



Shizuoka Bank Group

Annual Report 2014



Economic Overview of Shizuoka Prefecture

Industrial Characteristics

Shizuoka Prefecture is situated midway between the two major consumer markets and industrial centers of Japan — the Nagoya region plus the Osaka-Kyoto region to the west, and the Yokohama-Tokyo region to the east. Because of this location at a busy “crossroads” of the nation, it has historically developed into a significant center of manufacturing industry. The convenient location of Shizuoka Prefecture in transportation terms has caused the growth of a strong industrial base. The prefecture is one of the country’s leading manufacturing areas. The wide variety of industries represented within Shizuoka has led to it being dubbed “the industrial department store.” Corporations active in Shizuoka include world-leading enterprises such as Toyota, Honda, Suzuki, and Yamaha, and the prefecture is renowned for its concentration of export-oriented manufacturing companies. Many of these firms have set up production subsidiaries overseas, which is creating a growing international aspect to the

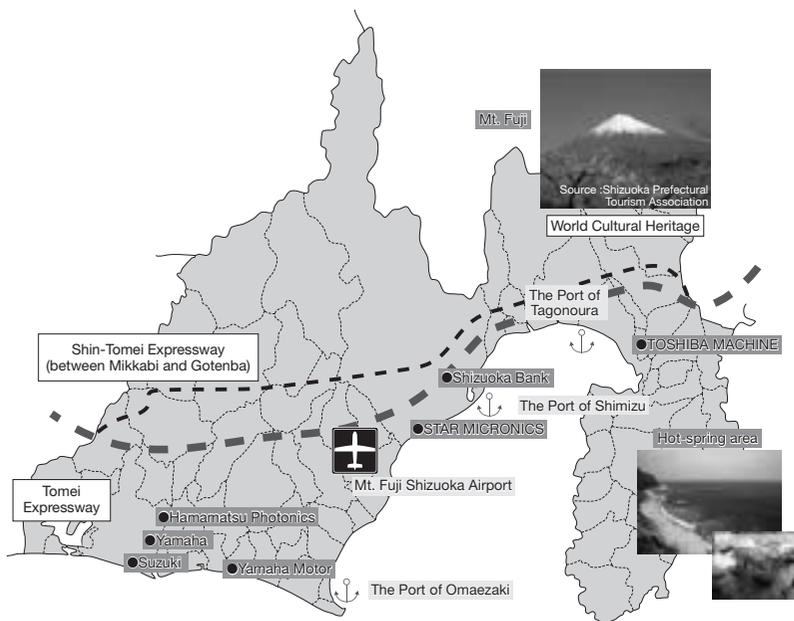
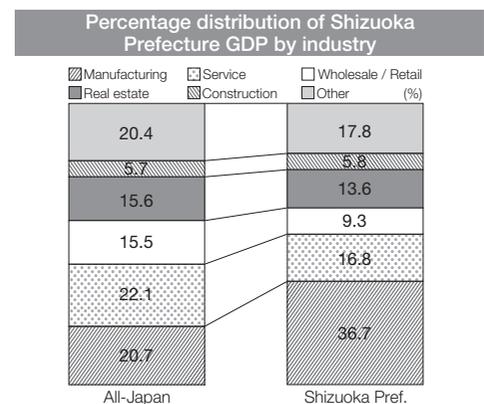
regional economy. We expect that Shizuoka prefecture will be more internationalized, stimulating the interchange of people and ideas with the major urban centers of Eastern Asia, and act as an important driving force for the regional economy.

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



Economy in Shizuoka Prefecture and current state

- Positioned as distribution hub between Tokyo and Osaka/Kyoto.
- Represents 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.
- Mt. Fuji and other inscribed properties were registered for the World Heritage List on June 22 2013 as “Fujisan, sacred place and source of artistic inspiration.”



No. of listed companies with HQs in Shizuoka Prefecture

Listing	No. of companies
TSE 1st section	23
TSE 2nd section	11
Mothers	1
Jasdaq	19
Total	54

*As of end Mar. 2014, companies listed on more than one exchange were counted as TSE-listed

Economic scale of Shizuoka Prefecture

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

Shizuoka Prefecture indices

	Share of all-Japan	National ranking
Population	3.75m 3.0%	10th of 47 (2012)
No. of households	1.46m 2.7%	10th of 47 (2012)
Nominal prefectural GDP	JPY 15.6tn 3.1%	10th of 47 (FY2011)
Per-capita income	JPY 3.162m -	2nd of 47 (FY2011)
No. of business establishments	190k 3.2%	10th of 47 (2012)
Amount of shipments of manufactured goods, etc.	JPY 15.7tn 5.4%	4th of 47 (2012)
Agricultural output	JPY 211.4bn 2.5%	16th of 47 (2012)
Fishery production volume	190k tons 5.2%	3rd of 47 (2013)
No. of industrial locations(*)	77 4.1%	6th of 47 (2013)
No. of new housing starts	30k 2.9%	10th of 47 (2013)

*Based on flash reports

Shizuoka Prefecture economic scale

Prefectural GDP (2011, Nominal)		
Rank	Prefecture/Region	(US\$ billions)
9	Fukuoka Prefecture	227.0
10	Shizuoka Prefecture	196.9
11	Ibaraki Prefecture	145.0
-	4 prefectures of Shikoku	175.3
-	3 prefectures of Hokuriku	150.4
GDP comparison with various countries (2011)		
Rank	Country (Region)	(US\$ billions)
47	Czech	216.1
48	Pakistan	213.7
49	Algeria	199.3
-	Shizuoka Prefecture	196.9
50	Kazakhstan	188.0
51	Iraq	185.8

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

Shizuoka Bank Group at a Glance

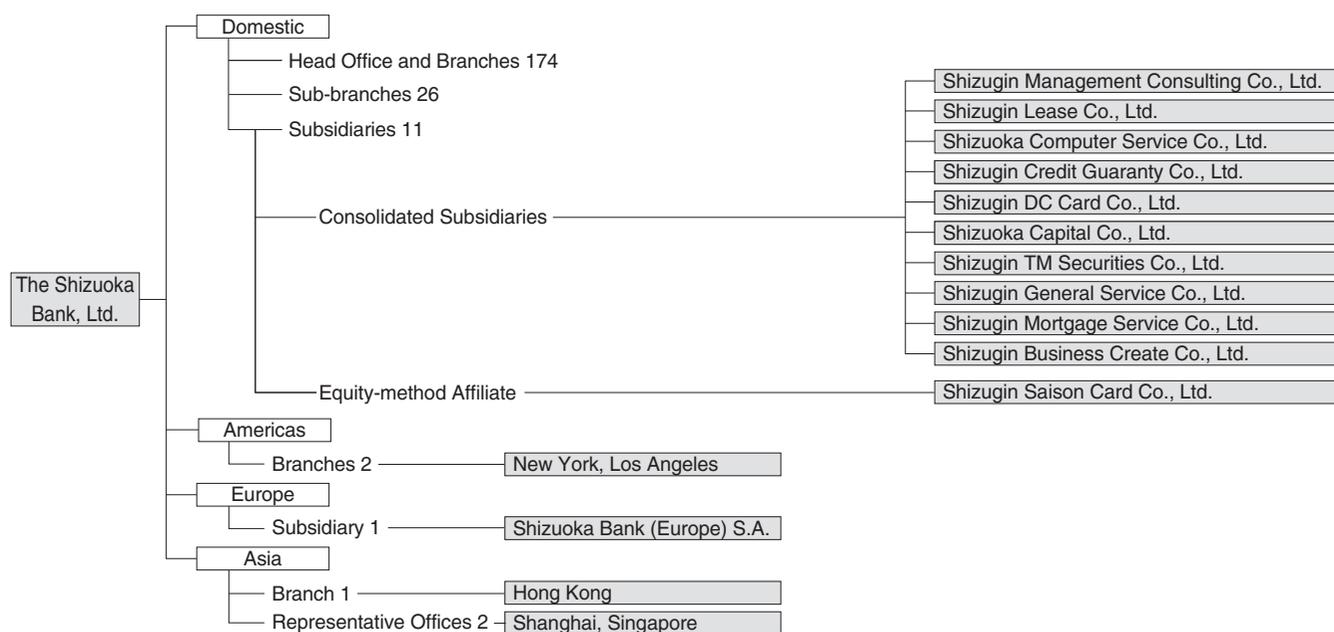
NURTURING THE VISION OF A PROSPEROUS COMMUNITY

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 twelve Group companies, and is one of the largest regional banking groups in Japan. Centered on Shizuoka Bank with the Head Office, 173 branches and 26 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, 2014)



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

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To Our Shareholders



Katsunori Nakanishi
President & Chief Executive Officer

The various policies introduced under the Abenomics have begun to yield concrete benefits and there are signs that the Japanese economy is breaking free from the prolonged period of economic stagnation. However, turning to the situation in Shizuoka Prefecture, its industrial structure keeps changing, and there is a concern that this may act as a drag on economic recovery.

In this business environment, in April 2014 the Shizuoka Bank Group launched its 12th Medium-term Business Plan, “TOBIRA—Open a Gate for the Next.” Through implementation of this new business plan, we will fulfill our mission as a financial institution rooted in the region by redoubling our commitment to region-based relationship banking. For that purpose, we will support a stable regional economy through the smooth supply of funds and help invigorate economic activity by facilitating the creation of new industries.

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

July 2014

Katsunori Nakanishi
President & Chief Executive Officer

Message from the President

“TOBIRA — Open a Gate for the Next”

Exploring new possibilities through the 12th Medium-term Business Plan

As the effects of the government’s monetary and fiscal policies become manifest, there is growing optimism about the prospects for the Japanese economy and a feeling of renewed confidence is evident in the country. For Japan to confirm its commitment to a vigorous new economic course, it is crucially important that private-sector companies, which are at the heart of the nation’s growth strategy, grasp changes in the business environment, demonstrate the creativity and dynamism to open up the future and the resolve to lead economic regeneration, and explore all possibilities.

Based on this recognition, in April 2014 the Shizuoka Bank Group launched “TOBIRA—Open a Gate for the Next,” its 12th Medium-term Business Plan, and embarked on new challenges. Today, Japan is about to face structural change on an unprecedented scale affecting every aspect of society. In the new medium-term business plan, we have clearly indicated what actions we should take to fulfill the obligation of a regional financial institution to contribute to the development of local communities in an era of drastic change. At the same time, adopting “Breakthrough” as our watchword, we have also declared our resolve to explore new possibilities with bold ideas and approaches that are not relying on our previous experiences or successes.

The basic strategies in the plan are “Refine region-based relationship banking,” “Challenge on the new business fields and profitable opportunities,” “Build the flexible and robust operating structure,” and “Add more value to “Shizugin” brand.” Adhering to my creed of “Altruistic management,” we will open up a new and bold path to the future as a comprehensive financial group trusted and needed by local communities by implementing these four strategies.

Fulfilling our mission as a regional financial institution

In the three-year period from fiscal 2011 to fiscal 2013, the term of “MIRAI”, our 11th Medium-term Business Plan, the Bank faced an adverse business environment characterized by a downward trend in interest on loans, the principal revenue stream for financial institutions, in a continuing low-interest-rate environment. Nevertheless, we were able to accomplish steady growth as a result of a united effort by our Group companies to reinforce our solutions-offering approach and further raise productivity. For instance, the balances of total deposits and total loans surpassed the ¥8,000 billion and ¥7,000 billion milestones, respectively.

Let me summarize the key initiatives in fiscal 2013. In corporate banking, we actively engaged in region-based relationship banking to continue to fulfill our mission as a regional financial institution. In particular, we utilized the comprehensive financial capabilities and dense information networks of our Group companies to create business matching opportunities to help companies in the region expand their sales channels. We also conducted the Shizuginship workshop to foster next-generation business leaders who will shape the future of the regional economy. In addition, we actively supported management improvement and business rehabilitation for a stable regional economy by collaboration with external partners and the establishment of a loan system that flexibly responds to the need for funding for management reconstruction.

Furthermore, we made a concerted effort to resolve the diversifying management issues facing companies in the region through nurturing of entrepreneurs who inject new vitality into the regional economy, projects to support companies in growth fields such as

healthcare and nursing care, the environment, and agriculture, and support for overseas expansion and business succession.

In retail banking, we actively promoted housing loans offering enhanced security in the event of illness. We also increased loan limits on loans for education expenses and car purchases and began offering unsecured loans that customers can use for any purpose. In addition, in the marketing of personal pension insurance and other investment products that help asset building, we rigorously adhered to user protection, the fundamental principle of the Financial Instruments and Exchange Act, strove to propose products suited to customers’ life plans and enhance after-service, and promoted utilization of Nippon Individual Savings Account (NISA). We consider deposit operations to be the foundation of banking services and are making efforts to obtain salary and pension remittance accounts and expand the customer base using our Internet branches.

As a result, in fiscal 2013, the final year of the 11th Medium-term Business Plan, we recorded record-high ordinary profit and net income and were able to achieve the three-year management targets in the business plan. To express our gratitude to our shareholders for the support that made these results possible, we increased the year-end dividend per share by ¥0.5 and paid the annual dividend of ¥15.5 per share.

