ¥15 per share.

As more and more companies in the region advance into Asia, the Bank has established the Shizugin Scholarships for Asian Students Studying in Japan and introduced a new recruitment system with enhanced training programs to offer international students employment opportunities.

With the aim of improving our disaster responsiveness and strengthening our functions to support the region and customers as well as enhancing productivity of our employees through work-style innovation, we are constructing a new headquarters building that is scheduled to be completed in Fall 2014.

Regional development is our goal

Fiscal 2012 is expected to be a year with many uncertain factors, such as anxiety about the European economies, the persisting strength of the yen, and the delay in fiscal reconstruction owing to political turmoil—all amid continuing structural change reflecting the aging of Japanese society with its low birthrate.

However, in this adverse environment, it is crucially important to be sensitive to the change of the era, energetically tackle problems, and make a concerted effort to open up a flourishing future.

The Shizuoka Bank Group will continue to rise to the challenges brought about by change of the era, focusing on the future of the region. Recognizing anew that development and sustained growth of the region are our goals, we would like to enhance our relationship with you.

I look forward to your continued support.

11th Medium-term Business Plan “MIRAI”

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

In fiscal 2011, the first year of the 11th medium-term business plan, despite a challenging business environment whose salient features were disruption brought about by the Great East Japan Earthquake, the European sovereign debt crisis, and the historic strength of the yen, we maintained the upward trend of consolidated ordinary profit through stepped-up efforts to strengthen relationship banking so as to achieve sustained growth in tandem with the region.

Vision

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

Achieve the vision in accordance with the action guideline

Action Guideline

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

Target performance indicators

	Fiscal 2013 targets (final year of the plan)	Fiscal 2011 results
Profit targets		
Consolidated ordinary profit	¥70.0 billion or more	¥68.8 billion
Consolidated net income	¥40.0 billion or more	¥37.2 billion
Non-consolidated net operating profit	¥73.0 billion or more	¥67.2 billion
Efficiency indicators		
Consolidated Tier I ROE	6% level	5.62%
Consolidated ROA	0.4% or more	0.38%
Consolidated OHR	around 55%	54.37%
Financial soundness indicators		
Consolidated Tier I ratio	around 13%	16.06%
Credit-related cost ratio	0.2% or less	0.004%
Indicators for investors		
Shareholder return ratio	50% or more over the medium to long term	67.60%

Basic Strategies

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

Basic Strategy 1
Grow through innovation and problem solving

Basic Strategy 2
Build a robust operating structure with high productivity

Basic Strategy 3
Enhance the value of the Shizugin brand

Realization of the vision

Basic Strategy 1: Grow through innovation and problem solving

Corporate banking

- Expand the customer base
- No.1 solution-offering bank for SMEs in the region
- Support customers’ expansion in Asia
- Revitalize the customers and the region

Private banking

- Maintain the growth of housing loans
- Total wealth management for private customers
- Marketing approaches for retail customers
- Increase retail transactions by utilizing relationships with corporate customers

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

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

Basic Strategy 3: Enhance the value of the Shizugin brand

Commitment to CSR

- Increase customer satisfaction
- Develop a culture rich in creativity and teamwork
- Contribute to the regional community
- Heighten corporate value (capital policy)

Region-based Relationship Banking

Basic Policy

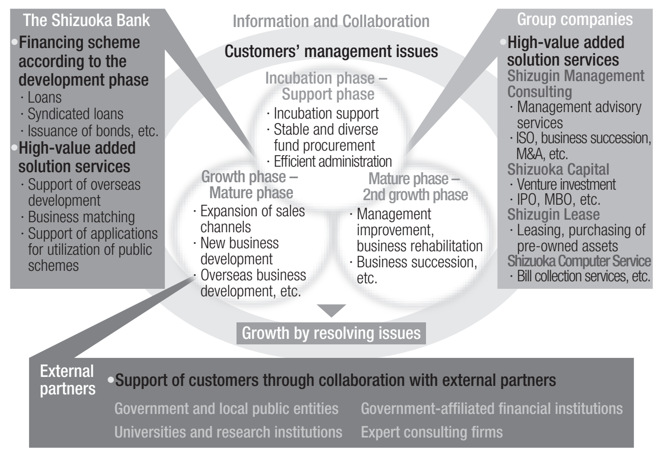
Region-based relationship banking is a business model whereby financial institutions cultivate long-term relationships with customers and offer financial services based on their grasp of customer needs obtained through the relationships.

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

Solutions for Various Management Issues

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

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

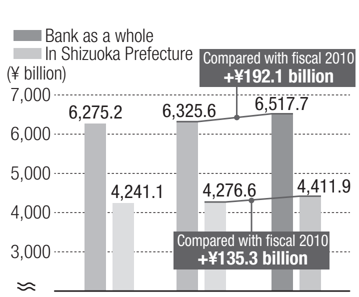


Smooth Supply of Funds to Companies in the Region

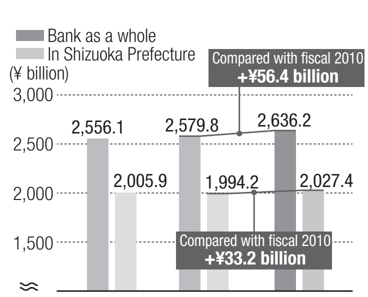
The Bank endeavors to ensure smooth supply funds to companies in the region without overly depending on real-estate collateral or personal guarantees. We offer support in growth fields in line with the Japanese government's growth strategy and appropriate loans in the light of companies' actual situations through the use of an emergency guarantee program for reconstruction in the aftermath of the Great East Japan Earthquake, which the Credit Guarantee Corporation of Shizuoka introduced in May 2011.

As a result of these initiatives, in fiscal 2011 the average balance of total loans in Shizuoka Prefecture increased ¥135.3 billion and the average balance of loans for small and medium-sized companies (SMEs) in Shizuoka Prefecture rose ¥33.2 billion.

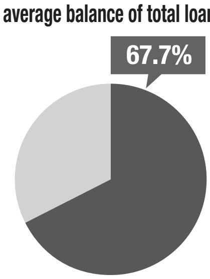
Total loans (average balance)



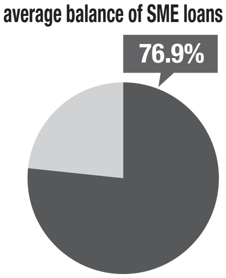
SME loans (average balance)



Ratio of loans to customers in Shizuoka Prefecture to the average balance of total loans



Ratio of loans to SMEs in Shizuoka Prefecture to the average balance of SME loans



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

Growth fields

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

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

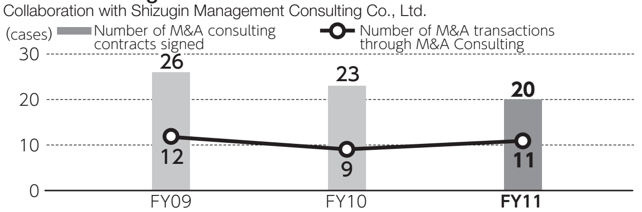
The Environment
Prompted by the growing emphasis on environmental management, we support our customers' response to environmental issues by offering loans and private placement bonds based on environmental rating and support for obtaining ISO 14001 certification.

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

Consulting

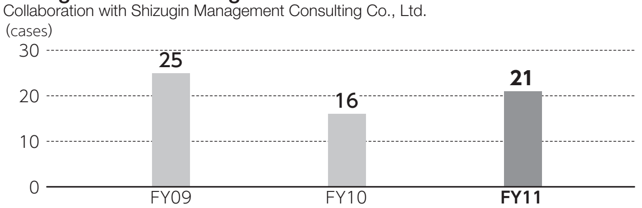
Leveraging the Group's comprehensive financial capabilities, we offer information and consulting to help our customers solve their business issues.

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



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

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



Examples of themes of management consultation
Support of formulation of a business plan

In collaboration with Shizuoka Capital Co., Ltd., we assist customers with public offerings.

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

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

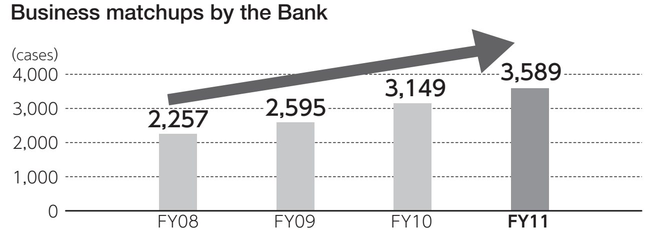
Through collaboration with universities and technical colleges in Shizuoka Prefecture and elsewhere and the National Institute of Advanced Industrial Science and Technology (AIST), we are strengthening support for venture businesses. We also assist in the formulation of new business plans utilizing public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

Business Matching

The Shizuoka Bank offers business matching services. Leveraging our well-developed branch network centering on Shizuoka Prefecture, we introduce buyers and sellers of products and services. In fiscal 2011, the Bank arranged 3,589 business matchups. We also organize the shizugin@gricom trade show for the agriculture, forestry and fisheries sectors, and support other initiatives in collaboration with other financial institutions to help market distinctive products of Shizuoka Prefecture.

In fiscal 2011, the Business Matching Support Desk was set up in the Corporate Banking Dept. to address customer needs for business matching in an integrated, timely manner.

Business matchups by the Bank



Business Continuity Plan (BCP) Formulation Support

A number of companies were forced to suspend business operations in the aftermath of the Great East Japan Earthquake not only because of the direct impact of the earthquake and tsunami but also owing to the interruption of water and fuel supplies, disruption of logistics, and the damage to their suppliers of raw materials and parts.

In the event that it becomes difficult for a company to conduct normal business activities because of a natural disaster or any other reason, it is critically important that the company continues doing business with the resources available and swiftly restores normal business operations.

In view of the possibility of three earthquakes occurring simultaneously along the Nankai Trough in the Pacific off the southern coast of Honshu or the occurrence of a major earthquake in the Tokyo Metropolitan area, the need for BCPs is increasing among companies.

The Shizuoka Bank is responding to this need by holding BCP seminars and offering consulting services to help local companies formulate BCPs with the aim of supporting business continuity.

Business Succession Support

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

Utilizing the Shizugin No. 5 Investment Fund (Hope) established jointly with subsidiary Shizuoka Capital Co., Ltd. in December 2011, we provide funding support to companies aiming for an IPO or addressing business succession.

"Shizuginship" for Young Managers

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

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

Support for Overseas Business Development

Support for Overseas Business Development

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

Support system in Asia

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

In November 2011 the Bank formed a business alliance with the Shinhan Bank of South Korea and its Japanese subsidiary the Shinhan Bank Japan (SBJ). In December 2011, we also formed a business alliance with P.T. Bank CIMB Niaga Tbk of Indonesia, which includes the dispatch of our personnel.

As of July 2012, the Bank has tie-ups with nine financial institutions in five countries in Asia and there were a total of 25 Shizuoka Bank staff stationed at the Bank's offices or at partners' offices in Asia to meet wide-ranging customer needs.

Networking events, business forums and seminars

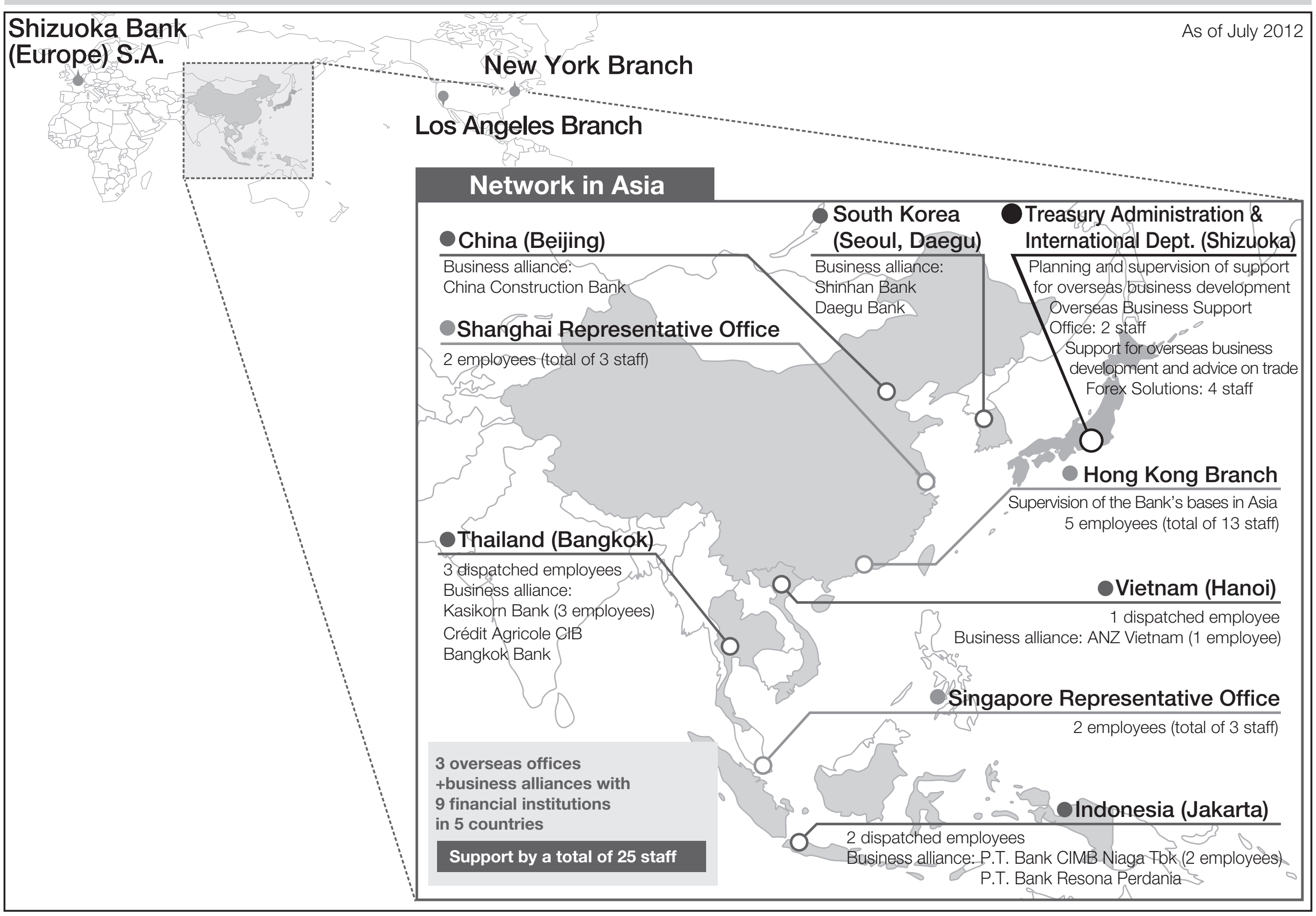
The Bank actively offers support to customer building businesses overseas, such as through the holding of networking events for customers already doing business overseas or considering entry in overseas markets and business forums to help customers expand their sales channels.