Applying a global perspective to open up a bright future for the region

In terms of declining birthrates and population aging, Japan is definitely a pacesetter. Viewed from a positive perspective, Japan will become a global pioneer in addressing the issues that other mature societies will increasingly encounter. It will be important for us to grasp the essence of matters and pursue world-class added value as well as demonstrate creativity and effectively utilize limited resources. Above all, I think that the accumulation of such efforts will be the key to achieving sustained growth of the Japanese economy. In the 12th Medium-term Business Plan, I have urged all our employees to aspire to make the Shizuoka Bank the best regional bank in the world. This is because I am convinced that if we go about our daily work with world-class awareness and pride, this will result in contributions to the communities we serve and lead to the growth of the Shizuoka Bank Group.

If we trace back the history of Shizuoka Prefecture, we find that Shizuoka has created a series of innovations attuned to the changing times and led the Japanese economy as a prefecture that excels in manufacturing. For instance, the emergence of the textile industry led to the development of automatic looms, and the technologies created in that process spawned new industries. If we look at the natural surroundings, we find that Shizuoka offers a mild climate and beautiful views of a long coastline and Mt. Fuji. I believe that if Shizuoka can propose a comfortable way of life appropriate for an aging society, a new path to the future will be illuminated. Thus, I am convinced that if local communities join together and pool their wisdom, are aware of Shizuoka’s role as a pioneering prefecture in coping with structural change, and commit themselves to creative and original initiatives grounded in a global perspective, we will be able to open up limitless possibilities.

Sharing the issues and risks confronting the regional economy, the Shizuoka Bank Group will continue to embrace the challenges posed by the changing times. We are committed to making a concerted effort to “open a gate for the next” so that the region we serve can advance to a bright future.

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

12th Medium-term Business Plan

TOBIRA — Open a Gate for the Next

In April 2014, the Shizuoka Bank Group launched its 12th Medium-term Business Plan, “TOBIRA—Open a Gate for the Next.” Through implementation of the plan, we will build a foundation for the sustainable growth of the Shizuoka Bank Group far into the future by emphasizing innovation and speed in the bold exploration of new possibilities while further advancing the initiatives for region-based relationship banking and productivity improvement implemented under the 11th Medium-term Business Plan.

1 Period Covered Three years from FY2014 to FY2016

2 Key Concepts

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

Enhance presence and competitiveness

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

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

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

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

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

Increase stakeholders' satisfaction

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

3 Group Vision

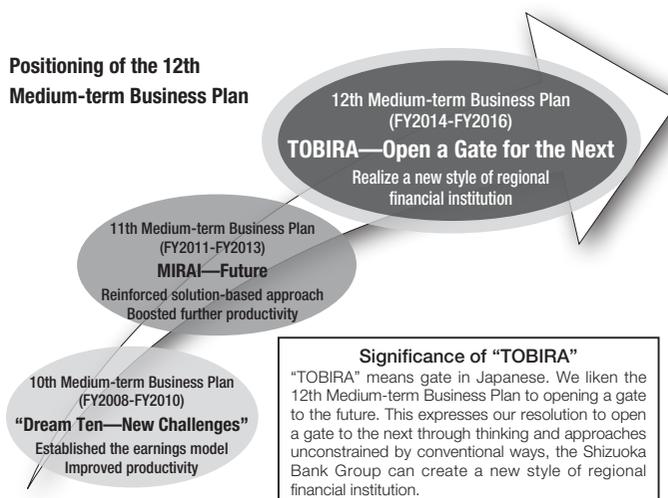
“Shizugin” that ventures on the new possibilities

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

Aspirations articulated by the Group Vision and Guideline for action

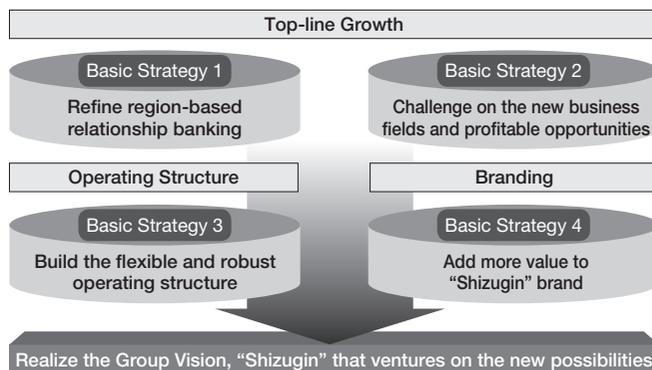
- We view the change in the environment as an opportunity. As a financial institution rooted in the region, we aspire to contribute to regional development by reinforcing the initiatives implemented so far and by embracing new challenges through out-of-the-box thinking and process.
- Every one of our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

Positioning of the 12th Medium-term Business Plan



4 Basic Strategies

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



5 Target performance indicators

		Fiscal 2016 targets	Fiscal 2013 results
Profit targets	Consolidated ordinary profit	¥80.0 billion or more	¥74.7 billion
	Consolidated net income	¥50.0 billion or more	¥46.7 billion
Efficiency indicators	Consolidated ROE (Consolidated Common Equity Tier I Basis)	6% level	6.51%
	Consolidated OHR	around 55%	54.71%
Financial soundness indicator	Consolidated Common Equity Tier I Ratio	around 14%	15.43%
Indicator for investors	Shareholder return ratio	50% or more over the medium term	75.73%

12th Medium-term Business Plan

Basic Strategies

Basic Strategy 1 Refine region-based relationship banking

We aim to achieve sustained growth in tandem with the region by strengthening relationships with the region and customers through addressing the customers' issues and offering value-added services.

Corporate Banking

- **Strengthen solution sales in unison with Group companies**
 - Fully utilize Group functions to help our customers resolve issues
- **Increase transactions in growth fields and markets**
 - Enhance expertise in growth fields (healthcare and welfare, business succession, environment, and agriculture); strengthen collaboration with other industries
 - Strengthen capabilities to address needs of customers before and after their entry to overseas markets
- **Promote sales & marketing for top-line growth**
 - Increase loans to small businesses
 - Upgrade the system for supporting business startups through collaboration with Group companies and external partners
- **Aim to be No.1 bank for supporting regional development projects**
 - Exercise leadership in regional development projects
 - Vigorously engage in industrial cluster development, infrastructure improvement projects, etc.
- **Strengthen initiatives for management improvement and business rehabilitation support services**
 - Enrich management improvement support measures by expanding collaboration with external organizations
 - Utilize corporate rehabilitation financing

Basic Strategy 2 Challenge on the new business fields and profitable opportunities

Capitalizing on the Bank's credibility as a top-tier regional bank and our robust financial position, we will venture into new growth fields beyond conventional business fields through vigorous investment and by shouldering risk to achieve medium- to long-term growth.

Retail Banking

- **Increase housing-related loan balance and cultivate new markets**
 - Offer a greater range of products and services attuned to needs
 - Promote labor saving and expedite credit screening through BPR
 - Promote asset-building loans
 - Strengthen commitment to consumer finance
- **Promote solution-based approach for individual customers**
 - Strengthen collaboration with Shizugin TM Securities Co., Ltd.
 - Launch wealth management service, including solution offering for asset management, support for business succession, and descent-related matters
- **Expand the retail customer base for deposit operations**
 - Attract customers who will open main accounts, such as pension and salary remittance accounts
 - Encourage customers to start foreign currency deposits by utilizing direct channels
- **Upgrade marketing approach and apply mass marketing to individuals through effective utilization of non-face-to-face channels**
 - Expand sales of unsecured loan products through non-face-to-face channels
 - Enhance efficiency of sales & marketing using CRM and EBM

Basic Strategy 3 Build the flexible and robust operating structure

We will promote strategic investment in infrastructure to strengthen earnings power and press on business process reengineering (BPR) for productivity improvement. We aim to build a robust operating structure capable of flexibly and swiftly responding to changes in the business environment and supporting our growth strategy.

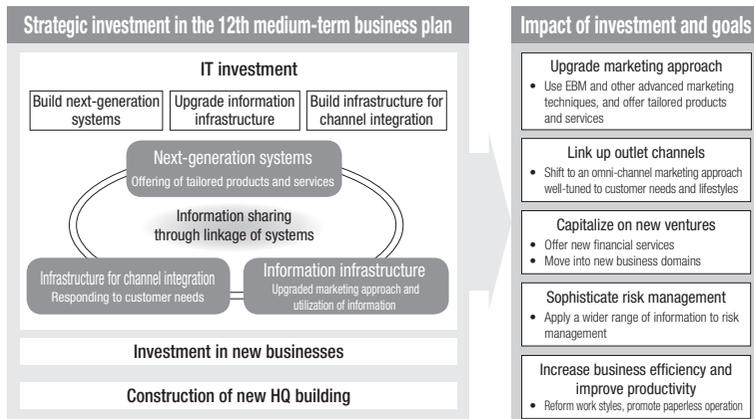
- **Improve productivity**
 - Develop IT-based efficient sales force structure
 - Establish a PDCA cycle promoting autonomous kaizen by personnel in charge of customer relations
- **Upgrade sales & marketing channels**
 - Strengthen functions of each channel and enhance integration of channels (information sharing)
 - Establish a marketing method responding to customers' behavior and needs
- **IT strategy**
 - Upgrade IT infrastructure to achieve each divisional strategy (corporate banking, retail banking, operating structure)
- **Strengthen compliance systems**
 - Put in place a system for sales of financial products from the customers' viewpoint
 - Enhance employee ethics
- **Sophisticate risk management**
 - Put in place an integrated risk management system responding to new risks
 - Enhance credit portfolio control functions
 - Strengthen management of systems risk responding to increasingly sophisticated systems

Basic Strategy 4 Add more value to "Shizugin" brand

In addition to activities contributing to the region and initiatives enhancing customer and employee satisfaction, we endeavor to enhance the satisfaction of all stakeholders by maintaining the capital adequacy ratio at an appropriate level to ensure soundness of the capital structure and by consistently offering attractive shareholder returns. Through these endeavors, we aim to further enhance the value of the Shizugin brand and become the banking group of choice for all customers.

- **Increase customers' satisfaction**
 - Establish PDCA cycle for increasing customers' satisfaction
 - Improve loyalty corresponding to each customer segment
 - Position as the most attractive bank in its locality
- **Increase employees' satisfaction**
 - Achieve work-life balance
 - Promote mental and physical health of employees
- **Earn higher evaluation and confidence in the region**
 - Contribute to the region economically, socially, and environmentally
 - Encourage employees to voluntarily participate in activities contributing to the region
- **Earn higher evaluation from shareholders and the market**
 - Enhance corporate value by maintaining the appropriate capital adequacy ratio, improving shareholder returns, and promoting proactive disclosure

Strategic investment towards realization of basic strategy



Topics Capital and business alliance with Monex Group, Inc.



The Shizuoka Bank, Ltd. and Monex Group, Inc. entered into a capital and business alliance on April 2, 2014.

Combining the respective resources, we aim to create a unique and improved financial experience for our retail customers, through actively implementing leading edge technology and ideas in the online space. Shizuoka Bank acquired 20.0% (57,536,100 shares) of Monex Group following the conclusion of the agreement. Monex Group is an equity-method affiliate of Shizuoka Bank from fiscal 2014.

Outline of Monex Group

Monex Group, with its affiliates, is the only online securities group in the world that has a retail customer base in Japan, the United States, and China (Hong Kong) and provide online financial services for individual investors as its principal business.

Date of Incorporation : August 2004

Capital : ¥10,394 million

Total assets : ¥929,431 million

Employees : 992 (of which, 305 in Japan, 616 in the U.S., and 71 in China)

Headquarters : Kojimachi, Chiyoda-ku, Tokyo

Overseas Branches : Florida, Beijing, Hong Kong, Sidney, London, Costa Rica

Rating : BBB (JCR)

(as of March 31, 2014)

Financial Highlights

Business Performance

Consolidated Financial Summary

	Billions of Yen			YoY change
	2011	2012	2013	
Ordinary income	205.1	203.1	220.9	+17.8
Ordinary profit	68.8	71.3	74.7	+3.4
Net income	37.2	57.0 ^{*1}	46.7	(10.3)
Capital adequacy ratio (%)	17.49	17.46 ^{*2}	16.85^{*2}	(0.61)
Tier I ratio (%)	16.06	15.55 ^{*3}	15.43^{*3}	(0.12)

*1 Gains on negative goodwill by increasing equity stakes in Group companies : ¥12.9 billion

*2 Based on Basel III standard

*3 Common Equity Tier I Ratio (based on Basel III standard)

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

Nonconsolidated Financial Summary

	Billions of Yen			YoY change
	2011	2012	2013	
Ordinary income	174.8	171.0	186.1	+15.1
Gross operating profit	148.3	146.3	144.5	(1.8)
Net operating profit	67.2	67.6	64.7	(2.9)
Actual net operating profit	67.2	67.6	64.7	(2.9)
Core net operating profit	59.7	57.9	62.8	+4.9
Ordinary profit	62.3	65.2	67.2	+2.0
Net income	34.7	40.9	42.8	+1.9
Loans	6,694.9	6,994.0	7,240.8	+246.8
Deposits	7,674.1	7,932.5	8,234.3	+301.8
Net assets	720.1	781.4	790.8	+9.4
Total assets	9,632.4	10,250.2	10,616.6	+366.4

* Actual net operating profit = Net operating profit + Provision for general allowance for loan losses

* Core net operating profit = Net operating profit + Provision for general allowance for loan losses – Bond-related income

* Deposits do not include negotiable certificates of deposit.

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

Operational Efficiency (Nonconsolidated Basis)

	2011	2012	2013	YoY change
Return on equity (ROE)	5.70	6.52	6.73	+0.21
Return on assets (ROA)	0.38	0.43	0.42	(0.01)
Overhead ratio (OHR)	54.69	53.79	55.19	+1.40
Net income per share (yen)	52.44	62.79	67.83	+5.04
Net assets per share (yen)	1,097.55	1,204.31	1,257.62	+53.31

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

Emphasizing returning profit to shareholders, the Bank increased the dividend per share (full year) for fiscal 2013 by ¥0.5 to ¥15.5 per share and the payout ratio was 22.78%.

Maintaining its emphasis on shareholder returns, the Bank intends to pay a dividend of ¥16 per share for the full year of fiscal 2014.

Cash dividends

	FY 2012	FY 2013	FY2014 Forecast
Dividend per share (full year) (yen)	* 15.00	15.50	16.00
Dividend yield (dividend / share price at year-end) (%)	1.42	1.53	-

* Including a commemorative dividend of ¥1 per share.

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 181 million shares by the end of fiscal 2013. We believe increasing the efficiency of capital and enhancing shareholder returns will lead to higher corporate value.

The 12th Medium-term Business Plan launched in April 2014 sets a target for shareholder returns comprising both dividends and stock repurchases. The target shareholder return ratio is 50% or higher for the medium term.

What is share buyback?

Repurchase by a company of its own stock.

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

Shareholder returns

	FY 2012	FY 2013	FY2004-FY2013 (10 years) (average)
Annual dividend (billion yen) ①	9.7	9.7	86.7 (accumulated total)
Purchase of treasury stock (billion yen) ②	8.2	22.7	77.1 (accumulated total)
Shareholder returns (billion yen) ③=①+②	18.0	32.4	163.8 (accumulated total)
Net income (billion yen) ④	40.9	42.8	336.5 (accumulated total)
Payout ratio (%) ①/④×100	23.78	22.78	25.76 (average)
Shareholder return ratio (%) ③/④×100	43.93	75.73	48.66 (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, 2014)

	Long-term rating	Short-term rating	Financial strength rating
Moody's	Aa3	P-1	C+
Standard & Poor's	A+	A-1	at*
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, 2014, risk-monitored loans totaled ¥165.5 billion and the ratio of risk-monitored loans to total loans was 2.28%. 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 ¥19.2 billion and the ratio of net risk-monitored loans to total loans was 0.26%.

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 0.007%.

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

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

	As of March 31, 2012	As of March 31, 2013	As of March 31, 2014
Risk-monitored loans	228.5	203.6	165.5
Ratio of risk-monitored loans *1	3.41%	2.91%	2.28%
Ratio of net risk-monitored loans *2	0.31%	0.34%	0.26%

*1 Ratio of risk-monitored loans = Risk monitored loans / Total loans

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

Credit-related costs (nonconsolidated basis) (¥billion)

	FY 2011	FY 2012	FY 2013
Disposal of non-performing loans *3	1.0	0.5	1.0
Transfer to specific allowance for loan losses	-	-	-
Transfer to general allowance for loan losses	*4	-	-
Reversal of allowance for loan losses	0.7	0.4	0.5
Recoveries of written-off claims	-	-	-
Net credit-related costs	0.3	0.1	0.5
Net credit cost ratio *5	0.004%	0.002%	0.007%

*3 Disposal of non-performing loans = Provision for to specific allowance for loan losses + Written-off amount of loans + Losses on sales of non-performing loans

*4 For fiscal 2011, 2012 and 2013, the sum of provision for general allowance for loan losses and provision for specific allowance for loan losses was negative, and therefore recorded as reversal of allowance for loan losses. Reversal of general allowance for loan losses amounted to ¥3.8 billion in FY 2011, ¥4.5 billion in FY 2012, and ¥4.6 billion in FY 2013, and provision for specific allowance for loan losses amounted to ¥3.1 billion, ¥4.1 billion and ¥4.1 billion, respectively.

*5 Net credit cost ratio = Net credit cost / Average loan balance

High Capital Adequacy

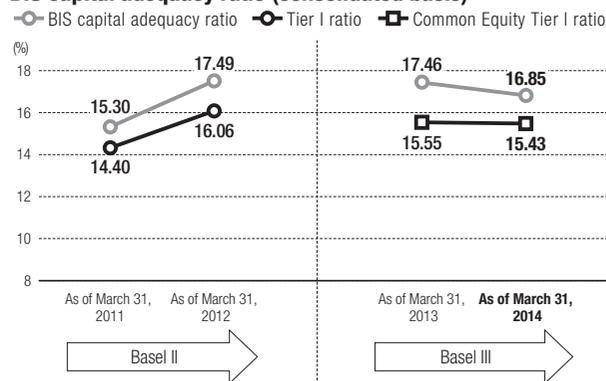
The capital adequacy ratio based on the formula specified by the Basel Committee on Banking Supervision (capital adequacy ratio based on the standard set by the Bank for International Settlements (BIS)) is an important indicator of soundness and credibility of banks. Banks with international operations, 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. Furthermore, the Bank adopts Basel III, a new standard for regulatory capital adequacy ratio which requires higher capital standards both in quality and volume from fiscal 2012. The Shizuoka Bank has taken steps to upgrade its risk management in response to diversification of operations and transactions and is improving internal systems with the aim of adopting a more sophisticated method of calculation.

BIS Capital Adequacy Ratio

The capital adequacy ratio (consolidated basis) based on Basel III as of March 31, 2014 was 16.85%, and the consolidated Common Equity Tier I ratio was 15.43%, well above the 8% standard for banks with international operations.

BIS capital adequacy ratio (consolidated basis)

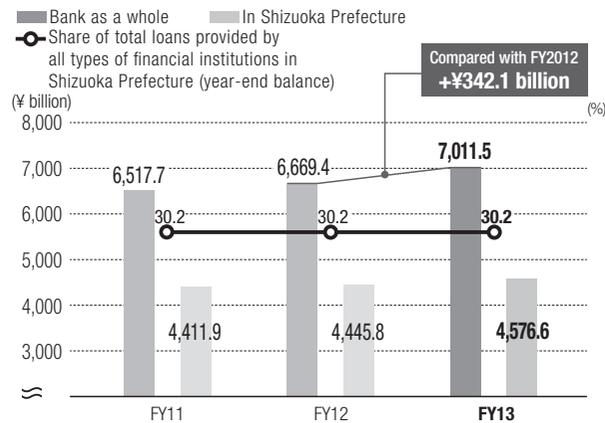


Results of Initiatives in Fiscal 2013

Loans (Nonconsolidated)

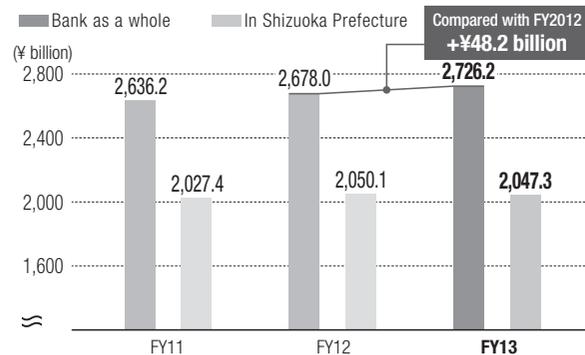
Total loans (average balance)

The average balance of total loans in fiscal 2013 increased ¥342.1 billion or at an annual rate of 5.1% to ¥7,011.5 billion. Of this amount, the average balance of loans in Shizuoka Prefecture increased ¥130.8 billion to ¥4,576.6 billion. The Bank's share of loans in Shizuoka Prefecture was 30.2% as of March 31, 2014.



SME loans (average balance)

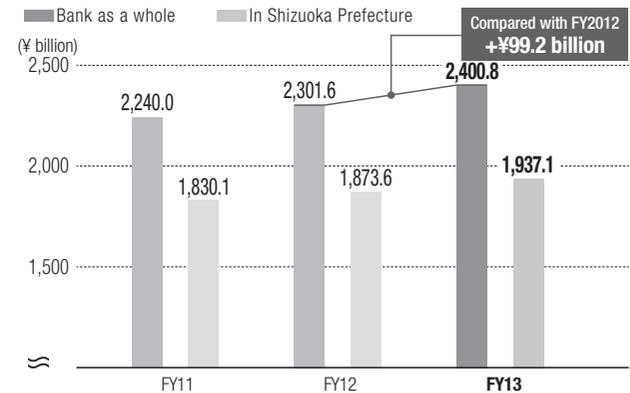
The average balance of loans to small and medium-sized enterprises (SMEs) in fiscal 2013 increased ¥48.2 billion from fiscal 2012 to ¥2,726.2 billion. Of this amount, the average balance of loans to SMEs in Shizuoka Prefecture decreased ¥2.8 billion to ¥2,047.3 billion.



* Local public corporations are excluded.

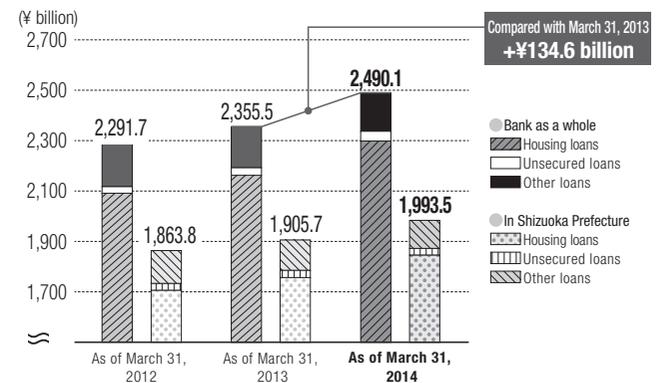
Retail loans (average balance)

The average balance of retail loans in fiscal 2013 increased ¥99.2 billion from fiscal 2012 to ¥2,400.8 billion. Of this amount, the average balance of retail loans in Shizuoka Prefecture increased ¥63.5 billion to ¥1,937.1 billion.



Consumer loans (year-end balance)

The balance of consumer loans at the end of fiscal 2013 was ¥2,490.1 billion, having increased ¥134.6 billion from the end of fiscal 2012, centering on housing loans.



* Housing loans include loans for condominiums.

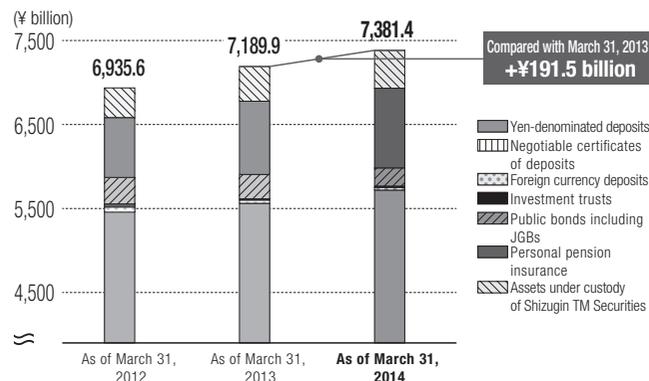
* Unsecured loans include loans for car purchases, and educational expenses and loans taken out using bank cards.

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 2013, including that of Shizugin TM Securities Co., Ltd., was ¥7,381.4 billion, having increased ¥191.5 billion from the end of fiscal 2012. The balance of retail customers' assets under custody, excluding yen-denominated deposits and negotiable certificates of deposits, was ¥1,660.4 billion.

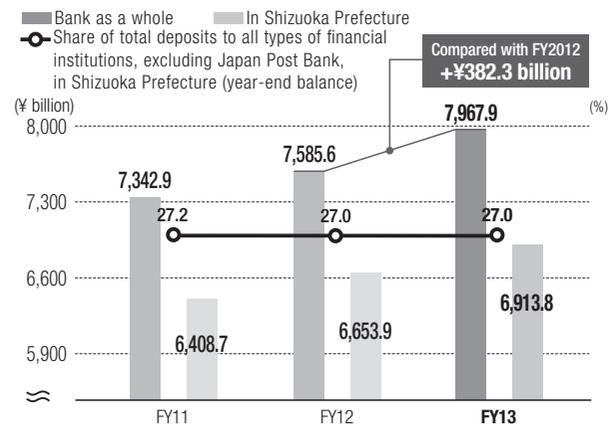


* Personal pension insurance is presented based upon the market price of current contracts.

Deposits (Nonconsolidated)

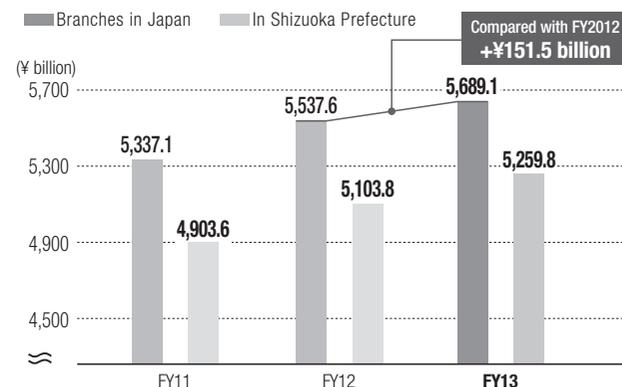
Total deposits (average balance)

The average balance of total deposits in fiscal 2013 increased ¥382.3 billion or at an annual rate of 5.0% to ¥7,967.9 billion. Of this amount, the average balance of deposits in Shizuoka Prefecture increased ¥259.9 billion to ¥6,913.8 billion.