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

Support menu for overseas business development

- **Consultation on overseas business development**
The Bank provides the latest information and fine-tuned services to meet diverse customer needs, including overseas business development, transactions with foreign companies, and foreign investment.
- **Support for export and import transactions**
Capitalizing on its experience and overseas network, the Bank facilitates customers' transactions.
- **Financing services (foreign-currency-denominated loans, guarantees, etc.)**
The Bank's branches and overseas offices respond to the fund procurement needs of customers' overseas subsidiaries, including foreign-currency-denominated loans and provision of stand-by letters of credit
- **International money remittance and exchange services**

Shizuoka Bank Group's Overseas Network



Financial Highlights

Business Performance

Consolidated Financial Summary

	Billions of Yen				
	2008	2009	2010	**2011**	YoY change
Ordinary income	232.2	214.5	209.0	**205.1**	(3.9)
Ordinary profit	20.0	53.9	64.2	**68.8**	+4.6
Net income	13.0	32.8	36.2	**37.2**	+1.0
Capital adequacy ratio (%)	14.12	15.32	15.30	**17.49**	+2.19
Tier I ratio (%)	13.76	14.06	14.40	**16.06**	+1.66

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

Non-consolidated Financial Summary

	Billions of Yen				
	2008	2009	2010	**2011**	YoY change
Ordinary income	205.4	186.0	179.3	**174.8**	(4.5)
Gross operating profit	148.7	152.0	151.4	**148.3**	(3.1)
Net operating profit	53.7	64.3	71.7	**67.2**	(4.5)
Actual net operating profit	69.2	72.7	70.4	**67.2**	(3.2)
Core net operating profit	69.0	67.5	63.8	**59.7**	(4.1)
Ordinary profit	16.9	50.5	58.7	**62.3**	+36
Net income	12.8	32.1	35.4	**34.7**	(0.7)
Loans	6,367.5	6,301.4	6,659.2	**6,694.9**	+35.7
Deposits	7,099.8	7,197.7	7,353.0	**7,674.1**	+321.1
Net assets	630.6	694.9	687.2	**720.1**	+32.9
Total assets	9,076.0	8,974.9	9,380.4	**9,632.4**	+252.0

* Actual net operating profit = Net operating profit + Transfer to general allowance for loan losses
* Core net operating profit = Net operating profit + Transfer to general allowance for loan losses – Bond-related income
* Deposits do not include negotiable certificates of deposit.
* Year-on-year change is a simple subtraction of the figures in the table.

Operational Efficiency (Non-consolidated Basis)

	2009	2010	**2011**	YoY change
Return on equity (ROE)	5.48	5.91	**5.70**	(0.21)
Return on assets (ROA)	0.36	0.40	**0.38**	(0.02)
Overhead ratio (OHR)	52.19	53.48	**54.69**	+1.21
Net income per share (yen)	46.01	51.75	**52.44**	+0.69
Net assets per share (yen)	998.21	1,016.34	**1,097.56**	+81.22

ROE = Net income / Shareholders' equity

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

ROA = Net income / Total assets

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

The higher the ROE, the higher the efficiency.

OHR = Operating expenses / Gross operating profit

OHR indicates the ratio of operating expenses to gross operating profit. The lower the OHR, the higher the efficiency.

Shareholder Returns

Cash Dividends

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

Emphasizing shareholder returns, the Bank increased the year-end dividend per share by ¥0.5 for fiscal 2011. As a result, the annual dividend payment amounted to ¥13.5 per share. The payout ratio was 25.54% and the dividend yield was 1.58%.

The Shizuoka Bank will celebrate its 70th anniversary on March 1, 2013. In fiscal 2012, the Bank intends to increase the year-end dividend by adding a ¥1 per share commemorative dividend. As a result, the annual dividend payment will be ¥15 per share.

Cash dividends

	FY 2010	**FY 2011**	FY2012 Forecast
Dividend per share (full year) (yen)	13.00	**13.50**	15.00
Dividend yield (dividend / share price at year-end) (%)	1.88	**1.58**	-

Share Buyback

Since fiscal 1997 when the procedures for share buyback were relaxed, the Shizuoka Bank has been repurchasing its own stock. The Bank had repurchased 1.51 million shares by the end of fiscal 2011. We believe increasing the efficiency of capital and enhancing shareholder returns will lead to higher corporate value.

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

What is share buyback?

Repurchase by a company of its own stock.

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

Shareholder returns

		FY 2010	**FY 2011**	FY2002-FY2011 (10 years)
Annual dividend (billion yen)	①	8.8	**8.9**	77.3 (accumulated total)
Purchase of treasury stock (billion yen)	②	15.0	**14.6**	77.8 (accumulated total)
Shareholder returns(billion yen)	③=①+②	23.8	**23.5**	155.1 (accumulated total)
Net income (billion yen)	④	35.4	**34.7**	291.7 (accumulated total)
Payout ratio (%)	①/④×100	24.85	**25.54**	26.49 (average)
Shareholder return ratio (%)	③/④×100	67.22	**67.60**	53.17 (average)

Sound Financial Condition

High Credit Ratings

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

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

The Shizuoka Bank's credit ratings (as of July 1, 2012)

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

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

Sound Assets

In addition to minimizing the occurrence of non-performing loans by helping loan customers improve their management, the Shizuoka Bank promotes business turnaround and clearing of non-performing loans off its balance sheet. As a result, as of March 31, 2012, risk-monitored loans totaled ¥228.5 billion and the ratio of risk-monitored loans to total loans was 3.41%. In the case of the application of partial direct write-off, net risk-monitored loans, which exclude loans guaranteed by Credit Guarantee Corporations and the amount covered by collateral or allowance for loan losses from risk-monitored loans, totaled ¥21.2 billion and the ratio of net risk-monitored loans to total loans was 0.31%.

Credit costs decreased because of lower disposal of non-performing loans and reversal of allowance for loan losses. As a result, the ratio of net credit costs to average loan balance was 0.004%.

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

Risk-monitored loans (¥billion)

	As of March 31, 2010	As of March 31, 2011	As of March 31, 2012
Risk-monitored loans	229.5	242.5	228.5
Ratio of risk-monitored loans *1	3.64%	3.64%	3.41%
Ratio of net risk-monitored loans *2	0.43%	0.40%	0.31%

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

Credit-related costs (¥billion)

	FY 2009	FY 2010	FY 2011
Disposal of non-performing loans *3	14.9	10.8	1.0
Transfer to specific allowance for loan losses	11.6	7.8	–
Transfer to general allowance for loan losses	8.3	(1.3)	–
Reversal of allowance for loan losses	–	–	0.7 *4
Recoveries of written-off claims	–	–	–
Net credit-related costs	23.3	9.6	0.3
Net credit cost ratio *5	0.37%	0.15%	0.004%

*3 Disposal of non-performing loans = Transfer to specific allowance for loan losses + Charge-off amount of loans + Losses on sales of non-performing loans
*4 The sum of transfer to general allowance for loan losses and transfer to specific allowance for loan losses is negative, and therefore recorded as reversal of allowance for loan losses. Transfer to general allowance for loan losses amounted to -¥3.8 billion and transfer to specific allowance for loan losses amounted to ¥3.1 billion.
*5 Net credit cost ratio = Net credit cost / Average loan balance

High Capital Adequacy

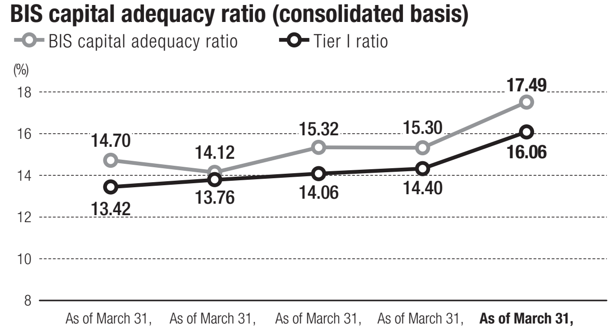
The capital adequacy ratio based on the formula specified by the Basel Committee on Banking Supervision (capital adequacy ratio based on the standard set by the Bank for International Settlements (BIS)) is an important indicator of soundness and credibility of banks. Banks with international operations,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

With Basel II, a regulatory standard on capital adequacy introduced in March 2007, banks can choose a method of calculating the capital ratio in accordance with the banks' risk profile and management methodologies. The Shizuoka Bank has taken steps to upgrade its risk management in response to diversification of operations and transactions and is improving internal systems with the aim of adopting a more sophisticated method of calculation. We are also preparing for the introduction of Basel III, a new regulatory framework on capital adequacy, which will be introduced step by step from 2013 onward.

BIS Capital Adequacy Ratio

The capital adequacy ratio (consolidated basis) based on Basel II as of March 31, 2012 was 17.49%, and the Tier I ratio (core capital ratio), a basic item, was 16.06%, well above the 8% standard for banks with international operations.

BIS capital adequacy ratio (consolidated basis)

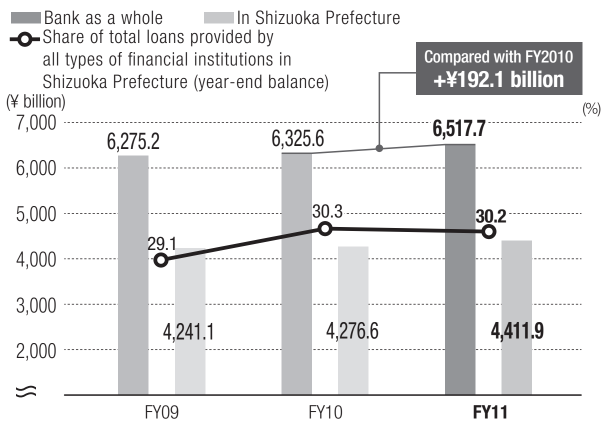


Results of Initiatives in Fiscal 2011

Loans (Non-consolidated)

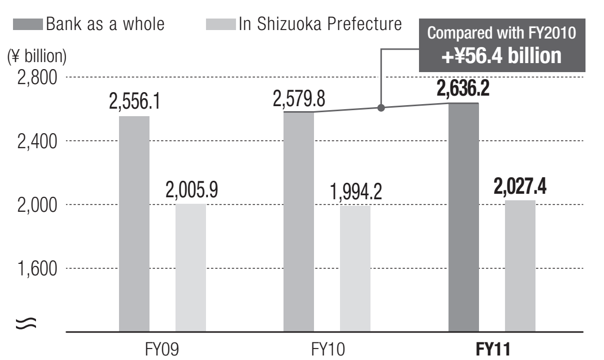
Total loans (average balance)

The average balance of total loans in fiscal 2011 increased ¥192.1 billion or at an annual rate of 3.0% to ¥6,517.7 billion. Of this amount, the average balance of loans in Shizuoka Prefecture increased ¥135.3 billion to ¥4,411.9 billion. The Bank's share of loans in Shizuoka Prefecture was 30.2% as of March 31, 2012.



SME loans (average balance)

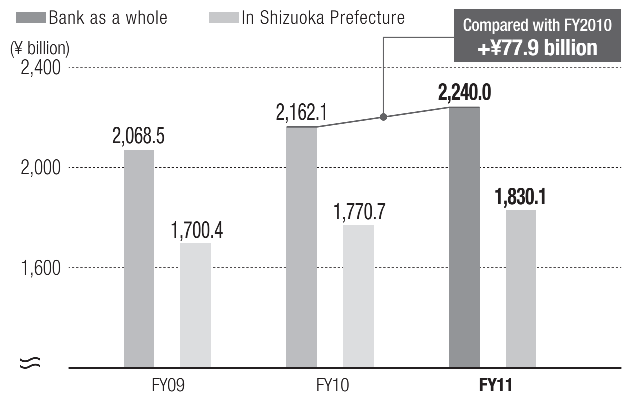
The average balance of loans to small and medium-sized enterprises (SMEs) in fiscal 2011 increased ¥56.4 billion from fiscal 2010 to ¥2,636.2 billion. Of this amount, the average balance of loans to SMEs in Shizuoka Prefecture increased ¥33.2 billion to ¥2,027.4 billion.