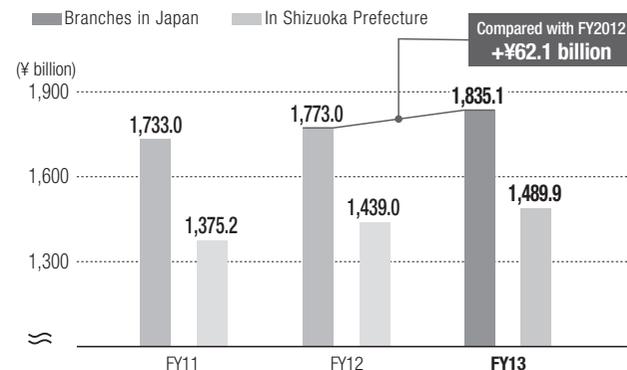
Deposits from retail customers (average balance)

The average balance of deposits from retail customers in fiscal 2013 increased ¥151.5 billion from fiscal 2012 to ¥5,689.1 billion. Of this amount, the average balance of deposits from retail customers in Shizuoka Prefecture increased ¥156.0 billion to ¥5,259.8 billion.



Deposits from corporate customers (average balance)

The average balance of deposits from corporate customers in fiscal 2013 increased ¥62.1 billion from fiscal 2012 to ¥1,835.1 billion. Of this amount, the average balance of deposits from corporate customers in Shizuoka Prefecture increased ¥50.9 billion to ¥1,489.9 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 Audit & Supervisory Board Member system of governance. The Audit & Supervisory Board consists of four Audit & Supervisory Board Members, two of whom are outside Audit & Supervisory Board Members. Audit & Supervisory Board Members audit directors' performance of their duties based on the auditing standards for Audit & Supervisory Board Members.

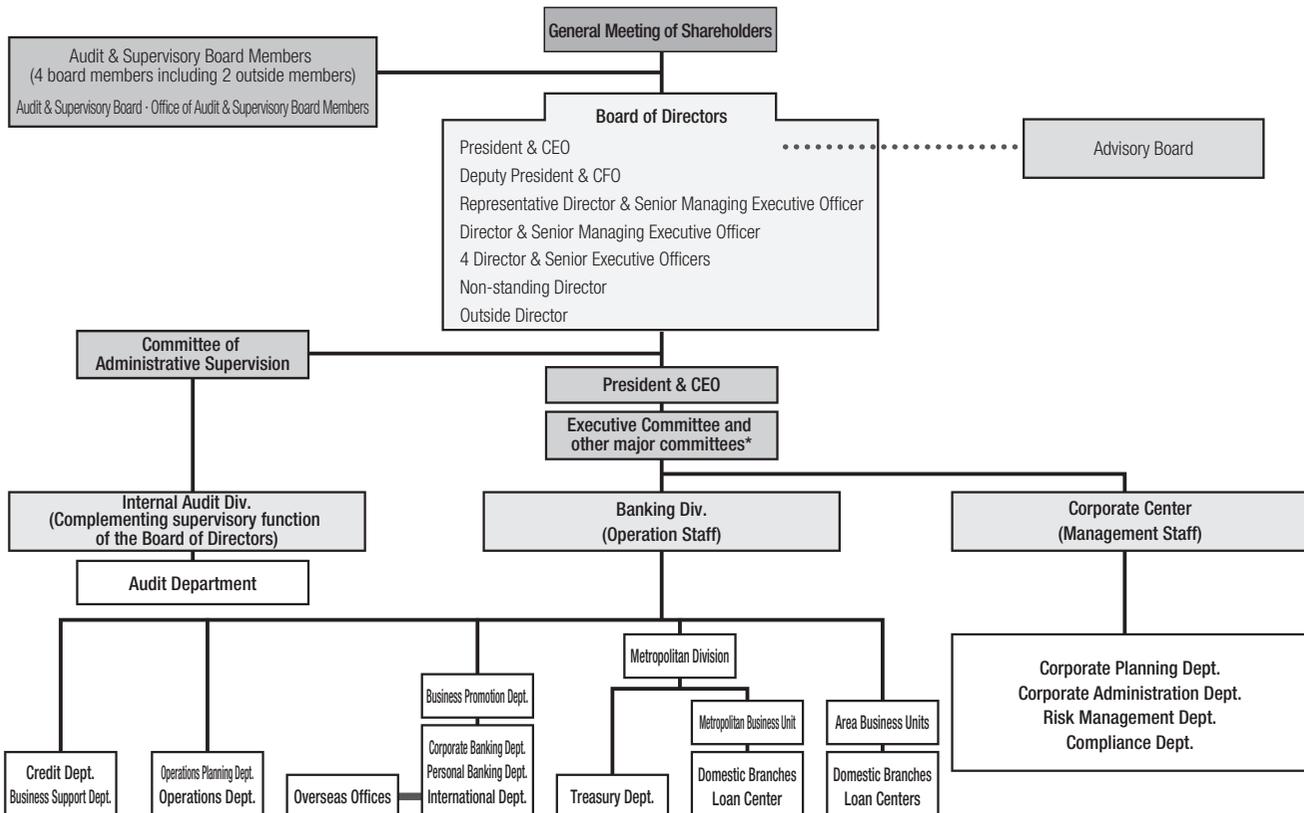
The Committee of Administrative Supervision (which is not a committee pursuant to the Companies Act but an optional organizational body) was established to reinforce supervision of the Directors' execution of operations and to strengthen corporate governance. This committee, consisting mainly of directors who are not involved in execution of operations and are selected by the Board of Directors, monitors the situation

of the execution of operations by the executive team consisting of the President & CEO, the Deputy President & CFO, and other directors, as well as executive officers appointed by the Board of Directors (as of June 23, 2014, there were 14 executive officers, six of whom concurrently held the post of director) and requires improvement, if necessary. 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.

The Bank has one outside director. 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 is an advisory body to the President & CEO.

Shizuoka Bank Group's Corporate Governance System

(as of June 23, 2014)



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

Internal Control System

The Shizuoka Bank classifies the headquarter organizations into three arms, based on function—the Banking Division, handling front office business operations; the Corporate Center for corporate planning, administration, and risk management; and the Internal Audit Division conducting internal auditing. This classification is designed to strengthen cross-checking among these three arms.

In order to ensure objectivity and effectiveness of internal auditing, the Audit Department, which conducts internal auditing, is independent of organizations subject to auditing and is supervised by the committee of Administrative Supervision 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, headquarters departments, and Group companies where they conduct compliance inspections and draft reports on day-to-day business operations. The Audit Department of the Internal Audit Division verifies the appropriateness and effectiveness of the compliance system.

Cultivating Compliance-centered Corporate Culture

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

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

Shizugin Compliance Book

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

"Opinion Box" Internal Reporting System

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

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

Compliance Education and Training

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

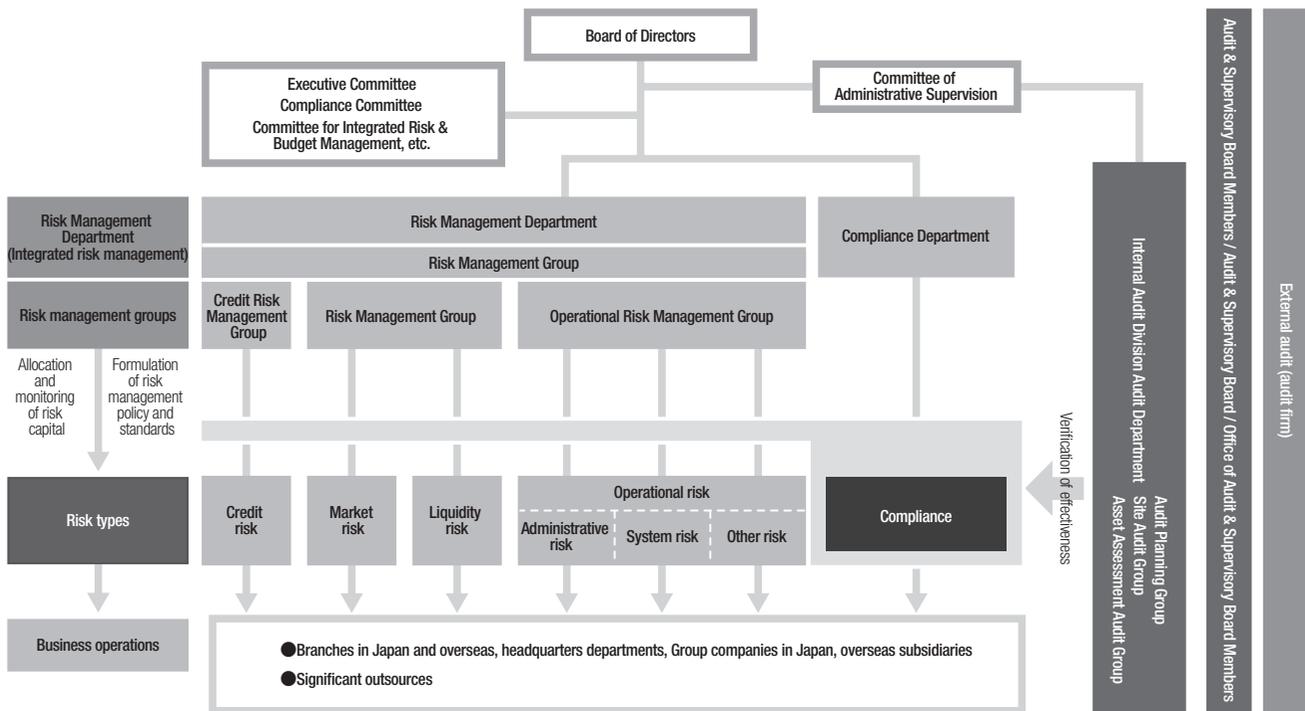
Prompt and Appropriate Disclosure

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

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

Risk Management System

Shizuoka Bank Group's Compliance and Risk Management Systems



Integrated Risk Management Systems

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

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

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

* Common equity Tier 1 capital

Credit Risk Management System

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

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

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

Market Risk Management System

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

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

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

Liquidity Risk Management System

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

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

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

What is Value at Risk (VaR)?

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

Operational Risk Management System

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

Administrative Risk Management

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

System Risk Management

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

Region-based Relationship Banking

Basic Policy

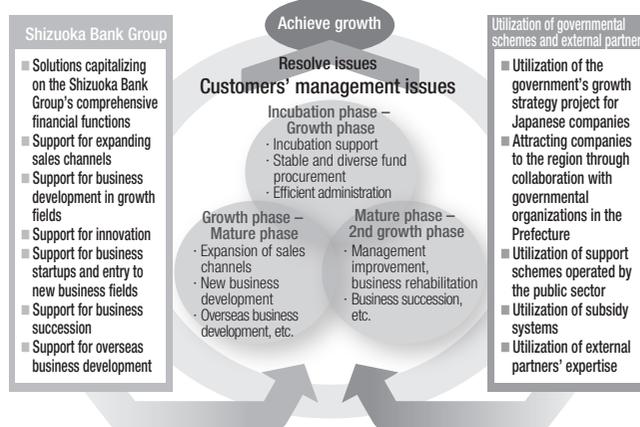
Region-based relationship banking is a business model whereby financial institutions cultivate long-term relationships with customers and offer financial services based on their grasp of customer needs obtained through the relationships.

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

Solutions for Various Management Issues

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

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



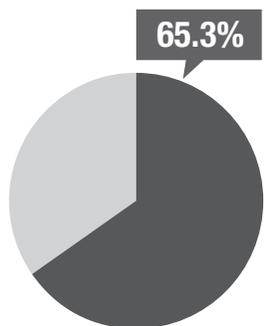
Smooth Supply of Funds to Companies in the Region

The Bank endeavors to ensure the smooth supply of funds to companies in the region without overly depending on real-estate collateral or personal guarantees.

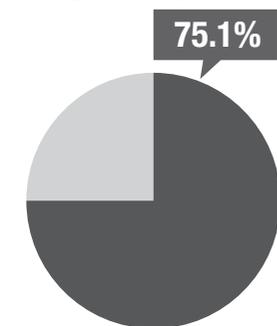
We work to meet funding needs of as many companies as possible by making appropriate loans in light of their circumstances, such as use of guarantees by

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

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



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



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

Growth fields

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

Healthcare and nursing care

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

The Environment

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

Furthermore, the feed-in-tariff system for renewable energy began from July 2012 and we proactively provide support for new energy businesses centering on photovoltaic generation.

Agriculture

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

Business Succession Support

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

"Shizuginship" for Young Managers

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

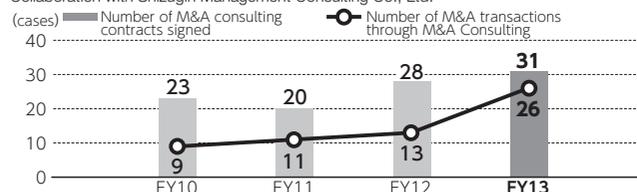
In addition to lectures, seminars and other events, Shizuginship members can access useful information through the dedicated website.

Consulting

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

M&A consulting

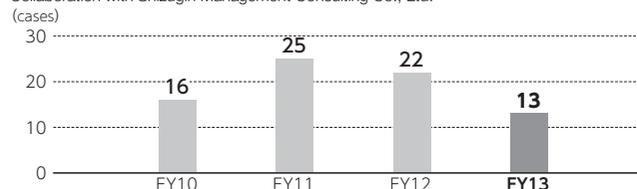
Collaboration with Shizugin Management Consulting Co., Ltd.



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

Management consulting contracts

Collaboration with Shizugin Management Consulting Co., Ltd.



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

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

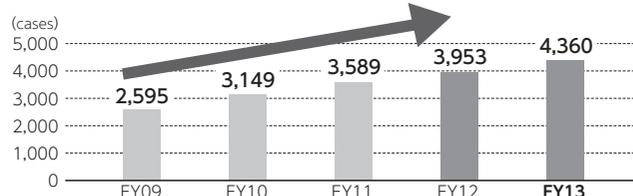
We are strengthening support for venture businesses through industry-academia-government collaboration, which involves working with universities and technical colleges in Shizuoka Prefecture and elsewhere as well as with the Shizuoka Industrial Foundation and other public organizations.

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 2013, the Bank arranged 4,360 business matchups. We also organize the shizugin@gricom trade show for the agriculture, forestry and fisheries sectors, and support other initiatives in collaboration with other financial institutions to help market distinctive products of Shizuoka Prefecture.

In May 2013, we formed the Shizuoka Techno Frontier together with our corporate customers, and participated in the Automotive Engineering Exposition, Japan's largest technology exhibition for automotive engineers.

Business matchups by the Bank



2nd Shizugin Entrepreneur Awards

Following fiscal 2012, we hosted the 2nd Shizugin Entrepreneur Awards and commended entrepreneurs engaged in innovative and creative businesses, capable of opening up a bright future for the regional economy.

Of the 87 business plan applications received for the three award categories—Next-generation Technology, New Business Plan, and Corporate Innovation—the screening committee consisting of officers and employees of the Shizuoka Bank Group and external experts selected three Excellent Award winners and four Outstanding Award winners and commended them in April 2014.

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

Number of applications for the Shizugin Entrepreneur Awards

Category	Definition	Number of applications
Next-generation Technology	Enterprises prior to the start of business or less than 5 years since the start of business that are tackling development of next-generation or other advanced technology	12
New Business Plan	Enterprises prior to the start of business or less than 5 years since the start of business with an innovative, ingenious business plan	42
Corporate Innovation	Enterprises with an innovative business plan venturing into a new field or attempting to transform a business format, regardless of the number of years since the start of business	33
	Total	87

Support for Overseas Business Development

Support for Overseas Business Development

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

Support system in Asia

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

Many of our customers are developing their businesses in Thailand, Indonesia, and Vietnam, and the Bank is responding to this by dispatching staffs to these countries to support customers.

We are establishing a strategic framework for supporting overseas business development in cooperation with local government. In December 2013, we concluded an agreement with Hamamatsu City concerning overseas business development support. In line with the launch in February 2014 of the SMEs' Overseas Development Fast Pass scheme to help small and medium-sized companies in their overseas business development led by the Ministry of Economy, Trade and Industry and the Ministry of Foreign Affairs, we have started services under this scheme to introduce SMEs to capable service providers and to assist SMEs to which we are introduced.

As of July 2014, the Bank has tie-ups with twelve financial institutions in eight countries (regions) in Asia and there were a

total of 26 Shizuoka Bank staff stationed at the Bank's offices or at partners' offices in Asia to meet wide-ranging customer needs.

Networking events, business forums and seminars

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

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

Support menu for overseas business development

•Consultation on overseas business development

The Bank provides the latest information and fine-tuned services to meet diverse customer needs, including overseas business development, transactions with foreign companies, and foreign investment.

•Support for export and import transactions

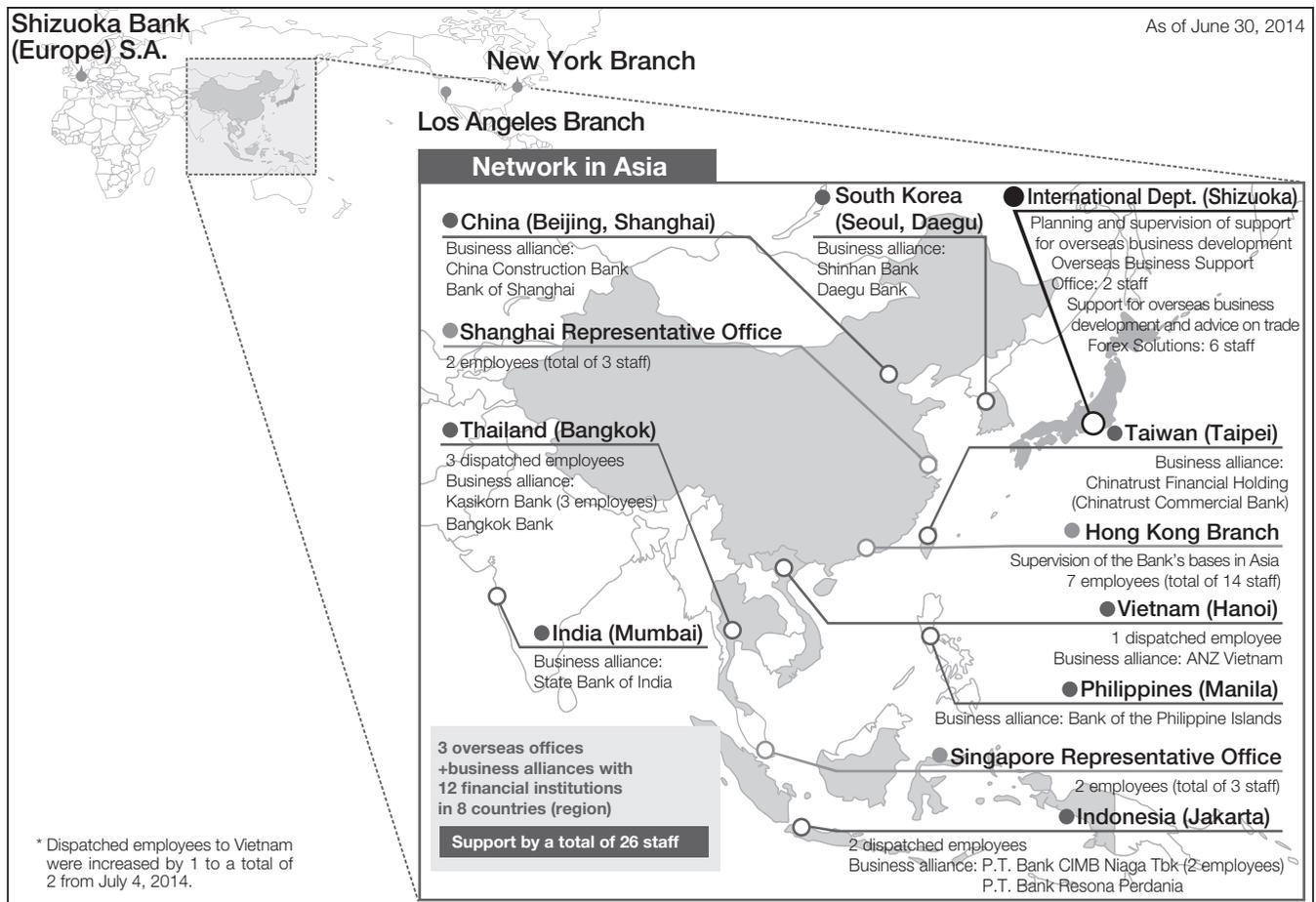
Capitalizing on its experience and overseas network, the Bank facilitates customers' transactions.

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

The Bank's branches and overseas offices respond to the fund procurement needs of customers' overseas subsidiaries, including foreign-currency-denominated loans and provision of stand-by letters of credit

•International money remittance and exchange services

Shizuoka Bank Group's Overseas Network



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated balance sheet of The Shizuoka Bank Ltd. and its consolidated subsidiaries as of March 31, 2014, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Shizuoka Bank Ltd. and its consolidated subsidiaries as of March 31, 2014, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

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

Deloitte Touche Tohmatsu LLC

June 19, 2014

Member of
Deloitte Touche Tohmatsu Limited

Consolidated Balance Sheet

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries March 31, 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2014	2013	2014
Assets:			
Cash and due from banks (Notes 12 and 29)	¥ 674,581	¥ 423,555	\$ 6,554,421
Call loans and bills bought (Note 29)	125,850	83,674	1,222,800
Monetary claims bought	39,551	40,343	384,291
Trading assets (Notes 4 and 29)	30,086	31,599	292,327
Money held in trust (Note 5)	3,100	2,600	30,121
Securities (Notes 6, 12, and 29)	2,378,178	2,560,293	23,107,056
Loans and bills discounted (Notes 7, 13, and 29)	7,218,794	6,969,330	70,139,857
Foreign exchanges (Note 8)	6,793	5,037	66,004
Lease receivables and investment assets (Notes 12 and 27)	46,843	42,415	455,141
Other assets (Notes 9 and 12)	56,304	70,104	547,070
Tangible fixed assets (Note 10)	64,337	56,510	625,119
Intangible fixed assets (Note 10)	15,892	12,228	154,419
Asset for retirement benefits (Note 18)	782		7,603
Deferred tax assets (Note 26)	1,581	1,789	15,369
Customers' liabilities for acceptances and guarantees (Note 11)	92,752	80,384	901,213
Allowance for loan losses (Note 29)	(57,421)	(65,035)	(557,925)
Allowance for investment losses	(58)	(61)	(571)
Total Assets	¥10,697,948	¥10,314,770	\$103,944,315
Liabilities and Equity:			
Liabilities:			
Deposits (Notes 12, 14, and 29)	¥ 8,684,659	¥ 8,412,257	\$ 84,382,624
Call money and bills sold (Note 29)	340,841	327,007	3,311,711
Payables under securities lending transactions (Notes 12 and 29)	313,569	403,205	3,046,733
Trading liabilities (Note 4)	17,835	17,700	173,292
Borrowed money (Notes 12, 15, and 29)	185,026	57,480	1,797,766
Foreign exchanges (Note 8)	113	253	1,103
Bonds payable (Note 16)	20,000	20,000	194,326
Bonds with stock acquisition rights (Note 16)	51,460		500,000
Other liabilities (Notes 12 and 17)	118,532	128,462	1,151,700
Liability for retirement benefits (Note 18)	24,027	22,111	233,456
Provision for losses from reimbursement of inactive accounts	686	788	6,665
Provision for contingent losses	2,845	2,974	27,646
Provision for point program	238	170	2,322
Reserves under special laws	11	11	113
Deferred tax liabilities (Note 26)	28,644	31,217	278,317
Acceptances and guarantees (Note 11)	92,752	80,384	901,213
Total Liabilities	9,881,244	9,504,025	96,008,987
Equity: (Notes 19, 20, 21, and 35)			
Capital stock,			
authorized, 2,414,596 thousand shares;	90,845	90,845	882,683
issued, 665,129 thousand shares in 2014 and 665,129 thousand shares in 2013	54,884	54,884	533,269
Capital surplus	345	337	3,358
Subscription rights to shares	590,414	553,598	5,736,635
Retained earnings	(36,260)	(13,623)	(352,319)
Treasury stock-at cost,			
36,601 thousand shares in 2014 and 16,616 thousand shares in 2013	110,991	119,840	1,078,421
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	120,408	121,169	1,169,924
Deferred gains or losses on hedges	(177)	(171)	(1,720)
Foreign currency translation adjustments	(491)	(1,158)	(4,776)
Defined retirement benefit plans	(8,748)		(85,007)
Total	811,220	805,882	7,882,047
Minority interests	5,483	4,862	53,281
Total Equity	816,703	810,744	7,935,328
Total Liabilities and Equity	¥10,697,948	¥10,314,770	\$103,944,315

See notes to consolidated financial statements.

Consolidated Statement of Income

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2014	2013	2014
Income:			
Interest Income:			
Interest on loans and discounts	¥ 93,911	¥ 98,029	\$ 912,467
Interest and dividends on securities	39,118	29,632	380,082
Other interest income	1,546	1,158	15,023
Subtotal	134,575	128,820	1,307,572
Fees and Commissions	52,114	48,846	506,358
Trading Income	2,063	2,229	20,045
Other Operating Income (Note 22)	19,977	13,018	194,107
Other Income (Note 23)	12,393	24,436	120,414
Total Income	221,123	217,351	2,148,496
Expenses:			
Interest Expense:			
Interest on deposits	5,163	5,539	50,169
Interest on borrowings and rediscounts	719	535	6,989
Other interest expense	2,222	2,279	21,590
Subtotal	8,104	8,353	78,748
Fees and Commission Payments	25,187	24,156	244,726
Trading Expense			
Other Operating Expenses (Note 24)	17,019	2,996	165,363
General and Administrative Expenses	88,746	86,996	862,286
Other Expenses (Note 25)	8,235	11,035	80,016
Total Expenses	147,292	133,538	1,431,139
Income before Income Taxes and Minority Interests	73,830	83,812	717,357
Income Taxes: (Note 26)			
Current	22,807	18,631	221,607
Deferred	3,708	7,652	36,031
Net Income before Minority Interests	47,314	57,527	459,719
Minority Interests in Net Income of Consolidated Subsidiaries	590	556	5,736
Net Income	¥ 46,723	¥ 56,970	\$ 453,983
		Yen	U.S. Dollars (Note 2)
Per Share: (Note 34)			
Basic net income	¥74.12	¥87.47	\$0.72
Diluted net income	70.21	87.42	0.68
Cash dividends applicable to the year	15.50	15.00	0.15

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2014	2013	2014
Net Income before Minority Interests	¥47,314	¥57,527	\$459,719
Other Comprehensive Income (Loss): (Note 32)			
Valuation difference on available-for-sale securities	(718)	35,522	(6,982)
Deferred gains or losses on hedges	(5)	196	(57)
Foreign currency translation adjustments	666	345	6,478
Total other comprehensive income (loss)	(57)	36,065	(561)
Comprehensive Income	47,256	93,592	459,158
Total Comprehensive Income Attributable To:			
Owners of the parent	¥46,623	¥92,963	\$453,008
Minority interests	632	628	6,150