* Local public corporations are excluded.

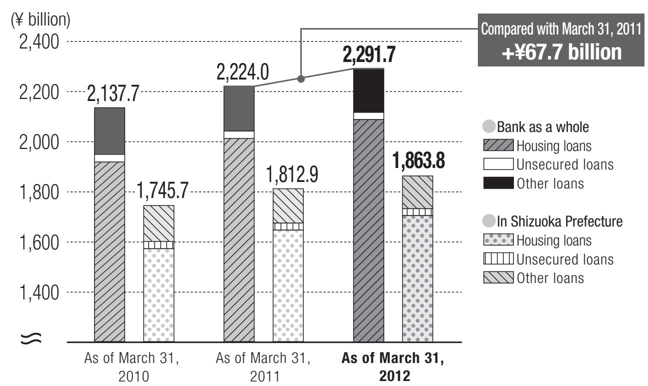
Retail loans (average balance)

The average balance of retail loans in fiscal 2011 increased ¥77.9 billion from fiscal 2010 to ¥2,240.0 billion. Of this amount, the average balance of retail loans in Shizuoka Prefecture increased ¥59.4 billion to ¥1,830.1 billion.



Consumer loans (year-end balance)

The balance of consumer loans at the end of fiscal 2011 was ¥2,291.7 billion, having increased ¥67.7 billion from the end of fiscal 2010, centering on housing loans.

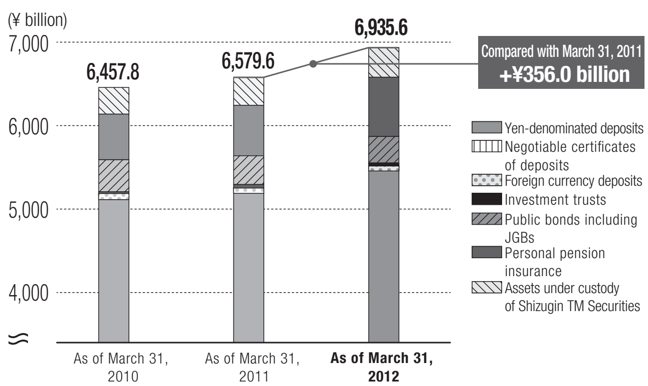


* Housing loans include loans for condominiums.
* Unsecured loans include loans for car purchases, and educational expenses and loans taken out using bank cards.
Other loans include capital loans.

Assets under Custody

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

The balance of retail customers' assets under custody at the end of fiscal 2011, including that of Shizugin TM Securities Co., Ltd., was ¥6,935.6 billion, having increased ¥356.0 billion from the end of fiscal 2010. The balance of retail customers' assets under custody, excluding yen-denominated deposits and negotiable certificates of deposits, was ¥1,461.9 billion.

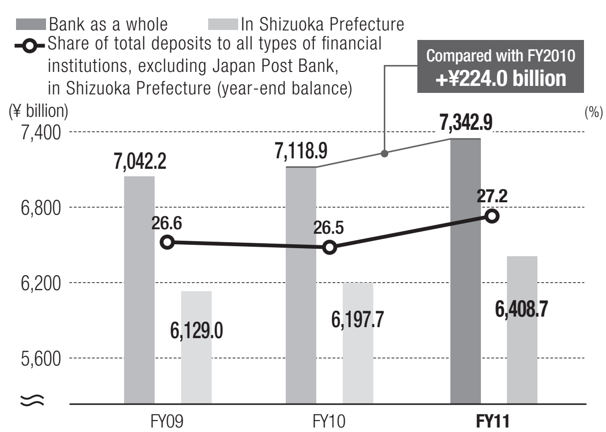


* Personal pension insurance is presented based upon the market price of current contracts.

Deposits (Non-consolidated)

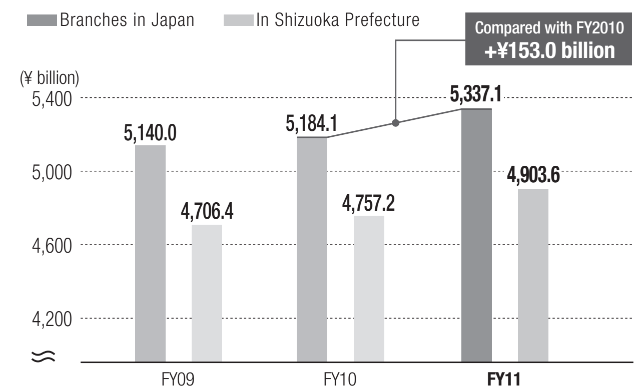
Total deposits (average balance)

The average balance of total deposits in fiscal 2011 increased ¥224.0 billion or at an annual rate of 3.1% to ¥7,342.9 billion. Of this amount, the average balance of deposits in Shizuoka Prefecture increased ¥211.0 billion to ¥6,408.7 billion.



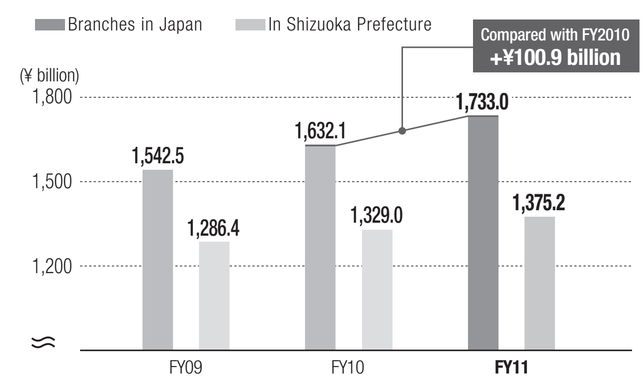
Deposits from retail customers (average balance)

The average balance of deposits from retail customers in fiscal 2011 increased ¥153.0 billion from fiscal 2010 to ¥5,337.1 billion. Of this amount, the average balance of deposits from retail customers in Shizuoka Prefecture increased ¥146.4 billion to ¥4,903.6 billion.



Deposits from corporate customers (average balance)

The average balance of deposits from corporate customers in fiscal 2011 increased ¥100.9 billion from fiscal 2010 to ¥1,733.0 billion. Of this amount, the average balance of deposits from corporate customers in Shizuoka Prefecture increased ¥46.2 billion to ¥1,375.2 billion.



Corporate Governance Structure

Foundation for fulfilling corporate social responsibility

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

Framework

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

The Shizuoka Bank has adopted the corporate auditor system of governance. The Board of Corporate Auditors consists of five corporate auditors, three of whom are outside auditors. Corporate auditors audit directors' performance of their duties based on the auditing standards for corporate auditors.

To clearly separate the supervisory and executive functions of management, the Bank has the Office of the Chairman and the Chairman of the Board and the Deputy Chairman of the Board are responsible for supervising the executive functions and external relations, while the President, the Senior Vice President, and other directors, as well as executive officers appointed by the Board of Directors (as of June 25, 2012, there were 13 executive officers, four of whom 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 appointed by the Board of Directors. This approach is designed to create a system that can respond precisely and flexibly to changes in the management environment, while clearly delineating authority and responsibility.

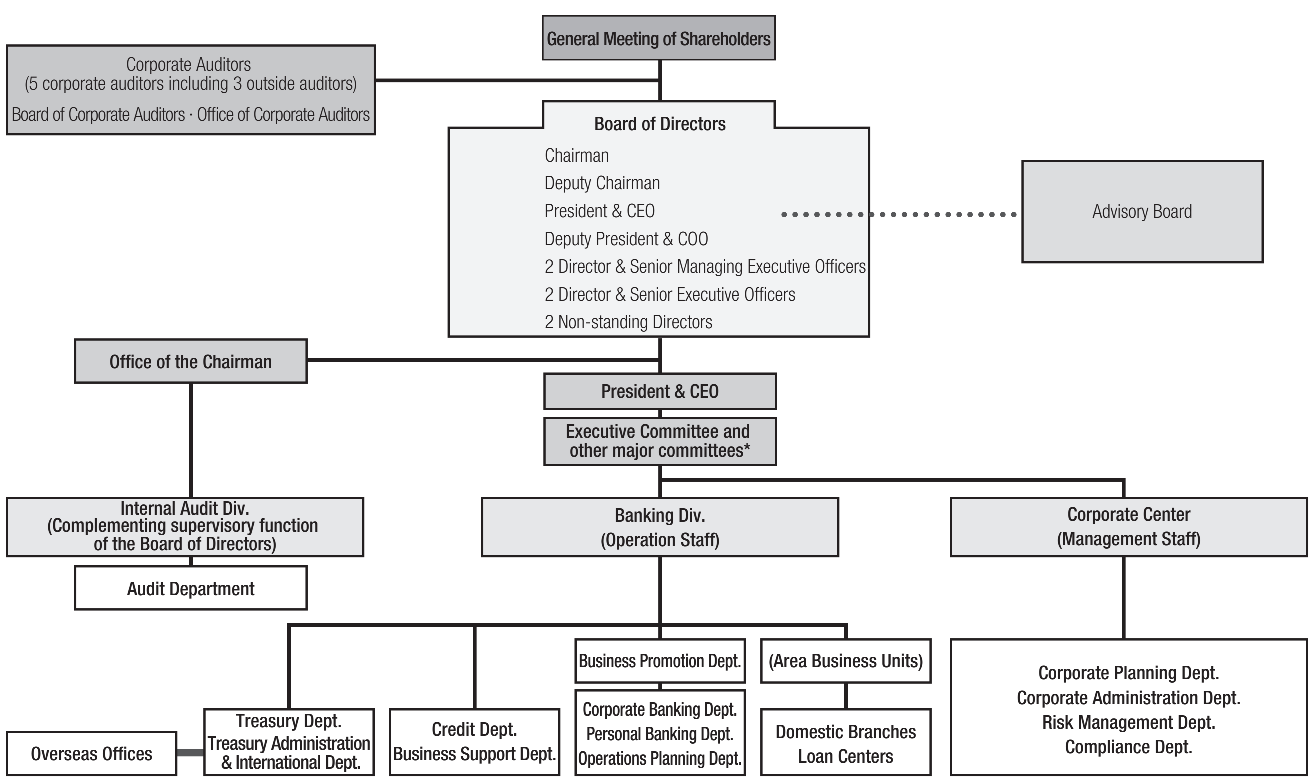
In addition, the Bank has the Advisory Board (in principle, the Advisory Board meets each quarter), consisting mainly of executives from outside the Bank, to reflect outside viewpoints with the goal of ensuring the objectivity of the Bank's decision-making process. The Advisory Board, which the Chairman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

Internal Control System

The Shizuoka Bank classifies the head office organizations into three arms, based on function—the Banking Division, handling front office business operations; the Corporate

Shizuoka Bank Group's Corporate Governance System

(as of June 25, 2012)



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

Center for corporate planning, administration, and risk management; and the Internal Audit Division conducting internal auditing. This classification is designed to strengthen cross-checking among these three arms.

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

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

Basic Policy

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

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

Compliance System

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

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

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

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

Cultivating Compliance-centered Corporate Culture

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

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

Shizugin Compliance Book

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

"Opinion Box" Internal Reporting System

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

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

Compliance Education and Training

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

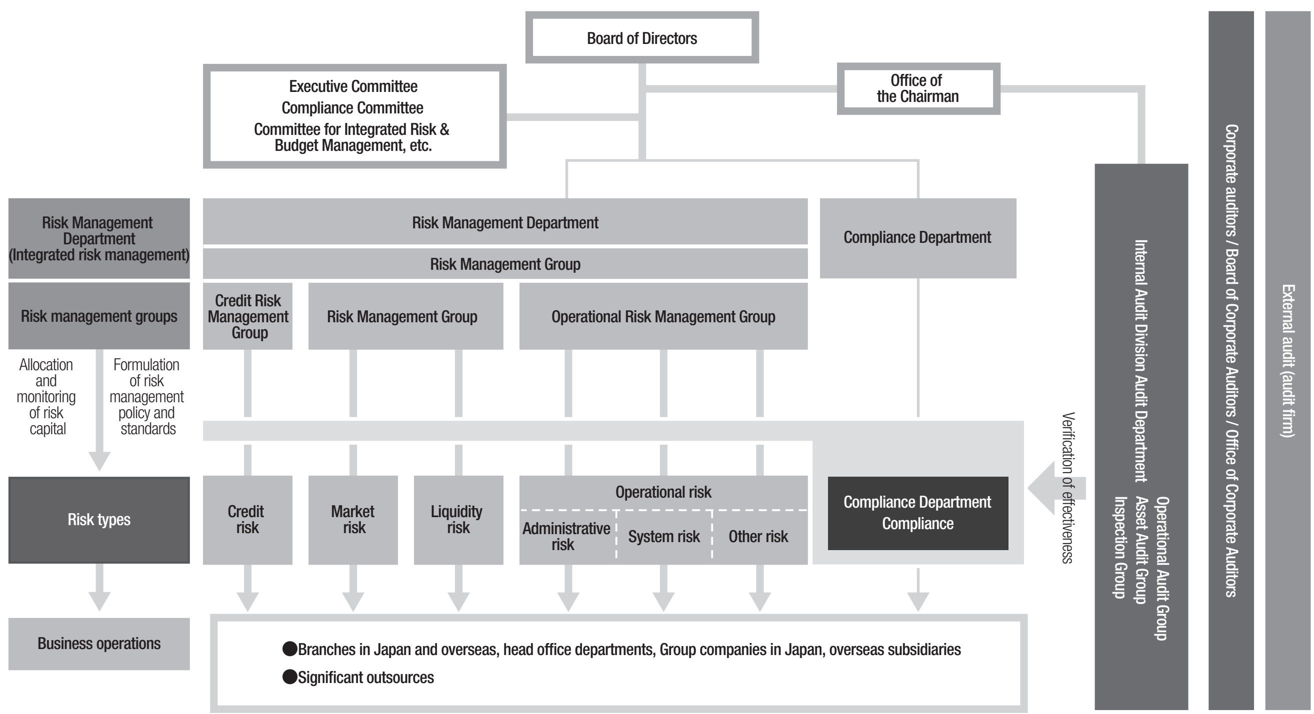
Prompt and Appropriate Disclosure

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

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

Risk Management System

Shizuoka Bank Group's Compliance and Risk Management Systems



Integrated Risk Management Systems

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

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

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

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

Credit Risk Management System

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

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

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

Market Risk Management System

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

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

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

Liquidity Risk Management System

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

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

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

What is Value at Risk (VaR)?

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

Operational Risk Management System

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

Administrative Risk Management

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

System Risk Management

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

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated balance sheet of The Shizuoka Bank, Ltd. and consolidated subsidiaries as of March 31, 2012, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information , all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in conformity with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Shizuoka Bank, Ltd. and consolidated subsidiaries as of March 31, 2012, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

As discussed in Note 34 to the consolidated financial statements, goodwill and negative goodwill arise from the increase of ownership in subsidiaries and the share exchange. Our opinion is not qualified in respect of this matter.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in 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 19, 2012

Member of
Deloitte Touche Tohmatsu Limited

Consolidated Balance Sheets

THE SHIZUOKA BANK, LTD. and Subsidiaries   March 31, 2012 and 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2012	2011	**2012**
Assets:			
Cash and due from banks (Notes 12 and 29)	**¥ 349,882**	¥ 385,726	**$ 4,257,001**
Call loans and bills bought	**85,013**	44,135	**1,034,355**
Monetary claims bought	**45,330**	41,670	**551,532**
Trading assets (Notes 4 and 29)	**36,648**	45,168	**445,900**
Money held in trust (Note 5)	**2,500**	2,300	**30,417**
Securities (Notes 6, 12, and 29)	**2,273,448**	2,067,097	**27,660,889**
Loans and bills discounted (Notes 7, 13, and 29)	**6,671,027**	6,636,119	**81,165,928**
Foreign exchanges (Note 8)	**5,457**	5,721	**66,399**
Lease receivables and investment assets (Notes 12 and 27)	**40,325**	40,334	**490,633**
Other assets (Notes 9 and 12)	**105,876**	104,765	**1,288,191**
Tangible fixed assets (Note 10)	**61,253**	64,211	**745,268**
Intangible fixed assets (Note 10)	**13,933**	15,678	**169,532**
Deferred tax assets (Note 26)	**2,008**	7,554	**24,437**
Customers' liabilities for acceptances and guarantees (Note 11)	**79,174**	68,479	**963,307**
Allowance for loan losses (Note 29)	**(76,028)**	(86,574)	**(925,028)**
Allowance for investment losses	**(354)**	(370)	**(4,316)**
Total Assets	**¥9,695,497**	¥9,442,019	**$117,964,445**
Liabilities and Equity:			
Liabilities:			
Deposits (Notes 12, 14, and 29)	**8,080,088**	7,658,053	**98,309,875**
Call money and bills sold (Note 29)	**226,509**	55,959	**2,755,928**
Payables under securities lending transactions (Notes 12 and 29)	**303,944**	223,921	**3,698,070**
Trading liabilities (Note 4)	**22,257**	29,456	**270,808**
Borrowed money (Notes 12, 15, and 29)	**67,800**	512,094	**824,918**
Foreign exchanges (Note 8)	**91**	146	**1,118**
Bonds payable (Note 16)	**20,000**	25,000	**243,338**
Other liabilities (Notes 12 and 17)	**111,255**	127,463	**1,353,632**
Provision for retirement benefits (Note 18)	**22,618**	22,785	**275,204**
Provision for losses from reimbursement of inactive accounts	**708**	883	**8,614**
Provision for contingent losses	**3,627**	3,582	**44,139**
Provision for point program	**265**		**3,226**
Reserves under special laws	**11**	11	**137**
Deferred tax liabilities (Note 26)	**5,898**		**71,766**
Acceptances and guarantees (Note 11)	**79,174**	68,479	**963,307**
Total Liabilities	**¥8,944,251**	¥8,727,838	**$108,824,080**
Equity: (Notes 19, 20, 21, and 34)			
Capital stock, authorized, 2,414,596 thousand shares: issued, 685,129 thousand shares in 2012 and 685,129 thousand shares in 2011	**90,845**	90,845	**1,105,314**
Capital surplus	**54,884**	54,884	**667,771**
Subscription rights to shares	**324**	253	**3,944**
Retained earnings	**520,518**	491,986	**6,333,110**
Treasury stock-at cost 29,299 thousand shares in 2012 and 9,260 thousand shares in 2011	**(22,339)**	(7,734)	**(271,807)**
Accumulated other comprehensive income:	**83,847**	62,493	**1,020,164**
Valuation difference on available-for-sale securities	**85,719**	64,179	**1,042,940**
Deferred gains or losses on hedges	**(367)**	(427)	**(4,475)**
Foreign currency translation adjustments	**(1,504)**	(1,257)	**(18,301)**
Total	**728,079**	692,728	**8,858,496**
Minority interests	**23,166**	21,452	**281,869**
Total Equity	**751,246**	714,180	**9,140,365**
Total Liabilities and Equity	**¥9,695,497**	¥9,442,019	**$117,964,445**

See notes to consolidated financial statements.

Consolidated Statements of Income

THE SHIZUOKA BANK, LTD. and Subsidiaries Years ended March 31, 2012 and 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2012	2011	**2012**
Income:			
Interest Income:			
Interest on loans and discounts	**¥102,426**	¥105,506	**$1,246,219**
Interest and dividends on securities	**31,758**	30,992	**386,408**
Other interest income	**1,225**	1,330	**14,910**
Subtotal	**135,411**	137,830	**1,647,537**
Fees and Commissions	**47,627**	46,449	**579,480**
Trading Income	**1,107**	139	**13,471**
Other Operating Income (Note 22)	**12,231**	14,596	**148,818**
Other Income (Note 23)	**9,043**	10,576	**110,031**
Total Income	**205,420**	209,592	**2,499,337**
Expenses:			
Interest Expense:			
Interest on deposits	**5,561**	7,210	**67,663**
Interest on borrowings and rediscounts	**630**	597	**7,677**
Other interest expense	**1,758**	1,741	**21,392**
Subtotal	**7,950**	9,550	**96,732**
Fees and Commission Payments	**23,675**	22,647	**288,061**
Trading Expense	**242**		**2,954**
Other Operating Expenses (Note 24)	**6,118**	5,618	**74,443**
General and Administrative Expenses	**89,080**	89,143	**1,083,841**
Other Expenses (Note 25)	**9,534**	19,139	**116,006**
Total Expenses	**136,602**	146,098	**1,662,037**
Income before Income Taxes and Minority Interests	**68,817**	63,493	**837,300**
Income Taxes: (Note 26)			
Current	**22,217**	24,803	**270,322**
Deferred	**7,723**	194	**93,977**
Net Income before Minority Interests	**38,875**	38,495	**473,001**
Minority Interests in Net Income of Consolidated Subsidiaries	**1,687**	2,339	**20,532**
Net Income	**¥ 37,188**	¥ 36,155	**$ 452,469**

	Yen		U.S. Dollars (Note 2)
Per Share: (Note 33)			
Basic net income	**¥56.28**	¥52.92	**$0.68**
Diluted net income	**56.24**	52.90	**0.68**
Cash dividends applicable to the year	**13.50**	13.00	**0.16**

See notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

THE SHIZUOKA BANK, LTD. and Subsidiaries Year ended March 31, 2012

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2012	2011	**2012**
Net Income before Minority Interests	**¥38,875**	¥38,495	**$473,001**
Other Comprehensive Income (Loss): (Note 32)			
Valuation difference on available-for-sale securities	**21,593**	(19,205)	**262,728**
Deferred gains or losses on hedges	**60**	(23)	**731**
Foreign currency translation adjustments	**(246)**	(226)	**(2,996)**
Total other comprehensive income (loss)	**21,407**	(19,456)	**260,463**
Comprehensive Income (Note 32)	**60,283**	19,039	**733,464**
Total Comprehensive Income Attributable To: (Note 32)			
Owners of the parent	**¥58,541**	¥16,708	**$712,276**
Minority interests	**1,741**	2,330	**21,188**

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

THE SHIZUOKA BANK, LTD. and Subsidiaries   Years ended March 31, 2012 and 2011

	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, 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
Balance at April 1, 2011	685,129	¥90,845	¥54,884	¥253	¥491,986	¥ (7,734)	¥64,179	¥(427)	¥(1,257)	¥692,728	¥21,452	¥714,180
Changes during the period:												
Cash dividends, ¥13.00 per share					**(8,656)**					**(8,656)**		**(8,656)**
Net income					**37,188**					**37,188**		**37,188**
Purchases of treasury stock (20,042 thousand shares)						**(14,607)**				**(14,607)**		**(14,607)**
Disposals of treasury stock (3 thousand shares)			**0**			**2**				**2**		**2**
Net changes other than shareholders' equity				**70**			**21,539**	**60**	**(246)**	**21,424**	**1,714**	**23,138**
Total changes during the period			**0**	**70**	**28,532**	**(14,605)**	**21,539**	**60**	**(246)**	**35,351**	**1,714**	**37,065**
Balance at March 31, 2012	**685,129**	**¥90,845**	**¥54,884**	**¥324**	**¥520,518**	**¥(22,339)**	**¥85,719**	**¥(367)**	**¥(1,504)**	**¥728,079**	**¥23,166**	**¥751,246**

	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, 2011	$1,105,314	$667,770	$3,083	$5,985,961	$ (94,108)	$ 780,868	$(5,206)	$(15,305)	$8,428,377	$261,013	$8,689,390
Changes during the period:											
Cash dividends, $0.16 per share				**(105,320)**					**(105,320)**		**(105,320)**
Net income				**452,469**					**452,469**		**452,469**
Purchases of treasury stock					**(177,733)**				**(177,733)**		**(177,733)**
Disposals of treasury stock		**1**			**34**				**35**		**35**
Net changes other than shareholders' equity			**861**			**262,072**	**731**	**(2,996)**	**260,668**	**20,856**	**281,524**
Total changes during the period		**1**	**861**	**347,149**	**(177,699)**	**262,072**	**731**	**(2,996)**	**430,119**	**20,856**	**450,975**
Balance at March 31, 2012	**$1,105,314**	**$667,771**	**$3,944**	**$6,333,110**	**$(271,807)**	**$1,042,940**	**$(4,475)**	**$(18,301)**	**$8,858,496**	**$281,869**	**$9,140,365**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

THE SHIZUOKA BANK, LTD. and Subsidiaries Years ended March 31, 2012 and 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2012	2011	**2012**
I. Operating Activities:			
Income before income taxes and minority interests	**¥ 68,817**	¥ 63,493	**$ 837,300**
Adjustments for:			
Income taxes paid	**(25,287)**	(28,895)	**(307,671)**
Depreciation and amortization	**13,044**	13,023	**158,710**
Impairment losses	**53**	15	**648**
Equity in (earnings) losses of affiliates	**(1)**	240	**(22)**
Loss on change in accounting standard for asset retirement obligations		329	
Increase (decrease) in allowance for loan losses	**(10,546)**	(4,299)	**(128,313)**
Increase (decrease) in allowance for investment losses	**(15)**	280	**(191)**
Increase (decrease) in provision for retirement benefits	**(166)**	(229)	**(2,025)**
Increase (decrease) in provision for reimbursement of inactive accounts	**(175)**	(6)	**(2,129)**
Increase (decrease) in provision for contingent losses	**44**	1,441	**545**
Increase (decrease) in provision for point program	**265**		**3,226**
Interest income	**(135,411)**	(137,830)	**(1,647,537)**
Interest expense	**7,950**	9,550	**96,732**
Losses (gains) on securities	**(5,871)**	(6,782)	**(71,442)**
Losses (gains) on money held in trust	**(18)**	(15)	**(226)**
Losses (gains) on sale of fixed assets	**(67)**	341	**(823)**
Net decrease (increase) in trading assets	**8,520**	1,516	**103,668**
Net increase (decrease) in trading liabilities	**(7,199)**	1,705	**(87,592)**
Net decrease (increase) in loans and bills discounted	**(37,471)**	(367,877)	**(455,912)**
Net increase (decrease) in deposits	**425,665**	204,481	**5,179,039**
Net increase (decrease) in borrowed money	**(444,294)**	347,095	**(5,405,700)**
Net decrease (increase) in due from banks (excluding deposits paid to Bank of Japan)	**21,164**	43,522	**257,511**
Net decrease (increase) in call loans	**(41,041)**	(23,015)	**(499,347)**
Net decrease (increase) in monetary claims bought	**(3,659)**	(8,658)	**(44,530)**
Net increase (decrease) in call money	**171,195**	(45,815)	**2,082,928**
Net increase (decrease) in payables under securities lending transactions	**82,761**	38,068	**1,006,956**
Net decrease (increase) in foreign exchanges (assets)	**231**	(1,981)	**2,813**
Net increase (decrease) in foreign exchanges (liabilities)	**(54)**	56	**(658)**
Net decrease (increase) in lease receivables and investment assets	**(696)**	(1,464)	**(8,470)**
Increase (decrease) in straight bonds-issuance and redemption	**(5,000)**	(40,000)	**(60,834)**
Interest and dividends received	**142,376**	142,671	**1,732,280**
Interest paid	**(8,970)**	(12,685)	**(109,144)**
Other-net	**9,255**	7,550	**112,609**
Total Adjustments	**156,580**	132,334	**1,905,099**
Net Cash Provided by (Used in) Operating Activities	**225,397**	195,827	**2,742,399**
II. Investing Activities:			
Purchases of securities	**(1,917,700)**	(1,623,963)	**(23,332,530)**
Proceeds from sales of securities	**1,519,728**	1,333,457	**18,490,432**
Proceeds from redemptions of securities	**189,968**	158,309	**2,311,333**
Increase in money held in trust	**(300)**	(200)	**(3,650)**
Decrease in money held in trust	**100**		**1,217**
Purchases of tangible fixed assets	**(4,733)**	(4,646)	**(57,598)**
Purchases of intangible fixed assets	**(3,902)**	(3,889)	**(47,479)**
Proceeds from sales of tangible fixed assets	**1,089**	1,263	**13,252**
Payments for execution of asset retirement obligations	**(38)**	(60)	**(462)**
Net Cash Provided by (Used in) Investing Activities	**(215,788)**	(139,729)	**(2,625,485)**
III. Financing Activities:			
Dividends paid	**(8,645)**	(8,907)	**(105,184)**
Dividends paid to minority interests	**(27)**	(27)	**(333)**
Purchases of treasury stock	**(14,607)**	(15,063)	**(177,733)**
Proceeds from sales of treasury stock	**2**	9	**35**
Net Cash Provided by (Used in) Financing Activities	**(23,277)**	(23,989)	**(283,215)**
IV. Foreign Currency Translation Adjustments on Cash and Cash Equivalents	**(7)**	(40)	**(97)**
V. Net Increase (Decrease) in Cash and Cash Equivalents	**(13,676)**	32,068	**(166,398)**
VI. Cash and Cash Equivalents at Beginning of Year	**163,985**	131,917	**1,995,202**
VII. Cash and Cash Equivalents at End of Year (1)	**¥ 150,309**	¥ 163,985	**$ 1,828,804**