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2014

	Thousands				Millions of Yen								
	Number of Shares of Common Stock Outstanding	Capital Stock	Capital Surplus	Subscription Rights to Shares	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income				Total	Minority Interests	Total Equity
							Valuation Difference on Available-for-Sale Securities	Deferred Gains or Losses on Hedges	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans			
Balance at April 1, 2012	685,129	¥90,845	¥54,884	¥324	¥520,518	¥(22,339)	¥85,719	¥(367)	¥(1,504)		¥728,079	¥23,166	¥751,246
Changes during the period:													
Cash dividends, ¥14.00 per share					(9,130)						(9,130)		(9,130)
Net income					56,970						56,970		56,970
Increase by share exchanges (2,648 thousand shares) (Note 33)			186			1,980					2,166		2,166
Purchases of treasury stock (10,040 thousand shares)						(8,273)					(8,273)		(8,273)
Disposals of treasury stock (75 thousand shares)			6			56					62		62
Retirement of treasury stock (20,000 thousand shares)	(20,000)		(192)		(14,760)	14,953							
Net changes other than shareholders' equity				13		35,450	196	345			36,006	(18,304)	17,702
Total changes during the period	(20,000)		(0)	13	33,080	8,716	35,450	196	345		77,802	(18,304)	59,498
Balance at March 31, 2013	665,129	¥90,845	¥54,884	¥337	¥553,598	¥(13,623)	¥121,169	¥(171)	¥(1,158)		¥805,882	¥4,862	¥810,744
Balance at April 1, 2013	665,129	¥90,845	¥54,884	¥337	¥553,598	¥(13,623)	¥121,169	¥(171)	¥(1,158)		¥805,882	¥4,862	¥810,744
Change during the period:													
Cash dividends, ¥15.50 per share					(9,902)						(9,902)		(9,902)
Net income					46,723						46,723		46,723
Purchase of treasury stock (20,079 thousand shares)						(22,730)					(22,730)		(22,730)
Disposal of treasury stock (94 thousand shares)					(5)	93					87		87
Net changes other than shareholders' equity				8		(761)	(5)	666	¥(8,748)		(8,841)	621	(8,219)
Total changes during the period				8	36,816	(22,637)	(761)	(5)	666	(8,748)	5,337	621	5,958
Balance at March 31, 2014	665,129	¥90,845	¥54,884	¥345	¥590,414	¥(36,260)	¥120,408	¥(177)	¥(491)	¥(8,748)	¥811,220	¥5,483	¥816,703

Thousands of U.S. Dollars (Note 2)

	Thousands of U.S. Dollars (Note 2)											
	Capital Stock	Capital Surplus	Subscription Rights to Shares	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income				Total	Minority Interests	Total Equity
						Valuation Difference on Available-for-Sale Securities	Deferred Gains or Losses on Hedges	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans			
Balance at April 1, 2013	\$882,683	\$533,269	\$3,278	\$5,378,919	\$(132,369)	\$1,177,320	\$(1,663)	\$(11,254)		\$7,830,183	\$47,246	\$7,877,429
Change during the period:												
Cash dividends, \$0.15 per share				(96,213)						(96,213)		(96,213)
Net income				453,983						453,983		453,983
Purchase of treasury stock					(220,855)					(220,855)		(220,855)
Disposal of treasury stock				(54)	905					851		851
Net changes other than shareholders' equity			80		(7,396)	(57)	6,478	\$(85,007)		(85,902)	6,035	(79,867)
Total changes during the period			80	357,716	(219,950)	(7,396)	(57)	6,478	(85,007)	51,864	6,035	57,899
Balance at March 31, 2014	\$882,683	\$533,269	\$3,358	\$5,736,635	\$(352,319)	\$1,169,924	\$(1,720)	\$(4,776)	\$(85,007)	\$7,882,047	\$53,281	\$7,935,328

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2014	2013	2014
I. Operating Activities:			
Income before income taxes and minority interests	¥ 73,830	¥ 83,812	\$ 717,357
Adjustments for:			
Income taxes paid	(18,205)	(21,154)	(176,892)
Depreciation and amortization	10,809	11,863	105,028
Impairment losses	324	1	3,156
Gains on negative goodwill		(12,899)	
Equity in (earnings) losses of affiliates	(52)	(6)	(508)
Increase (decrease) in allowance for loan losses	(7,613)	(10,992)	(73,978)
Increase (decrease) in allowance for investment losses	(3)	(292)	(31)
Increase (decrease) in asset and liability for retirement benefits	(726)	(507)	(7,060)
Increase (decrease) in provision for reimbursement of inactive accounts	(102)	80	(991)
Increase (decrease) in provision for contingent losses	(129)	(653)	(1,254)
Increase (decrease) in provision for point program	68	(94)	665
Interest income	(134,575)	(128,820)	(1,307,572)
Interest expense	8,104	8,353	78,748
Losses (gains) on securities	(4,975)	(9,171)	(48,346)
Losses (gains) on money held in trust	(34)	(26)	(338)
Losses (gains) on sale of fixed assets	542	386	5,271
Net decrease (increase) in trading assets	1,513	5,048	14,704
Net increase (decrease) in trading liabilities	134	(4,557)	1,307
Net decrease (increase) in loans and bills discounted	(215,068)	(267,022)	(2,089,663)
Net increase (decrease) in deposits	229,029	293,384	2,225,317
Net increase (decrease) in borrowed money	127,546	(12,692)	1,239,274
Net decrease (increase) in due from banks (excluding deposits paid to Bank of Japan)	(174,164)	(60,013)	(1,692,229)
Net decrease (increase) in call loans	(37,375)	2,062	(363,156)
Net decrease (increase) in monetary claims bought	792	4,986	7,698
Net increase (decrease) in call money	4,194	91,318	40,751
Net increase (decrease) in payables under securities lending transactions	(129,690)	55,513	(1,260,106)
Net decrease (increase) in foreign exchanges (assets)	(1,528)	847	(14,855)
Net increase (decrease) in foreign exchanges (liabilities)	(144)	160	(1,408)
Net decrease (increase) in lease receivables and investment assets	(5,098)	(2,470)	(49,540)
Interest and dividends received	138,725	143,810	1,347,893
Interest paid	(8,302)	(9,435)	(80,672)
Other-net	(210)	2,210	(2,049)
Total Adjustments	(216,218)	79,216	(2,100,836)
Net Cash Provided by (Used in) Operating Activities	(142,387)	163,028	(1,383,479)
II. Investing Activities:			
Purchases of securities	(2,206,122)	(1,724,929)	(21,435,310)
Proceeds from sales of securities	2,234,243	1,307,503	21,708,544
Proceeds from redemptions of securities	186,168	289,101	1,808,863
Increase in money held in trust	(500)	(100)	(4,858)
Purchases of tangible fixed assets	(14,144)	(4,800)	(137,432)
Purchases of intangible fixed assets	(8,277)	(3,367)	(80,428)
Proceeds from sales of tangible fixed assets	821	3,141	7,978
Payments for execution of asset retirement obligations	(26)		(257)
Purchase of investments in subsidiaries		(2,722)	
Proceeds from sales of investments in subsidiaries		36	
Purchase of treasury stock by consolidated subsidiaries		(1,179)	
Net Cash Provided by (Used in) Investing Activities	192,161	(137,317)	1,867,100
III. Financing Activities:			
Proceeds from issuance of bonds with stock acquisition rights	47,025		456,908
Dividends paid	(9,883)	(9,112)	(96,035)
Dividends paid to minority interests	(11)	(27)	(115)
Purchases of treasury stock	(22,730)	(8,273)	(220,854)
Proceeds from sales of treasury stock	2	2	21
Net Cash Provided by (Used in) Financing Activities	14,401	(17,410)	139,925
IV. Foreign Currency Translation Adjustments on Cash and Cash Equivalents	45	52	445
V. Net Increase (Decrease) in Cash and Cash Equivalents	64,221	8,353	623,991
VI. Cash and Cash Equivalents at Beginning of Year	158,662	150,309	1,541,609
VII. Cash and Cash Equivalents at End of Year	¥ 222,883	¥ 158,662	\$ 2,165,600

See notes to consolidated financial statements.

Cash and due from banks on the consolidated balance sheet at March 31, 2014 and 2013, are reconciled with cash and cash equivalents on the consolidated statement of cash flows as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2014	2013	2014
Cash and due from banks	¥674,581	¥423,555	\$6,554,421
Due from banks other than the Bank of Japan	(451,697)	(264,893)	(4,388,821)
Cash and cash equivalents, end of year	¥222,883	¥158,662	\$2,165,600

Notes to Consolidated Financial Statements

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2014

1. BASIS OF PRESENTATION

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

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

2. JAPANESE YEN AND U.S. DOLLAR AMOUNTS

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

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥102.92 to \$1, the approximate rate of exchange at March 31, 2014. 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, 2014, include the accounts of the Bank, its 11 significant subsidiaries, and one company accounted for 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:

The accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either IFRS or the generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, except for the following items, which should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in equity; (c) expensing capitalized development costs of R&D; (d) cancellation of the fair value model accounting for property, plant, and equipment and investment properties and incorporation of the cost model accounting; and (e) exclusion of minority interests from net income, if contained in net income.

Business Combinations:

The accounting standard for business combinations states the following: (1) The standard requires accounting for business combinations only by the purchase method. (2) Under the standard, in-process research and development costs (IPR&D) acquired in the business combination are capitalized as an intangible asset. (3) Under the standard, the acquirer recognizes the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase price allocation.

Trading purpose transactions:

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

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

Securities:

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

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

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

Tangible fixed assets:

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

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

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

The useful lives for lease assets are the terms of the respective leases.

Impairment loss:

The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

Software:

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

Allowance for loan losses:

The amount of the allowance for loan losses is determined based on management's judgement and assessment of future losses based

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

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

The Bank has established a credit rating system under which its borrowers are classified into five categories. The credit rating system is used for self-assessment of asset quality. All borrowers are classified into five categories for self-assessment purposes — "normal," "caution," "possible bankruptcy," "virtual bankruptcy," and "legal bankruptcy."

For loans to borrowers classified as legal bankruptcy or virtual bankruptcy, the Bank fully provides the net amount of loans and estimated collectible amounts by collateral or guarantees. Regarding loans to borrowers classified as possible bankruptcy, a specific reserve is provided to the necessary extent for the net amount of loans and estimated collectible amounts by collateral or guarantees.

For the borrower with certain loan amounts classified as possible bankruptcy or being with restructured loans, if cash flows from collection of principals and interests can be reasonably estimated, the Bank provides the difference between the present value of these cash flows discounted at the initial contractual rates and the book values of loans (the "DCF" method).

For other loans, a general allowance is provided based on the historical loan loss ratio.

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

Allowance for investment losses:

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

Retirement and pension plans:

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

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

In May 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits," and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the accounting standard for retirement benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and were followed by partial amendments from time to time through 2009.

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

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

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

This accounting standard and the guidance for (a) and (b) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (c) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual

periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, both with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Group applied the revised accounting standard and guidance for retirement benefits for (a) and (b) above, effective March 31, 2014. As a result, asset and liability for retirement benefits of ¥782 million (\$7,603 thousand) and ¥24,027 million (\$233,456 thousand) were recorded as of March 31, 2014, respectively, and accumulated other comprehensive income for the year ended March 31, 2014, decreased by ¥8,748 million (\$85,007 thousand).

Provision for losses from reimbursement of inactive accounts:

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

Provision for contingent losses:

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

Provision for point program:

The provision for point program is provided for the reasonably estimated future usage of points given to credit card customers.

Reserves under special laws:

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

Asset retirement obligations:

An asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development, and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

Leases:

In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008.

Lessee

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions 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:

The accounting standard for stock options requires companies to measure the cost of employee stock options based on the fair value at the date of grant and recognize compensation expense over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to non-employees based on the fair value of either the stock 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 consolidated subsidiaries in Japan allocate income taxes based on the asset and liability method.

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

Derivatives and hedging activities:

All derivative transactions, except those entered into for hedging purposes, are recognized as either assets or liabilities and measured at fair value, with gains or losses on derivative transactions recognized in the statement of income.

For derivative transactions used for hedging purposes, the methods of hedge accounting are as follows:

(a) Transactions to hedge against interest rate risk

Transactions to hedge against interest rate risk affecting the financial assets and liabilities of the Bank are accounted for using deferral hedge accounting as stipulated in the Japan Institute of Certified Public Accountant ("JICPA") Industry Audit Committee Report No. 24, "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in the Banking Industry."

Regarding the effectiveness of a hedging relationship under fair value hedging, a portfolio of hedged items, such as deposits or loans with common maturities, is matched with a group of hedging instruments, such as interest rate swaps, which offset the effect of fair value fluctuations of the hedged items by identified maturities, and are designated as a hedge of the portfolio. The effectiveness of the fair value hedge is assessed by each group. Also, the effectiveness of a cash flow hedge is assessed on the basis of the correlation between the base interest rate index of the hedged cash flow and that of the hedging instrument.

Special hedging treatment is applied for interest rate swaps.

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

(b) Transactions to hedge against foreign exchange fluctuation risk
Deferral hedge accounting is applied to hedges against foreign exchange fluctuation risks associated with foreign currency-denominated monetary assets and liabilities, stipulated in the JICPA Industry Audit Committee Report No. 25, "Accounting and Auditing Treatment of Accounting Treatment on Foreign Currency Transactions in the Banking Industry."

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

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

Statement of cash flows:

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

Per share information:

Basic net income per share is computed by dividing net income available to common stockholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits. The average number of common shares used in the computation was 630,361 thousand shares for 2014 and 651,268 thousand shares for 2013.

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

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

New Accounting Pronouncements:

Accounting Standard for Retirement Benefits

On May 17, 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits," and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and followed by partial amendments from time to time through 2009.

From the viewpoint of the improvement of financial reporting and international trend, the revised accounting standard mainly (1) changes the treatments of unrecognized actuarial gains and losses and past service costs, and expands related disclosures, and (2) revises the calculation methods of projected benefit obligation and service cost.

The Group applied the revised accounting standard for (1) from the end of the annual period beginning on April 1, 2013, and expects to apply (2) above from the beginning of annual period on April 1, 2014.

The effect of application of (2) is expected to increase retained earnings at the beginning of annual period beginning on April 1, 2014 by ¥853 million (\$8,289 thousand).

Accounting Standards for Business Combinations and Consolidated Financial Statements

On September 13, 2013, the ASBJ issued revised ASBJ Statement No. 21, "Accounting Standard for Business Combinations," revised ASBJ Guidance No. 10, "Guidance on Accounting Standards for Business Combinations and Business Divestitures," and revised ASBJ Statement No. 22, "Accounting Standard for Consolidated Financial Statements."

Major accounting changes are (1) treatment of transactions with noncontrolling interest, (2) treatment of acquisition-related costs, (3) provisional accounting treatments for a business combination, and (4) presentation of the consolidated balance sheet and the consolidated

statement of income.

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

4. TRADING ASSETS AND LIABILITIES

Trading assets and liabilities at March 31, 2014 and 2013, consisted of the following:

(a) Trading assets

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Trading securities:			
Japanese government bonds	¥ 986	¥ 1,599	\$ 9,583
Local government bonds (Government-guaranteed bonds)	2,550	2,540	24,778
Foreign securities	696	664	6,768
Subtotal	4,232	4,804	41,129
Financial derivatives:			
(Option premium)			
Other (Note)	18,854	18,796	183,195
Subtotal	18,854	18,796	183,195
Other trading assets:			
Commercial paper	6,997	7,995	67,993
Other (Note)	1	2	10
Subtotal	6,998	7,997	68,003
Total	¥30,086	¥31,599	\$292,327

(b) Trading liabilities

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Financial derivatives:			
(Option premium)			
Other (Note)	¥17,835	¥17,700	\$173,292
Subtotal	17,835	17,700	173,292
Total	¥17,835	¥17,700	\$173,292

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

5. MONEY HELD IN TRUST

Money held in trust at March 31, 2014 and 2013, consisted of the following:

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

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2013				
Money held in trust classified as:				
Held to maturity	¥2,600	¥0		¥2,600

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2014				
Money held in trust classified as:				
Held to maturity	\$30,121	\$0		\$30,121

6. SECURITIES

Securities at March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Japanese government bonds	¥1,122,378	¥1,316,834	\$10,905,346
Local government bonds	59,915	44,453	582,153
Corporate bonds	282,215	313,046	2,742,087
Corporate stocks	265,228	237,316	2,577,035
Other securities	648,440	648,642	6,300,435
Total	¥2,378,178	¥2,560,293	\$23,107,056

As of March 31, 2014 and 2013, securities included equity investments in unconsolidated subsidiaries and affiliated companies that amounted to ¥2,082 million (\$20,235 thousand) and ¥2,207 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, 2014 and 2013, was as follows:

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

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2013				
Securities classified as:				
Trading				¥ 12,802
Available-for-sale:				
Equity securities	¥ 107,926	¥124,572	¥1,175	231,323
Debt securities	1,634,826	33,911	130	1,668,608
Others	614,473	25,068	1,096	638,445
Held to maturity	9,478	265	8	9,735

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2014				
Securities classified as:				
Trading				\$ 109,132
Available-for-sale:				
Equity securities	\$ 1,016,629	\$1,505,943	\$6,284	2,516,288
Debt securities	14,056,186	112,657	3,420	14,165,423
Others	6,072,163	156,788	4,299	6,224,652
Held to maturity	108,979	2,572	68	111,483

Available-for-sale securities sold during the years ended March 31, 2014 and 2013, were as follows:

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

	Millions of Yen		
	Proceeds from Sales	Total Amount of Gains on Sales	Total Amount of Losses on Sales
Year Ended March 31, 2013			
Equity securities	¥ 4,211	¥ 442	¥ 182
Debt securities	876,527	7,440	457
Others	353,932	5,811	2,626
Total	¥1,234,672	¥13,694	¥3,266

Year Ended March 31, 2014	Thousands of U.S. Dollars		
	Proceeds from Sales	Total Amount of Gains on Sales	Total Amount of Losses on Sales
Equity securities	\$ 107,584	\$ 29,231	\$ 618
Debt securities	11,870,933	123,093	44,673
Others	9,416,957	179,224	123,541
Total	\$21,395,474	\$331,548	\$168,832

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

Impairment losses on marketable available-for-sale securities for the year ended March 31, 2013, were ¥644 million.

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

7. LOANS AND BILLS DISCOUNTED

Loans and bills discounted at March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Bills discounted	¥ 29,672	¥ 33,197	\$ 288,311
Loans on bills	185,035	191,664	1,797,855
Loans on deeds	5,911,939	5,609,263	57,442,090
Overdrafts	1,092,146	1,135,205	10,611,601
Total	¥7,218,794	¥6,969,330	\$70,139,857

Loans under bankruptcy proceedings, past-due loans on which interest payments are waived from borrowers who are financially assisted by the Bank, loans past due for three months or more (except for loans under bankruptcy proceedings and past-due loans), and restructured loans at March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Loans under bankruptcy proceedings	¥ 5,030	¥ 6,418	\$ 48,881
Past-due loans	145,201	179,490	1,410,819
Loans past due for three months or more	939	1,865	9,132
Restructured loans	15,456	17,102	150,183
Total	¥166,628	¥204,876	\$1,619,015

Notes: 1. Loans past due for three months or more include loans for which payments of principal or interest are delinquent by three months or more as calculated from the day following the contracted payment date, but do not include loans under bankruptcy proceedings or past-due loans.

2. Restructured loans include loans for which certain conditions have been relaxed for the benefit of the borrower (through means, such as the reduction or elimination of interest payments, the deferral of principal repayments, or the relinquishment of claims) with the goal of supporting the recovery of borrowers that have fallen into financial difficulty and thereby promoting the recovery of the loan.

Bills discounted are accounted for as financial transactions in accordance with the JICPA Industry Audit Committee Report No. 24, "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in the Banking Industry." As of March 31, 2014 and 2013, 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 ¥29,972 million (\$291,219 thousand) and ¥33,486 million, respectively.

8. FOREIGN EXCHANGES

Foreign exchange assets and liabilities at March 31, 2014 and 2013, consisted of the following:

(a) Assets

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Due from foreign banks	¥4,850	¥2,373	\$47,124
Foreign exchange bills bought	299	289	2,908
Foreign exchange bills receivable	1,643	2,374	15,972
Total	¥6,793	¥5,037	\$66,004

(b) Liabilities

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Foreign exchange bills sold	¥ 87	¥201	\$ 848
Foreign exchange bills payable	26	52	255
Total	¥113	¥253	\$1,103

9. OTHER ASSETS

Other assets at March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Accrued income	¥10,236	¥11,427	\$ 99,462
Derivative products	13,058	14,346	126,881
Prepaid expenses	358	11,875	3,479
Others	32,651	32,456	317,248
Total	¥56,304	¥70,104	\$547,070

10. TANGIBLE FIXED ASSETS AND INTANGIBLE FIXED ASSETS

Tangible fixed assets and intangible fixed assets at March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Tangible fixed assets			
Buildings	¥24,702	¥24,049	\$240,021
Land	22,292	22,704	216,603
Lease assets	3	4	31
Construction in progress	6,261	790	60,836
Other tangible fixed assets	11,077	8,961	107,628
Subtotal	64,337	56,510	625,119
Intangible fixed assets			
Software	15,436	11,771	149,990
Other intangible assets	455	456	4,429
Subtotal	15,892	12,228	154,419
Total	¥80,230	¥68,738	\$779,538

Tangible fixed assets are stated at cost less accumulated depreciation of ¥103,904 million (\$1,009,565 thousand) and ¥110,899 million in 2014 and 2013, respectively.

As of March 31, 2014 and 2013, deferred gains for tax purposes of ¥9,824 million (\$95,457 thousand) and ¥10,184 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, 2014 and 2013. As a result, the Group recognized an impairment loss of ¥324 million (\$3,156 thousand) and ¥1 million, respectively, as other expense for certain branches due to continuous operating losses and the carrying amount of the relevant tangible fixed assets was written down to the recoverable amount. The recoverable amount of such tangible fixed assets was measured at its net selling price determined by quotation from a third-party vendor.

11. CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

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

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

Liabilities for guarantees on corporate bonds included in securities, which were issued by private placement (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act) as of March 31, 2014 and 2013, amounted to ¥18,604 million (\$180,769 thousand) and ¥24,046 million, respectively.

12. ASSETS PLEDGED

Assets pledged as collateral and their relevant liabilities at March 31, 2014 and 2013, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Assets pledged as collateral:			
Due from banks	¥ 241	¥ 241	\$ 2,343
Securities	825,226	863,976	8,018,138
Lease receivables and investment assets	81	150	791
Relevant liabilities to above assets:			
Deposits	¥ 82,100	¥ 47,425	\$ 797,710
Payables under securities lending transactions	313,569	403,205	3,046,734
Borrowed money	169,030	46,980	1,642,353
Other liabilities	94	169	919

In addition to the above, the Bank has provided ¥211,270 million (\$2,052,762 thousand) and ¥209,649 million in securities and ¥205 million (\$2,000 thousand) and ¥188 million in due from banks as collateral for foreign exchange settlements and certain other transactions and as security for futures transactions at March 31, 2014 and 2013, respectively.

Guarantee deposits on office space are included in other assets in the amount of ¥2,280 million (\$22,162 thousand) and ¥2,174 million at March 31, 2014 and 2013, respectively.

13. LOAN COMMITMENTS

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

The balances of loans not yet undisbursed under these agreements at March 31, 2014 and 2013, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Undisbursed loan commitments outstanding			
Loans due within one year	¥1,538,122	¥1,542,494	\$14,944,837
Loans due over one year	89,051	62,907	865,248
Total	¥1,627,173	¥1,605,402	\$15,810,085

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, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Current deposits	¥ 370,052	¥ 399,809	\$ 3,595,539
Savings deposits	4,031,255	3,837,269	39,168,825
Deposits at notice	26,961	26,451	261,969
Time deposits	3,447,830	3,389,986	33,500,105
Negotiable certificates of deposit	435,688	474,126	4,233,276
Other	372,869	284,613	3,622,910
Total	¥8,684,659	¥8,412,257	\$84,382,624

15. BORROWED MONEY

At March 31, 2014 and 2013, the weighted-average annual interest rates applicable to borrowed money were 0.21% and 0.21%, respectively.

Borrowed money consist of borrowings from financial institutions.

Annual maturities of borrowed money as of March 31, 2014, were as follows:

Years Ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2015	¥173,442	\$1,685,213
2016	2,109	20,497
2017	3,643	35,400
2018	1,114	10,826
2019 and thereafter	4,716	45,830
Total	¥185,026	\$1,797,766

16. BONDS PAYABLE

Bonds at March 31, 2014 and 2013, consisted of the following:

	Rate (%)	Millions of Yen		Thousands of U.S. Dollars
		2014	2013	2014
Unsecured bonds, payable in Japanese yen, due September 2014	1.59	¥10,000	¥10,000	\$ 97,163
Unsecured bonds, payable in Japanese yen, due June 2015	1.37	10,000	10,000	97,163
Unsecured convertible bonds with stock acquisition rights, payable in U.S. dollar, due April 2018		51,460		500,000
Total		¥71,460	¥20,000	\$694,326

Annual maturities of bonds as of March 31, 2014, were as follows:

Years Ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2015	¥10,000	\$ 97,163
2016	10,000	97,163
2017		
2018		
2019	51,460	500,000
Total	¥71,460	\$694,326

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

	Conversion Price	Number of shares of common stock (thousand)	Exercise Period
Unsecured convertible bonds with stock acquisition rights, payable in U.S. dollar, due April 2018	\$13.46	37,147	From May 10, 2013 to April 11, 2018

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

17. OTHER LIABILITIES

Other liabilities at March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Income taxes payable	¥ 11,824	¥ 7,233	\$ 114,891
Accrued expenses	9,040	7,154	87,839
Deposits from employees	2,723	2,760	26,459
Unearned income	10,826	9,147	105,194
Derivative products	16,386	18,984	159,217
Other	67,731	83,182	658,100
Total	¥118,532	¥128,462	\$1,151,700

18. RETIREMENT AND PENSION PLANS

The Bank and certain consolidated subsidiaries have severance payment plans for employees. Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Bank or from certain consolidated subsidiaries in Japan and annuity payments from a trustee. Employees might be entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death, or by voluntary retirement at certain specific ages prior to the mandatory retirement age.