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, 2012 and 2011, 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)
	2012	2011	**2012**
Cash and due from banks	**¥349,882**	¥385,726	**$4,257,001**
Other due from banks	**(199,573)**	(221,740)	**(2,428,197)**
Cash and cash equivalents, end of year	**¥150,309**	¥163,985	**$1,828,804**

Notes to Consolidated Financial Statements

THE SHIZUOKA BANK, LTD. and Subsidiaries Years ended March 31, 2012 and 2011

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared from the accounts maintained by The Shizuoka Bank, Ltd. (the "Bank") and its subsidiaries (the "Group") in accordance with the provisions set forth in the Companies Act of Japan (the "Companies Act"), the Japanese Financial Instruments and Exchange Act, the Banking Act of Japan and the Accounting Guideline for Banks in Japan stated by the Japanese Bankers' Association, and accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards (IFRS).

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

2. 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 ¥82.19 to $1, the approximate rate of exchange at March 31, 2012. 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, 2012 and 2011, include the accounts of the Bank, 11 subsidiaries, and one 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.

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

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

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

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

In May 2006, the Accounting Standards Board of Japan (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, and (3) 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; and 5) 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 three to 38 years for buildings and from two 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.

Effective from the year ended March 31, 2012, for the customer classified as "possible bankruptcy", or with rescheduled loans and total loan amounts exceed a certain amount, if cash flows from collection of principals and interests can be reasonably estimated, the Bank provided the difference between the present value of these cash flows discounted at the initial contractual interest rate and the book values (the "DCF" method).

The effect of this change in accounting estimate was to decrease income before income taxes and minority interests by ¥8,776 million ($106,788 thousand).

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

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

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

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

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

Provision for point program:
Effective at March 31, 2012, the provision for point program was provided for the reasonably estimated future usage of points given to credit card customers.

The effect of this accounting change was to decrease income before income taxes and minority interests by ¥223 million ($2,722 thousand).

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.

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:

In December 2005, the ASBJ issued ASBJ Statement No. 8, “Accounting Standard for Stock Options” and related guidance. The new standard and guidance are applicable to stock options newly granted on and after May 1, 2006. This standard requires companies to recognize compensation expense 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 a stock acquisition right as a separate component of equity until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions. In addition, the standard allows unlisted companies to measure options at their intrinsic value if they cannot reliably estimate fair value.

Translation of foreign currencies:

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

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

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

Income taxes:

The Bank and its 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 660,769 thousand shares for 2012 and 683,187 thousand shares for 2011.

Diluted net income per share reflects the potential dilution that could occur if the outstanding stock options were exercised. Diluted net income per share assumes full exercise of the outstanding stock options at the beginning of the year (or at the time of grant).

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

Accounting changes and error corrections:

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

(1) Changes in accounting policies:
When a new accounting policy is applied 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’s errors
When an error in prior period’s financial statements is discovered, those statements are restated.
This accounting standard and the guidance are applicable to accounting changes and corrections of prior period’s 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, 2012 and 2011, consisted of the following:

(a) Trading assets

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Trading securities:			
National government bonds	**¥ 3,288**	¥ 2,935	**$ 40,010**
Local government bonds	**2,036**	1,946	**24,772**
Foreign securities	**56**		**688**
Subtotal	**5,381**	4,882	**65,470**
Financial derivatives:			
Other (Note)	**22,932**	30,835	**279,022**
Subtotal	**22,932**	30,835	**279,022**
Other trading assets:			
Commercial paper	**8,333**	9,449	**101,390**
Other (Note)	**1**	0	**18**
Subtotal	**8,334**	9,450	**101,408**
Total	**¥36,648**	¥45,168	**$445,900**

(b) Trading liabilities

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Financial derivatives:			
Other (Note)	**¥22,257**	¥29,456	**$270,808**
Subtotal	**22,257**	29,456	**270,808**
Total	**¥22,257**	¥29,456	**$270,808**

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

5. MONEY HELD IN TRUST

Money held in trust at March 31, 2012 and 2011, consisted of the following:

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

	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

	Thousands of U.S. Dollars			
March 31, 2012	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Money held in trust classified as:				
Held to maturity	**$30,417**	**$1**		**$30,418**

6. SECURITIES

Securities at March 31, 2012 and 2011, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
National government bonds	**¥1,120,022**	¥ 802,395	**$13,627,232**
Local government bonds	**65,168**	72,396	**792,898**
Corporate debentures	**368,240**	544,214	**4,480,358**
Corporate stocks	**204,811**	208,898	**2,491,924**
Other securities	**515,206**	439,191	**6,268,477**
Total	**¥2,273,448**	¥2,067,097	**$27,660,889**

As of March 31, 2012 and 2011, securities included equity investments in unconsolidated subsidiaries and affiliated companies that amounted to ¥2,365 million ($28,779 thousand) and ¥2,503 million, respectively.

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

Information regarding each category of the securities classified as trading, available for sale, and held to maturity at March 31, 2012 and 2011, were as follows:

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

	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

	Thousands of U.S. Dollars			
March 31, 2012	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				**$ 166,878**
Available for sale:				
Equity securities	**$ 1,343,230**	**$1,117,260**	**$41,443**	**2,419,047**
Debt securities	**18,545,498**	**265,820**	**344**	**18,810,974**
Others	**5,905,391**	**218,013**	**1,564**	**6,121,840**
Held to maturity	**128,564**	**1,729**	**294**	**129,999**

Available-for-sale securities sold during the years ended March 31, 2012 and 2011, were as follows:

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

	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

	Thousands of U.S. Dollars		
Year ended March 31, 2012	Proceeds from Sales	Total Amount of Gains on Sales	Total Amount of Losses on Sales
Equity securities	**$ 17,259**	**$ 1,717**	**$ 447**
Debt securities	**14,993,163**	**115,762**	**27,143**
Others	**3,454,569**	**27,068**	**27,321**
Total	**$18,464,991**	**$144,547**	**$54,911**

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, 2012 and 2011, were ¥1,516 million ($18,456 thousand) and ¥1,603 million, respectively.

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

7. LOANS AND BILLS DISCOUNTED

Loans and bills discounted at March 31, 2012 and 2011, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Bills discounted	**¥ 40,712**	¥ 37,701	**$ 495,347**
Loans on bills	**205,197**	227,565	**2,496,622**
Loans on deeds	**5,274,609**	5,153,906	**64,175,801**
Overdrafts	**1,150,508**	1,216,945	**13,998,158**
Total	**¥6,671,027**	¥6,636,119	**$81,165,928**

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, 2012 and 2011, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Loans under bankruptcy proceedings	**¥ 9,276**	¥ 8,986	**$ 112,868**
Past-due loans	**202,534**	216,805	**2,464,225**
Loans past due for three months or more	**2,440**	2,117	**29,696**
Loans with relaxed conditions	**15,725**	16,280	**191,326**
Total	**¥229,977**	¥244,189	**$2,798,115**

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, 2012 and 2011, 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 ¥41,359 million ($503,219 thousand) and ¥38,578 million, respectively.

8. FOREIGN EXCHANGES

Foreign exchange assets and liabilities at March 31, 2012 and 2011, consisted of the following:

(a) Assets

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Due from foreign banks	**¥1,853**	¥2,823	**$22,554**
Foreign exchange bills bought	**646**	877	**7,872**
Foreign exchange bills receivable	**2,956**	2,019	**35,973**
Total	**¥5,457**	¥5,721	**$66,399**

(b) Liabilities

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Foreign exchange bills sold	**¥68**	¥110	**$ 829**
Foreign exchange bills payable	**23**	35	**289**
Total	**¥91**	¥146	**$1,118**

9. OTHER ASSETS

Other assets at March 31, 2012 and 2011, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Accrued income	**¥ 10,966**	¥ 10,203	**$ 133,425**
Derivative products	**17,771**	23,572	**216,220**
Prepaid expenses	**4,826**	5,510	**58,719**
Others	**72,312**	65,478	**879,827**
Total	**¥105,876**	¥104,765	**$1,288,191**

10. TANGIBLE FIXED ASSETS AND INTANGIBLE FIXED ASSETS

Tangible fixed assets and intangible fixed assets at March 31, 2012 and 2011, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Tangible fixed assets			
Buildings	**¥26,186**	¥28,226	**$318,610**
Land	**24,200**	24,377	**294,441**
Construction in progress	**651**	144	**7,928**
Other tangible fixed assets	**10,215**	11,463	**124,289**
Subtotal	**61,253**	64,211	**745,268**
Intangible fixed assets			
Software	**13,429**	15,169	**163,398**
Other intangible assets	**504**	508	**6,134**
Subtotal	**13,933**	15,678	**169,532**
Total	**¥75,187**	¥79,890	**$914,800**

Tangible fixed assets are stated at cost less accumulated depreciation of ¥113,338 million ($1,378,979 thousand) and ¥114,021 million in 2012 and 2011, respectively.

As of March 31, 2012 and 2011, deferred gains for tax purposes of ¥10,366 million ($126,131 thousand) and ¥10,621 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, 2012 and 2011. As a result, the Group recognized an impairment loss of ¥53 million ($648 thousand) and ¥15 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 sheets, 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, 2012 and 2011, amounted to ¥28,235 million ($343,539 thousand) and ¥31,496 million, respectively.

12. ASSETS PLEDGED

Assets pledged as collateral and their relevant liabilities at March 31, 2012 and 2011, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Assets pledged as collateral:			
Due from banks	**¥ 240**	¥ 240	**$ 2,932**
Securities	**789,400**	1,057,313	**9,604,575**
Lease receivables and investment assets	**217**	281	**2,646**
Relevant liabilities to above assets:			
Deposits	**¥ 27,228**	¥ 66,012	**$ 331,286**
Payables under securities lending transactions	**303,944**	223,921	**3,698,070**
Borrowed money	**55,848**	499,720	**679,499**
Other liabilities	**244**	308	**2,979**

In addition to the above, the Bank has provided ¥205,382 million ($2,498,875 thousand) and ¥202,319 million in securities and ¥164 million ($2,000 thousand) and ¥166 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, 2012 and 2011, respectively.

Guarantee deposits on office space are included in other assets in the amount of ¥2,152 million ($26,185 thousand) and ¥2,146 million at March 31, 2012 and 2011, respectively.

13. LOAN COMMITMENTS

Loan commitments at March 31, 2012 and 2011, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Unexecuted loan commitments outstanding			
Loans due within one year	**¥1,552,304**	¥1,493,048	**$18,886,782**
Loans due over one year	**63,084**	58,872	**767,542**
Total	**¥1,615,388**	¥1,551,920	**$19,654,324**

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 ¥1,615,388 million ($19,654,324 thousand) and ¥1,551,920 million at March 31, 2012 and 2011, respectively.

Of this total, ¥1,552,304 million ($18,886,782 thousand) and ¥1,493,048 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, 2012 and 2011, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Current deposits	**¥ 380,983**	¥ 366,636	**$ 4,635,405**
Savings deposits	**3,775,960**	3,663,381	**45,941,852**
Deposits at notice	**28,920**	32,787	**351,879**
Time deposits	**3,302,868**	3,069,056	**40,185,772**
Negotiable certificates of deposit	**403,942**	300,657	**4,914,746**
Other	**187,411**	225,533	**2,280,221**
Total	**¥8,080,088**	¥7,658,053	**$98,309,875**

15. BORROWED MONEY

At March 31, 2012 and 2011, the weighted-average annual interest rates applicable to borrowed money were 0.33% and 0.11%, respectively.

Borrowed money are borrowings from financial institutions. Annual maturities of borrowed money as of March 31, 2012, were as follows:

Years Ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2013	¥62,624	$761,944
2014	2,286	27,822
2015	1,766	21,489
2016	794	9,668
2017	328	3,995
Total	¥67,800	$824,918

16. BONDS PAYABLE

Bonds at March 31, 2012 and 2011, consisted of the following:

		Millions of Yen		Thousands of U.S. Dollars
	Rate (%)	**2012**	2011	**2012**
Unsecured bonds, payable in Japanese yen, due May 2011	1.65		¥ 5,000	
Unsecured bonds, payable in Japanese yen, due September 2014	1.59	**¥10,000**	10,000	**$121,669**
Unsecured bonds, payable in Japanese yen, due June 2015	1.37	**10,000**	10,000	**121,669**
Total		**¥20,000**	¥25,000	**$243,338**

Annual maturities of bonds as of March 31, 2012, were as follows:

Years Ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2013		
2014		
2015	¥10,000	$121,669
2016	10,000	121,669
2017		
Total	¥20,000	$243,338

17. OTHER LIABILITIES

Other liabilities at March 31, 2012 and 2011, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Income taxes payable	**¥ 9,743**	¥ 12,869	**$ 118,554**
Accrued expenses	**7,363**	8,361	**89,596**
Deposits from employees	**2,752**	2,808	**33,485**
Unearned income	**9,196**	10,198	**111,890**
Derivative products	**21,022**	25,824	**255,774**
Other	**61,176**	67,401	**744,333**
Total	**¥111,255**	¥127,463	**$1,353,632**

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, 2012 and 2011, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Projected benefit obligation	**¥82,856**	¥74,974	**$1,008,111**
Fair value of plan assets	**(44,088)**	(43,290)	**(536,423)**
Unrecognized actuarial (loss) gain	**(20,670)**	(14,463)	**(251,502)**
Prepaid pension costs	**4,521**	5,565	**55,018**
Net provision	**¥22,618**	¥22,785	**$ 275,204**

The components of net periodic retirement benefit costs for the year ended March 31, 2012 and 2011, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Service cost	**¥1,743**	¥1,833	**$21,215**
Interest cost	**1,487**	1,501	**18,099**
Expected return on plan assets	**(950)**	(1,430)	**(11,566)**
Recognized actuarial losses	**2,656**	2,935	**32,325**
Other	**602**	600	**7,327**
Net periodic retirement benefit costs	**¥5,539**	¥5,440	**$67,400**

Assumptions used for the year ended March 31, 2012 and 2011, are set forth as follows:

	2012	2011
Discount rate	**1.0%**	2.0%
Expected rate of return on plan assets	**2.0%**	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. 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 (noncash assets) to shareholders subject to certain limitations and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act and the Banking Act provide certain limitations on the amounts available for dividends or the purchase of treasury stock.

(b) 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, 2012, were as follows:

	Persons Granted	Number of Options	Date of Grant	Exercise Price	Exercise Period
2007 Stock Option	8 directors	67,000 shares	2007. 7.27	¥ 1 ($0.01)	From July 28, 2007 To July 27, 2032
2008 Stock Option	8 directors	66,000 shares	2008. 7.18	¥ 1 ($0.01)	From July 19, 2008 To July 18, 2033
2009 Stock Option	8 directors	89,000 shares	2009. 7.24	¥ 1 ($0.01)	From July 25, 2009 To July 24, 2034
2010 Stock Option	8 directors	100,000 shares	2010. 7.23	¥ 1 ($0.01)	From July 24, 2010 To July 23, 2035
2011 Stock Option	8 directors	100,000 share	2011. 7.22	¥ 1 ($0.01)	From July 23, 2011 To July 22, 2036

The stock option activity is as follows:

	2007 Stock Option	2008 Stock Option	2009 Stock Option	2010 Stock Option	2011 Stock Option
For the year ended March 31, 2011					
Nonvested					
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		
For the year ended March 31, 2012					
Nonvested					
March 31, 2011—Outstanding				100,000	
Granted					100,000
Vested				100,000	
March 31, 2012—Outstanding					100,000
Vested					
March 31, 2011—Outstanding	56,000	55,000	89,000		
Vested				100,000	
Exercised					
March 31, 2012—Outstanding	56,000	55,000	89,000	100,000	
Exercise price	¥ 1 ($ 0.01)	¥ 1 ($ 0.01)	¥ 1 ($ 0.01)	¥ 1 ($ 0.01)	¥ 1 ($ 0.01)
Fair value price at grant date	¥1,153 ($14.03)	¥1,057 ($12.86)	¥ 875 ($10.65)	¥ 704 ($ 8.57)	¥ 709 ($ 8.63)

The assumptions used to measure the fair value of the 2011 stock option are as follows:
Estimate method: Black-Scholes option-pricing model
Volatility of stock price: 33.5%
Estimated remaining outstanding period: four years
Estimated dividend: ¥13 per share
Risk free interest rate: 0.3%

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
	2012	2011	**2012**
Valuation difference	**¥130,191**	¥104,942	**$1,584,026**
Deferred tax liabilities	**(44,319)**	(40,664)	**(539,230)**
Amounts equivalent to difference on available-for-sale securities	**¥ 85,871**	¥ 64,278	**$1,044,796**
Minority interests adjustment	**¥ (152)**	¥ (98)	**$ (1,856)**
Valuation difference on available-for-sale securities	**¥ 85,719**	¥ 64,179	**$1,042,940**

22. OTHER OPERATING INCOME

Other operating income for the years ended March 31, 2012 and 2011, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Gains on foreign exchange transactions	**¥ 1,162**	¥ 1,319	**$ 14,144**
Gains on sales of bonds	**11,052**	12,199	**134,478**
Gains on financial derivatives		1,076	
Other	**16**	1	**196**
Total	**¥12,231**	¥14,596	**$148,818**

23. OTHER INCOME

Other income for the years ended March 31, 2012 and 2011, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Gains on sales of stocks and other securities	**¥ 141**	¥ 832	**$ 1,720**
Other	**8,902**	9,744	**108,311**
Total	**¥9,043**	¥10,576	**$110,031**

24. OTHER OPERATING EXPENSES

Other operating expenses for the years ended March 31, 2012 and 2011, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Losses on sales of bonds	**¥3,592**	¥5,316	**$43,705**
Losses on redemption of bonds	**129**	301	**1,578**
Losses on devaluation of bonds	**14**		**178**
Other	**2,382**		**28,982**
Total	**¥6,118**	¥5,618	**$74,443**

25. OTHER EXPENSES

Other expenses for the years ended March 31, 2012 and 2011, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Provision of allowance for loan losses		¥ 6,098	
Losses on written-off claims	**¥ 241**	988	**$ 2,935**
Losses on sales of stocks and other securities	**36**	89	**449**
Losses on devaluation of stocks and other securities	**1,549**	1,639	**18,847**
Losses on money held in trust	**12**	12	**152**
Equity in losses of affiliates		240	
Losses on disposition of fixed assets	**261**	909	**3,183**
Impairment losses	**53**	15	**648**
Other	**7,380**	9,146	**89,792**
Total	**¥9,534**	¥19,139	**$116,006**

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, 2012 and 2011, respectively.

The tax effects of significant temporary differences, which resulted in deferred tax assets and liabilities, at March 31, 2012 and 2011, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Deferred tax assets:			
Allowance for loan losses	**¥24,763**	¥31,290	**$301,297**
Provision for retirement benefits	**13,592**	14,798	**165,375**
Valuation loss on securities	**4,966**	5,346	**60,423**
Other	**5,041**	5,579	**61,340**
Deferred tax assets	**48,363**	57,014	**588,435**
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	**(44,319)**	(40,664)	**(539,230)**
Gain on establishment of employee retirement benefit trust	**(6,198)**	(6,922)	**(75,423)**
Other	**(1,735)**	(1,873)	**(21,111)**
Deferred tax liabilities	**(52,253)**	(49,459)	**(635,764)**
Net deferred tax assets (liabilities)	**¥ (3,889)**	¥ 7,554	**$ (47,329)**

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, 2012 and 2011, are as follows:

	2012	2011
Normal effective statutory tax rate	**39.7 %**	39.7 %
Dividends exempted for income tax purposes	**(1.4) %**	(1.3) %
Reduction in deferred tax assets resulting from a change in effective tax rate	**5.4 %**	
Other	**(0.2) %**	1.0 %
Actual effective tax rate	**43.5 %**	39.4 %

On December 2, 2011, new tax reform laws were enacted in Japan, which changed the normal effective statutory tax rate from approximately 39.7% to 37.2% effective for the fiscal years beginning on or after April 1, 2012 through March 31, 2015, and to 34.8% afterwards. The effect of this change was to decrease deferred tax assets in the consolidated balance sheet as of March 31, 2012, by ¥137 million ($1,677 thousand), deferred tax liabilities by ¥2,560 million ($31,157 thousand), and increase valuation differences on available-for-sale securities by ¥6,170 million ($75,071 thousand) and to increase income taxes—deferred in the consolidated statement of income for the year then ended by ¥3,741 million ($45,528 thousand).

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, 2012 and 2011, were ¥34 million ($425 thousand) and ¥35 million, respectively.

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 consolidated financial statements. The Group applied ASBJ Statement No.13 effective April 1, 2008, and accounted for such leases as operating lease transactions. Pro forma information of leased property whose lease inception was before March 31, 2008, 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	**2012**	2011	**2012**
Acquisition cost	**¥258**	¥258	**$3,141**
Accumulated depreciation	**(108)**	(95)	**(1,321)**
Net leased property	**¥149**	¥162	**$1,820**

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
Tangible Fixed Assets	**2012**	2011	**2012**
Due within one year	**¥ 9**	¥ 8	**$ 115**
Due after one year	**202**	211	**2,462**
Total	**¥211**	¥220	**$2,577**

Depreciation expense and interest expense under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Depreciation expense	**¥12**	¥13	**$157**
Interest expense	**26**	27	**324**

Depreciation expense and interest expense, which are not reflected in the accompanying consolidated 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
	2012	2011	**2012**
Gross lease receivables	**¥42,203**	¥42,860	**$513,488**
Estimate residual values	**2,229**	2,358	**27,124**
Unearned interest income	**(4,439)**	(5,162)	**(54,021)**
Lease investment assets	**¥39,992**	¥40,057	**$486,591**

Maturities of lease receivables are as follows:

Years Ending March 31,	Millions of Yen 2012	Thousands of U.S. Dollars 2012
2013	**¥ 86**	**$1,051**
2014	**83**	**1,010**
2015	**79**	**967**
2016	**48**	**585**
2017	**43**	**534**
2018 and thereafter	**3**	**44**
Total	**¥344**	**$4,191**

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

Years Ending March 31,	Millions of Yen 2012	Thousands of U.S. Dollars 2012
2013	**¥12,944**	**$157,490**
2014	**10,270**	**124,965**
2015	**7,827**	**95,232**
2016	**5,259**	**63,996**
2017	**3,280**	**39,915**
2018 and thereafter	**2,621**	**31,890**
Total	**¥42,203**	**$513,488**

(2) Operating Lease

(a) Lessee

The minimum rental commitments under noncancelable operating leases at March 31, 2012 and 2011, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Due within one year	**¥157**	¥186	**$ 1,920**
Due after one year	**686**	564	**8,349**
Total	**¥844**	¥750	**$10,269**

(b) Lessor

The future lease payment receivables under noncancelable operating leases at March 31, 2012 and 2011, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Due within one year	**¥236**	¥259	**$2,877**
Due after one year	**326**	332	**3,967**
Total	**¥562**	¥591	**$6,844**

28. SEGMENT INFORMATION

Under the 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.

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

	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, equipment, and intangible assets	8,209	42	8,251	299	8,551	(14)	8,536

	Thousands of U.S. Dollars						
	Reportable Segment						
Year ended March 31, 2012	Bank Operations	Leasing Operations	Total	Other	Total	Reconciliations	Consolidated
Ordinary income:							
Ordinary income from external customers	**$ 2,116,776**	**$259,756**	**$ 2,376,532**	**$118,799**	**$ 2,495,331**		**$ 2,495,331**
Ordinary income from intersegment transactions	**20,247**	**32,964**	**53,211**	**46,734**	**99,945**	**$ (99,945)**	
Total	**2,137,023**	**292,720**	**2,429,743**	**165,533**	**2,595,276**	**(99,945)**	**2,495,331**
Segment profit	**777,246**	**15,611**	**792,857**	**45,558**	**838,415**	**(1,290)**	**837,125**
Segment assets	**117,596,250**	**750,115**	**118,346,365**	**472,091**	**118,818,456**	**(854,011)**	**117,964,445**
Segment liabilities	**108,797,372**	**631,521**	**109,428,893**	**182,313**	**109,611,206**	**(787,126)**	**108,824,080**
Other:							
Depreciation	**144,497**	**11,556**	**156,053**	**3,513**	**159,566**	**(856)**	**158,710**
Interest income	**1,648,277**	**199**	**1,648,476**	**2,262**	**1,650,738**	**(3,201)**	**1,647,537**
Interest expense	**96,190**	**3,923**	**100,113**	**199**	**100,312**	**(3,580)**	**96,732**
Increase in property, plant, equipment, and tangible assets	**99,889**	**3,571**	**103,460**	**2,331**	**105,791**	**(714)**	**105,077**

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, 2012	**¥102,348**	**¥42,953**	**¥21,330**	**¥38,459**	**¥205,091**	**$1,245,270**	**$522,607**	**$259,525**	**$467,929**	**$2,495,331**
Year ended March 31, 2011	¥105,307	¥45,121	¥21,130	¥37,456	¥209,014					

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				
	Bank Operations	Leasing Operations	Total	Other	Total	Bank Operations	Leasing Operations	Total	Other	Total
Impairment losses of assets										
Year ended March 31, 2012	**¥53**		**¥53**		**¥53**	**$648**		**$648**		**$648**
Year ended March 31, 2011	¥15		¥15		¥15					

29. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

1 Qualitative Information of Financial Instruments
(1) Group Policy for Financial Instruments
The Group provides comprehensive financial services, centering on banking, along with leasing and management consulting. Its base of operations is Shizuoka Prefecture.

The Bank, the core business operator of the Group, provides a range of financial instruments, including deposits in 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 of management.

(iii) Market risk management system

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

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

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

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

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

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

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

The total amount of market risks as of March 31, 2012 and 2011, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
VaR	**¥72,971**	¥120,792	**$887,833**

The assumptions used to measure VaR are as follows:

Observation period: one 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 10 years based on an internal model (for the year ended March 31, 2011, allocated within 5 years (average 2.5 years) by specific formula).

(iv) Liquidity risk management system

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

The Bank has established a system of cross-checks and balances by setting up fund management departments for financing in 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, 2012 and 2011, consisted of the following:

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

March 31, 2011	Millions of Yen 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:			
Nonhedging derivatives	¥ 1,356	¥ 1,356	
Hedging derivatives	(2,229)	(2,229)	
Total	¥ (872)	¥ (872)	

March 31, 2012	Thousands of U.S. Dollars Carrying Amount	Fair Value	Unrealized Gains (Losses)
Cash and due from banks	**$ 4,257,001**	**$ 4,257,001**	
Trading assets:			
Trading securities	**166,878**	**166,878**	
Securities:			
Held to maturity	**128,564**	**129,999**	**$ 1,435**
Available-for-sale securities	**27,351,861**	**27,351,861**	
Loans and bills discounted	**81,165,928**		
Allowance for loan losses	**(886,287)**		
Subtotal	**80,279,641**	**80,955,939**	**676,298**
Total	**$112,183,945**	**$112,861,678**	**$677,733**
Deposits	**$ 98,309,875**	**$ 98,328,541**	**$ 18,666**
Call money and bills sold	**2,755,928**	**2,755,928**	
Payables under securities lending transactions	**3,698,070**	**3,698,070**	
Borrowed money	**824,918**	**825,778**	**860**
Total	**$105,588,791**	**$105,608,317**	**$ 19,526**
Derivative transactions:			
Nonhedging derivatives	**$ 7,725**	**$ 7,725**	
Hedging derivatives	**(39,065)**	**(39,065)**	
Total	**$ (31,340)**	**$ (31,340)**	

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, 2012 and 2011, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Unlisted stocks	**¥ 5,991**	¥ 6,128	**$ 72,893**
Investments in partnerships and others	**8,841**	8,995	**107,571**
Total	**¥14,832**	¥15,123	**$180,464**

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 ¥68 million ($832 thousand) and ¥66 million in 2012 and 2011, respectively.
2. Impairment losses on unlisted stocks for the years ended March 31, 2012 and 2011, were ¥31 million ($386 thousand) and ¥34 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, 2012	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	**¥ 255,146**				
Securities:	**158,063**	**¥ 172,460**	**¥ 151,945**	**¥ 635,564**	**¥ 812,822**
Held-to-maturity securities	**548**	**2,140**	**2,348**	**987**	**4,494**
Available-for-sale securities	**157,514**	**170,319**	**149,597**	**634,577**	**808,327**
Loans and bills discounted	**2,090,915**	**1,192,183**	**866,367**	**459,956**	**1,699,044**
Total	**¥2,504,124**	**¥1,364,644**	**¥1,018,313**	**¥1,095,520**	**¥2,511,866**

	Thousands of U.S. Dollars				
March 31, 2012	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	**$ 3,104,345**				
Securities:	**1,923,146**	**$ 2,098,313**	**$ 1,848,712**	**$ 7,732,870**	**$ 9,889,551**
Held-to-maturity securities	**6,673**	**26,047**	**28,573**	**12,011**	**54,686**
Available-for-sale securities	**1,916,473**	**2,072,266**	**1,820,139**	**7,720,859**	**9,834,865**
Loans and bills discounted	**25,440,022**	**14,505,218**	**10,541,034**	**5,596,257**	**20,672,153**
Total	**$30,467,513**	**$16,603,531**	**$12,389,746**	**$13,329,127**	**$30,561,704**

Notes: 1. The amount of loans and bills discounted without due dates are excluded totaling ¥150,748 million ($1,834,148 thousand).
2. The amount of loans and bills discounted for "possible bankruptcy," "virtual bankruptcy," and "legal bankruptcy," excluding those without due dates, are included totaling ¥211,811 million ($2,577,096 thousand).

Maturity analysis for borrowed money and other interest-bearing debt

	Millions of Yen				
March 31, 2012	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	**¥7,460,438**	**¥554,562**	**¥49,334**	**¥6,200**	**¥9,552**
Call money and bills sold	**226,509**				
Payables under securities lending transactions	**303,944**				
Borrowed money	**62,624**	**4,052**	**1,122**		
Total	**¥8,053,516**	**¥558,615**	**¥50,456**	**¥6,200**	**¥9,552**

	Thousands of U.S. Dollars				
March 31, 2012	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	**$90,770,638**	**$6,747,324**	**$600,244**	**$75,441**	**$116,228**
Call money and bills sold	**2,755,928**				
Payables under securities lending transactions	**3,698,069**				
Borrowed money	**761,944**	**49,311**	**13,663**		
Total	**$97,986,579**	**$6,796,635**	**$613,907**	**$75,441**	**$116,228**

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, 2012 and 2011, consisted of the following:

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

	Millions of Yen			
March 31, 2011	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

	Thousands of U.S. Dollars			
March 31, 2012	Contract or Notional Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains (Losses)
Over the counter:				
Interest rate swaps	**$15,792,650**	**$14,007,250**	**$8,237**	**$8,237**
Currency swaps	**4,989,224**	**3,628,450**	**401**	**401**
Exchange contracts	**1,149,023**	**172,000**	**608**	**608**
Currency options	**2,891,435**	**1,883,350**	**(3,469)**	**(3,469)**
Other	**217,246**	**157,710**	**1,948**	**1,948**

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, 2012 and 2011, consisted of the following:

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

		Millions of Yen		
March 31, 2011	Hedged Item	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	

		Thousands of U.S. Dollars		
March 31, 2012	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Principled treatment				
Interest rate swaps	Deposits	**$ 3,930**	**$ 3,930**	**$ (309)**
Exchange contracts	Loans, deposits, and securities in foreign currencies	**1,006,533**		**(38,755)**
Special hedging treatment				
Interest rate swaps	Loans	**528,466**	**527,610**	

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, 2012 and 2011, were as follows:

1. Related-Party Transactions with the Bank

Related-Party	Category	Description of transactions	Millions of Yen 2012	Millions of Yen 2011	Thousands of U.S. Dollars 2012
Yasuhiko Saito Lawyer	Corporate Auditor of Shizuoka Bank	Legal service fees	**¥ 20**	¥ 21	**$ 246**
		Lending operation loans	**78**	83	**955**
Tsutomu Goto	Close relative of a director of Shizuoka Bank	Lending operation loans	**196**	214	**2,389**
Yoko Mizuguchi	Close relative of a director of Shizuoka Bank	Lending operation loans	**10**	12	**129**
Kenji Mizuguchi	Close relative of a director of Shizuoka Bank	Lending operation loans	**44**	45	**535**
Makizo Iio	Close relative of a director of Shizuoka Bank	Lending operation loans	**292**	306	**3,554**
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	

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

2. Related-Party Transactions with Subsidiaries

Related-Party	Category	Description of transactions	Millions of Yen 2012	Millions of Yen 2011	Thousands of U.S. Dollars 2012
Yasuhiko Saito Lawyer	Corporate Auditor of Shizuoka Bank and its subsidiaries	Legal service fees	**¥ 2**		**$ 26**
		Lease payments	**4**		**55**
		Lease investment assets on Mar 31	**15**		**186**

32. COMPREHENSIVE INCOME

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

For the year ended March 31, 2012	Millions of Yen	Thousands of U.S. Dollars
Unrealized gain on available-for-sale securities		
Gains arising during the year	**¥31,047**	**$377,752**
Reclassification adjustments to profit and loss	**(5,798)**	**(70,550)**
Amount before tax effect	**25,248**	**307,202**
Income tax effect	**(3,655)**	**(44,474)**
Total	**¥21,593**	**$262,728**
Deferred gains on derivatives under hedge accounting		
Gains arising during the year	**¥ (455)**	**$ (5,537)**
Reclassification adjustments to profit and loss	**580**	**7,066**
Amount before tax effect	**125**	**1,529**
Income tax effect	**(65)**	**(798)**
Total	**¥ 60**	**$ 731**
Foreign currency translation adjustments		
Gains arising during the year	**¥ (246)**	**$ (2,996)**
Reclassification adjustments to profit and loss		
Amount before tax effect	**(246)**	**(2,996)**
Income tax effect		
Total	**¥ (246)**	**$ (2,996)**
Total other comprehensive income	**¥21,407**	**$260,463**

The corresponding information for the year ended March 31, 2011, was not required under the accounting standard for presentation of comprehensive income as an exemption for the first year of adopting that standard and not disclosed herein.

33. NET INCOME PER SHARE

Basic net income per share (EPS) for the years ended March 31, 2012 and 2011, is computed as follows:

	Millions of Yen	Thousands of Stocks	Yen	U.S. Dollars
For the year ended March 31, 2012	Net income	Weighted average stocks	EPS	
Basic EPS				
Net income available to common shareholders	**¥37,188**	**660,769**	**¥56.28**	**$0.685**
Effect of dilutive securities stock option		**369**	**(0.04)**	
Diluted EPS				
Net income for computation	**¥37,188**	**661,138**	**¥56.24**	**$0.684**

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

34. SUBSEQUENT EVENTS

(1) Increase of Ownership in Subsidiaries and Share Exchange
On April 27, 2012, the Bank acquired shares of Shizugin Lease Co., Ltd. and Shizugin DC Card Co., Ltd. from their minority shareholders, and Shizugin Credit Guaranty Co., Ltd. and Shizuoka Computer Service Co., Ltd. purchased treasury stocks from their minority shareholders.
As a result of this, the ownership of the Bank to these subsidiaries has increased.
Beside this, the Bank and Shizugin Management Consulting Co., Ltd. resolved a share exchange at the Board of Director's meeting of both companies held on April 27, 2012, and contracted a share exchange contract which makes the Bank a wholly parent company and Shizugin Management Consulting Co., Ltd a wholly owned subsidiary. Based on this share exchange contract, the Bank allocates its 176 common stocks already held as treasury stocks per stock of Shizugin Management Consulting Co., Ltd.
Because of the increase of ownership indirectly occurs from above transactions, a negative goodwill of ¥13,863 million ($168,680 thousand) arises.
(2) Retirement of Treasury Stocks
On April 27, 2012, the Board of Directors resolved the following retirement of treasury stock:
Type of stock: Common stock
Number of shares: 20,000,000 shares
Date of retirement: May 8, 2012
(3) Purchase of Treasury Stock
On June 18, 2012, the Board of Directors resolved the following purchase of treasury stock:
Type of stock: Common stock
Number of shares: Up to 10,000,000 shares
Aggregate amount of shares: Up to ¥9,000 million ($109,502 thousand)
Purchase period: July 2, 2012 to July 27, 2012
(4) Appropriation of Retained Earnings
The following appropriations of retained earnings were authorized at the ordinary general shareholders' meeting held on June 22, 2012:

	Millions of Yen	Thousands of U.S. Dollars
Cash dividends, ¥7.0 ($0.08) per share	**¥4,590**	**$55,856**
Total	**¥4,590**	**$55,856**

Key Consolidated Financial Indicators

Summary of Profits (Losses)

Years ended March 31	2012	2011	Increase (decrease)	Percentage change
	Millions of Yen			
Net interest income	**¥127,460**	¥128,279	¥ (819)	(0.6)%
Net fees and commissions	**23,951**	23,802	149	0.6
Net trading income	**864**	139	724	519.2
Net other operating income	**6,112**	8,977	(2,864)	(31.9)
General and administrative expenses	**89,080**	89,143	(62)	(0.1)
Net other ordinary income	**(505)**	(7,886)	7,381	93.6
Ordinary profits	**68,803**	64,169	4,633	7.2
Income before income taxes and minority interests	**68,817**	63,493	5,324	8.4
Income taxes:				
Current	**22,217**	24,803	(2,585)	(10.4)
Deferred	**7,723**	194	7,529	(3,869.7)
Minority interest in net income of consolidated subsidiaries	**1,687**	2,339	(652)	(27.9)
Net income	**37,188**	36,155	1,032	2.9
Comprehensive income	**60,283**	19,039	41,243	216.6

Breakdown of Net Interest Margin

Year ended March 31	Billions of Yen 2012
Interest income	**¥ 135.4**
Average interest-earning assets	**8,728.4**
Average interest rate of interest-earning assets (%)	**1.55**
Interest expense (Note)	**7.9**
Average interest-bearing liabilities	**8,282.4**
Average interest rate of interest-bearing liabilities (%)	**0.09**
Net interest income	**127.4**

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

Net Other Operating Income

Years ended March 31	2012	2011	Increase (decrease)
	Millions of Yen		
Gains on foreign exchange transactions	**¥ 1,162**	¥ 1,319	**¥ (156)**
Gains/losses on government bonds	**7,316**	6,581	**735**
Gains on sales	**11,052**	12,199	**(1,146)**
Losses on sales	**(3,592)**	(5,316)	**1,724**
Losses on redemptions	**(129)**	(301)	**172**
Amortized bond issue cost	**(14)**		**(14)**
Gains/losses on derivative transactions	**(2,382)**	1,076	**(3,458)**
Proceeds from derivative transactions		1,076	**(1,076)**
Expenses for derivative products	**(2,382)**		**(2,382)**
Others	**16**	1	**14**
Gains/losses on other business	**6,112**	8,977	**(2,864)**
Other operating revenue	**12,231**	14,596	**(2,364)**
Other operating expenses	**(6,118)**	(5,618)	**(500)**

Loans Outstanding by Type of Borrower

March 31	Billions of Yen, % Share 2012		2011	
Domestic branches:				
Manufacturing	**¥1,153.3**	**17.64%**	¥1,208.3	18.50%
Agriculture and Forestry	**4.9**	**0.08**	4.6	0.07
Fishery	**3.3**	**0.05**	3.8	0.06
Mining and Quarrying	**16.9**	**0.26**	23.7	0.36
Construction	**295.2**	**4.52**	301.0	4.61
Utilities	**52.3**	**0.80**	51.8	0.79
Telecommunications	**32.1**	**0.49**	40.0	0.61
Transportation and Mail service	**254.3**	**3.89**	245.9	3.77
Wholesale and Retailing	**760.6**	**11.63**	752.4	11.52
Finance and Insurance	**405.8**	**6.21**	414.3	6.35
Real estate, Lease, and Rental	**1,372.2**	**20.99**	1,345.1	20.60
Medical, Welfare, Lodging, and Other services	**464.8**	**7.11**	473.3	7.25
Local governments	**135.5**	**2.07**	134.1	2.06
Other	**1,586.1**	**24.26**	1,531.7	23.45
Subtotal	**6,537.8**	**100.00**	6,530.5	100.00
Overseas branches and offshore accounts:				
Governments and official institutions				
Banks and other financial institutions	**1.6**	**1.23**	2.4	2.36
Other	**131.5**	**98.77**	103.0	97.64
Subtotal	**133.1**	**100.00**	105.5	100.00
Total	**¥6,671.0**		¥6,636.1	

Risk Management Asset Information

March 31	Millions of Yen 2012	2011	Increase (decrease)
Loans under bankruptcy proceedings A	**¥ 9,276**	¥ 8,986	¥ 290
% of loans and bills discounted	**0.13**	0.13	0.00
Past-due loans B	**202,534**	216,805	(14,270)
% of loans and bills discounted	**3.03**	3.26	(0.23)
Loans past due for three months or more C	**2,440**	2,117	323
% of loans and bills discounted	**0.03**	0.03	0.00
Loans with relaxed conditions D	**15,725**	16,280	(555)
% of loans and bills discounted	**0.23**	0.24	(0.01)
Risk management loan total E (E=A+B+C+D)	**229,977**	244,189	(14,212)
% of loans and bills discounted	**3.44**	3.67	(0.23)
Value covered with collateral, guarantees, etc. F	**208,745**	217,814	(9,068)
Cover ratio (%) F/E	**90.76**	89.19	1.57

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 2012	2011
General allowance for loan losses	**¥45,724**	¥49,619
Specific allowance for loan losses	**30,303**	36,954
Total	**¥76,028**	¥86,574
[Loans on written-off claims for the year]	**¥ [241]**	¥ [988]

Financial Index

Years ended March 31	Consolidated 2012	2011	Increase (decrease)	Non-Consolidated 2012	2011	Increase (decrease)
Per share (Yen):						
Net income	**¥ 56.28**	¥ 52.92	¥ 3.36	**¥ 52.44**	¥ 51.75	¥ 0.69
Net assets	**1,109.67**	1,024.57	85.10	**1,097.55**	1,016.34	81.21
Cash dividends	**13.50**	13.00	0.50	**13.50**	13.00	0.50
Dividend payout ratio (%)				**25.74**	25.12	0.62
Return on equity (%) (Note)	**5.23**	5.19	0.04	**5.70**	5.91	(0.21)
Price earnings ratio (%)	**15.13**	13.00	2.13	**16.24**	13.29	2.95

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 has been applied. For operational risk, the Standardized Approach has been adopted and the Internal Model Method has been used for market risk.

	Billions of Yen			
	Consolidated		Non-Consolidated	
March 31	**2012**	2011	**2012**	2011
Tier I:				
Common shareholders' equity	**¥ 661.1**	¥ 645.9	**¥ 630.3**	¥ 619.0
Tier II capital included as Tier I				
Total adjusted Tier I capital	**661.1**	645.9	**630.3**	619.0
Tier II:				
45% of an aggregate amount equivalent to the balance sheet value of available for sale securities with relevant aggregate book value deducted	**57.1**	46.1	**56.9**	46.0
Allowance for loan losses, excluding specific reserve	**1.5**	1.4	**0.6**	0.5
Others	**4.5**	3.0	**3.5**	1.7
Tier II capital included as Tier I				
Total adjusted Tier II capital	**63.2**	50.6	**61.1**	48.2
Tier II capital included as qualifying capital	**63.2**	50.6	**61.1**	48.2
Tier III (Note 1):				
Short-term subordinated debt (capital for covering market risks)				
Deduction items	**4.5**	10.5	**1.4**	6.3
Total capital	**719.8**	686.0	**690.0**	660.9
Total risk-adjusted assets (Notes 1 and 3)	**4,114.7**	4,482.8	**4,054.9**	4,435.8
Capital adequacy ratio (%) (Note 2)	**17.49**	15.30	**17.01**	14.90
Tier I ratio (%) (Note 2)	**16.06**	14.40	**15.54**	13.95

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 nonconsolidated 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	**2012**	2011
Commitments to extend credit	**¥3,082.4**	¥2,949.2
Guarantees	**107.3**	100.3
Total	**¥3,189.8**	¥3,049.6

The Shizuoka Bank

Corporate Data

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

HEADQUARTERS
2-1, Kusanagi-Kita, Shimizu-ku,
Shizuoka-shi, Shizuoka 424-8677, Japan
Phone: (81) 54-345-5411
URL: http://www.shizuokabank.co.jp/

INTERNATIONAL BUSINESS PROMOTION GROUP
Phone: (81) 54-345-5411
Fax: (81) 54-344-0090

TREASURY & INTERNATIONAL OPERATIONS CENTER
Phone: (81) 54-345-5700
Fax: (81) 54-349-5501
SWIFT address: SHIZJPJT

NUMBER OF EMPLOYEES
(As of March 31, 2012)
3,122

DATE OF ESTABLISHMENT
March 1, 1943

DOMESTIC NETWORK
(As of July 1, 2012)
Head Office, 168 branches,
24 sub-branches

OVERSEAS NETWORK
(As of July 1, 2012)
3 branches,
2 representative offices and
1 subsidiary

Overseas Service Network

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

New York Branch
600 Lexington Ave,
4th Floor, New York,
NY 10022, U.S.A.
Phone: (1) 212-319-6260
Fax: (1) 212-319-6270

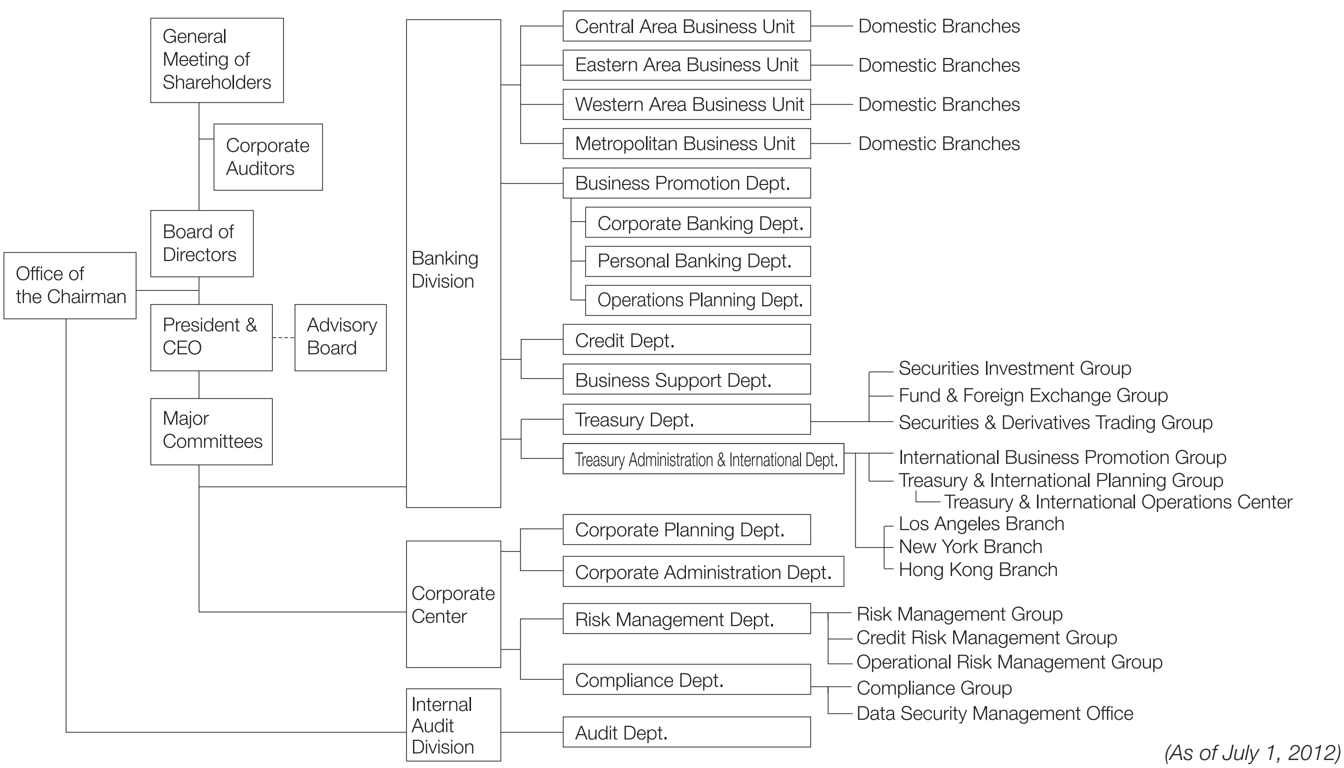
Hong Kong Branch
Suite 1010, 10th Floor, Chater House,
8 Connaught Road, Central, Hong Kong
People's Republic of China
Phone: (852) 2521-6547
Fax: (852) 2845-9257

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

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

Shizuoka Bank (Europe) S.A.
Rue Jules Cockx8-10, Box 9, 1160
Auderghem, Brussels, Belgium
Phone: (32) 2-646-0470
Fax: (32) 2-646-2462

Organization Chart



(As of July 1, 2012)

Board of Directors and Corporate Auditors

Chairman
Seiya Ito

Deputy Chairman
Kazuhiro Satomi

President & CEO
Katsunori Nakanishi

Deputy President & COO
Masahiro Goto

Director & Senior Managing Executive Officers
Akihiro Nakamura
Toshihiko Yamamoto

Directors & Senior Executive Officers
Itsuro Hitosugi
Hiroki Saito

Directors
Yasuo Matsuura
Yukihiro Fushimi

Corporate Auditors
Hisashi Hotta
Yutaka Okoshi
Yasuhiko Saito
Yoshinori Mitsui
Mitsuhiro Ishibashi

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

(As of July 1, 2012)

Investor Information

CAPITAL STOCK *(As of March 31, 2012)*
Common stock.................................. ¥90,845 million

NUMBER OF SHARES *(As of March 31, 2012)*
Authorized.. 2,414,596,000 shares
Issued and outstanding .... 685,129,069 shares

NUMBER OF SHAREHOLDERS *(As of March 31, 2012)*
21,042

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	2008	2009	2010	2011	**2012**
High	1,339	1,294	994	834	**867**
Low	1,042	673	762	617	**682**

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

Month	Oct. 2011	Nov. 2011	Dec. 2011	Jan. 2012	Feb. 2012	Mar. 2012
High	818	820	811	824	843	867
Low	763	763	777	777	771	819

PRINCIPAL SHAREHOLDERS
The 10 largest shareholders of the Bank and their respective shareholdings at March 31, 2012 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
The Master Trust Bank of Japan, Ltd. (trust account)	26,382	3.85
Japan Trustee Services Bank, Ltd. (trust account)	25,689	3.74
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	23,884	3.48
The Dai-ichi Mutual Life Insurance Company	19,546	2.85
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	203,192	29.65%

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
General administration

SHIZUGIN MORTGAGE SERVICE CO., LTD.
Appraisal of real estate for loan collateral
Operation center for loans

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

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

Affiliates under equity method

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

THE SHIZUOKA BANK, LTD.

Printed in Japan