Year Ended March 31, 2014

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

	Millions of Yen	Thousands of U.S. Dollars
	2014	2014
Balance at beginning of year	¥80,838	\$785,446
Current service cost	2,039	19,818
Interest cost	803	7,804
Actuarial gains and losses	157	1,535
Benefits paid	(4,585)	(44,557)
Past service cost	(42)	(410)
Others	148	1,447
Balance at end of year	¥79,359	\$771,083

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

	Millions of Yen	Thousands of U.S. Dollars
	2014	2014
Balance at beginning of year	¥55,199	\$536,338
Expected return on plan assets	1,156	11,233
Actuarial gains and losses	90	878
Contributions from the employer	2,122	20,621
Benefits paid	(2,598)	(25,248)
Others	144	1,409
Balance at end of year	¥56,115	\$545,231

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

	Millions of Yen	Thousands of U.S. Dollars
	2014	2014
Funded defined benefit obligation	¥ 55,332	\$ 537,628
Plan assets	(56,115)	(545,231)
	(782)	(7,603)
Unfunded defined benefit obligation	24,027	233,456
Net liability (asset) arising from defined benefit obligation	23,244	225,853

	Millions of Yen	Thousands of U.S. Dollars
	2014	2014
Liability for retirement benefits	¥24,027	\$233,456
Asset for retirement benefits	(782)	(7,603)
Net liability (asset) arising from defined benefit obligation	23,244	225,853

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

	Millions of Yen	Thousands of U.S. Dollars
	2014	2014
Service cost	¥ 2,039	\$ 19,818
Interest cost	803	7,804
Expected return on plan assets	(1,156)	(11,233)
Amortization of prior service cost	1,734	16,852
Amortization of transitional obligation	(42)	(410)
Others	133	1,300
Net periodic benefit costs	¥ 3,512	\$ 34,131

5. Accumulated other comprehensive income on defined retirement benefit plans as of March 31, 2014

	Millions of Yen	Thousands of U.S. Dollars
	2014	2014
Unrecognized prior service cost		
Unrecognized actuarial gains and losses	¥13,425	\$130,448
Others		
Total	¥13,425	\$130,448

6. Plan assets

(1) Components of plan assets

Plan assets consisted of the following:

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

(2) Method of determining the expected rate of return on plan assets
The expected rate of return on plan assets is determined considering the long-term rates of return what are expected currently and in the future from the various components of the plan assets.

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

	2014
Discount rate	1.0%
Expected rate of return on plan assets	2.0%

8. Defined Contribution

The amount to be contributed by the Bank and certain consolidated subsidiaries was ¥464 million (\$4,513 thousand).

Year Ended March 31, 2013

The liability (asset) for retirement benefits at March 31, 2013, consisted of the following:

	Millions of Yen
	2013
Projected benefit obligation	¥ 80,838
Fair value of plan assets	(55,199)
Unrecognized actuarial gain (loss)	(15,092)
Prepaid pension costs	11,565
Net provision	¥ 22,111

The components of net periodic benefit costs for the year ended March 31, 2013, were as follows:

	Millions of Yen 2013
Service cost	¥1,966
Interest cost	825
Expected return on plan assets	(972)
Recognized actuarial loss	2,602
Other	563
Net periodic retirement benefit costs	¥4,985

Assumptions used for the year ended March 31, 2013, were set forth as follows:

	2013
Discount rate	1.0 %
Expected rate of return on plan assets	2.0 %
Amortization period of prior service cost	1 year
Recognition period of actuarial gain/loss	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 an Audit & Supervisory Board, 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) Increases/decreases and transfer of capital stock, reserve, and surplus

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

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

(c) Treasury stock and treasury stock acquisition rights

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

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

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

20. STOCK OPTIONS

The Bank's stock option plans grant options to directors to purchase certain shares of the Bank's common stock in the respective exercise periods.

Stock-based compensation expenses were ¥93 million (\$908 thousand) and ¥73 million for the years ended March 31, 2014 and 2013, respectively.

The stock options outstanding as of March 31, 2014, were as follows:

	Persons Granted	Number of Options	Date of Grant	Exercise Price	Exercise Period
2007 Stock Option	8 directors	67,000 shares	2007. 7.27	¥ 1 (\$0.01)	From July 28, 2007 to July 27, 2032
2008 Stock Option	8 directors	66,000 shares	2008. 7.18	¥ 1 (\$0.01)	From July 19, 2008 to July 18, 2033
2009 Stock Option	8 directors	89,000 shares	2009. 7.24	¥ 1 (\$0.01)	From July 25, 2009 to July 24, 2034
2010 Stock Option	8 directors	100,000 shares	2010. 7.23	¥ 1 (\$0.01)	From July 24, 2010 to July 23, 2035
2011 Stock Option	8 directors	100,000 shares	2011. 7.22	¥ 1 (\$0.01)	From July 23, 2011 to July 22, 2036
2012 Stock Option	8 directors	100,000 shares	2012. 7.24	¥ 1 (\$0.01)	From July 25, 2012 to July 24, 2037
2013 Stock Option	8 directors	88,000 shares	2013. 7.23	¥ 1 (\$0.01)	From July 24, 2013 to July 23, 2038

The stock option activity is as follows:

	2007 Stock Option	2008 Stock Option	2009 Stock Option	2010 Stock Option	2011 Stock Option	2012 Stock Option	2013 Stock Option
For the year ended March 31, 2013							
Non-vested							
March 31, 2012—Outstanding					100,000		
Granted						100,000	
Vested					100,000		
March 31, 2013—Outstanding						100,000	
Vested							
March 31, 2012—Outstanding	56,000	55,000	89,000	100,000			
Vested					100,000		
Exercised	9,000	9,000	13,000	21,000	20,000		
March 31, 2013—Outstanding	47,000	46,000	76,000	79,000	80,000		
For the year ended March 31, 2014							
Non-vested							
March 31, 2013—Outstanding						100,000	
Granted							88,000
Vested						100,000	
March 31, 2014—Outstanding							88,000
Vested							
March 31, 2013—Outstanding	47,000	46,000	76,000	79,000	80,000		
Vested						100,000	
Exercised	20,000	19,000	26,000	10,000	8,000	9,000	
March 31, 2014—Outstanding	27,000	27,000	50,000	69,000	72,000	91,000	
Exercise price	¥ 1 (\$ 0.01)						
Average stock price at exercise	¥ 990 (\$ 9.62)	¥ (\$)					
Fair value price at grant date	¥1,153 (\$11.20)	¥1,057 (\$10.27)	¥ 875 (\$ 8.50)	¥ 704 (\$ 6.84)	¥ 709 (\$ 6.89)	¥ 743 (\$ 7.22)	¥1,135 (\$11.03)

The assumptions used to measure the fair value of the 2013 stock option are as follows:

Estimate method: Black-Scholes option-pricing model

Volatility of stock price: 22.0%

Estimated remaining outstanding period: three years

Estimated dividend: ¥15.0 per share

Risk-free interest rate: 0.1%

21. VALUATION DIFFERENCE ON AVAILABLE-FOR-SALE SECURITIES

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

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Valuation difference	¥181,281	¥183,406	\$1,761,384
Deferred tax liabilities	(60,685)	(62,092)	(589,638)
Amounts equivalent to difference on available-for-sale securities	¥120,596	¥121,314	\$1,171,746
Minority interests adjustment	¥ (187)	¥ (144)	\$ (1,822)
Valuation difference on available-for-sale securities	¥120,408	¥121,169	\$1,169,924

22. OTHER OPERATING INCOME

Other operating income for the years ended March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Gains on foreign exchange transactions	¥ 864	¥ 528	\$ 8,399
Gains on sales of bonds	18,996	12,478	184,572
Gains on financial derivatives	113		1,101
Other	3	11	35
Total	¥19,977	¥13,018	\$194,107

23. OTHER INCOME

Other income for the years ended March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Gains on sales of stocks and other securities	¥ 3,008	¥ 442	\$ 29,231
Gains on negative goodwill		12,899	
Other	9,384	11,093	91,183
Total	¥12,393	¥24,436	\$120,414

For the year ended March 31, 2013, gains on negative goodwill were accounted by deducting goodwill of ¥963 million from negative goodwill of ¥13,863 million. Details are disclosed in Note 33.

24. OTHER OPERATING EXPENSES

Other operating expenses for the years ended March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Losses on sales of bonds	¥17,019	¥2,732	\$165,363
Losses on redemption of bonds			
Losses on devaluation of bonds			
Other		264	
Total	¥17,019	¥2,996	\$165,363

25. OTHER EXPENSES

Other expenses for the years ended March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Losses on written-off claims	¥ 262	¥ 208	\$ 2,547
Losses on sales of stocks and other securities	78	182	764
Losses on devaluation of stocks and other securities	7	881	73
Losses on money held in trust		4	
Losses on disposition of fixed assets	794	1,709	7,720
Impairment losses	324	1	3,156
Other	6,767	8,046	65,756
Total	¥8,235	¥11,035	\$80,016

26. INCOME TAXES

The Bank and its domestic subsidiaries are subject to Japanese national and local income taxes that, in the aggregate, resulted in a normal effective statutory tax rate of approximately 37.2% for the years ended March 31, 2014 and 2013.

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Deferred tax assets:			
Allowance for loan losses	¥ 18,406	¥ 21,369	\$ 178,840
Liability for retirement benefits	15,091	10,863	146,631
Impairment loss on securities	4,362	4,816	42,383
Other	3,714	3,558	36,092
Deferred tax assets	41,574	40,608	403,946
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	(60,685)	(62,092)	(589,638)
Gain on establishment of employee retirement benefit trust	(6,066)	(6,066)	(58,949)
Other	(1,884)	(1,877)	(18,307)
Deferred tax liabilities	(68,636)	(70,036)	(666,894)
Net deferred tax assets (liabilities)	¥(27,062)	¥(29,428)	\$(262,948)

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the year ended March 31, 2014, with the corresponding figures for 2013, is as follows:

	2014	2013
Normal effective statutory tax rate	37.2 %	37.2 %
Dividends exempted for income tax purposes	(2.9) %	(1.1) %
Gains on negative goodwill		(5.7) %
Reduction in deferred tax assets resulting from a change in effective tax rate	0.9 %	
Other	0.7 %	1.0 %
Actual effective tax rate	35.9 %	31.4 %

New tax reform laws enacted in 2014 in Japan changed the normal effective statutory tax rate for the fiscal year beginning on or after April 1, 2014, from 37.2% to 34.8%.

The effect of this change was to decrease deferred tax assets and to increase deferred tax liabilities in the consolidated balance sheet as of March 31, 2014, by ¥30 million (\$298 thousand) and ¥638 million (\$6,206 thousand), respectively, and to increase income taxes-deferred in the consolidated statement of income for the year then ended by ¥664 million (\$6,461 thousand).

27. LEASES

(1) Financial Lease

(a) Lessee

The Group leases certain vehicles. They were capitalized as tangible fixed assets and depreciated as stated in Note 3.

Pro forma Information of Leased Property Whose Lease Inception Was before March 31, 2008:

ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," requires that all finance lease transactions be capitalized to recognize lease assets and lease obligations in the balance sheet. However, ASBJ Statement No. 13 permits leases without ownership transfer of the leased property to the lessee and whose lease inception was before March 31, 2008, to continue to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the consolidated financial statements. The Group applied ASBJ Statement No. 13 effective April 1, 2008, and accounted for such leases as operating lease transactions. Pro forma information of leased property whose lease inception was before March 31, 2008, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Tangible Fixed Assets			
Acquisition cost	¥258	¥258	\$2,508
Accumulated depreciation	(134)	(121)	(1,306)
Net leased property	¥123	¥136	\$1,202

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Tangible Fixed Assets			
Due within one year	¥ 12	¥ 10	\$ 118
Due after one year	179	191	1,745
Total	¥191	¥202	\$1,863

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

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Depreciation expense	¥12	¥12	\$125
Interest expense	24	25	236
Total	¥37	¥38	\$361
Lease payments	¥34	¥34	\$340

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

(b) Lessor

The net lease investment assets are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Gross lease receivables	¥48,694	¥44,031	\$473,135
Estimate residual values	2,361	2,291	22,946
Unearned interest income	(4,679)	(4,231)	(45,467)
Lease investment assets	¥46,377	¥42,091	\$450,614

Maturities of lease receivables are as follows:

Years Ending March 31,	Millions of Yen	Thousands of U.S. Dollars
	2014	2014
2015	¥159	\$1,545
2016	109	1,064
2017	89	867
2018	48	475
2019	43	425
2020	39	385
Total	¥490	\$4,761

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

Years Ending March 31,	Millions of Yen	Thousands of U.S. Dollars
	2014	2014
2015	¥14,166	\$137,646
2016	11,369	110,471
2017	9,090	88,322
2018	6,514	63,296
2019	3,930	38,186
2020	3,624	35,213
Total	¥48,694	\$473,134

(2) Operating Lease

(a) Lessee

The minimum rental commitments under noncancelable operating leases at March 31, 2014 and 2013, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Due within one year	¥ 438	¥130	\$ 4,262
Due after one year	2,723	684	26,458
Total	¥3,161	¥814	\$30,720

(b) Lessor

The future lease payment receivables under noncancelable operating leases at March 31, 2014 and 2013, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Due within one year	¥ 374	¥273	\$ 3,636
Due after one year	825	528	8,021
Total	¥1,199	¥801	\$11,657

28. SEGMENT INFORMATION

An entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

1. Description of Reportable Segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Committee for Integrated Risk and Budget Management is being performed in order to decide how resources are allocated among the Group. Therefore, the Group consists of the banking operations and leasing operations. Banking 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

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

Year Ended March 31, 2013	Millions of Yen						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking Operations	Leasing Operations	Total				
Ordinary income:							
Ordinary income from external customers	¥ 169,954	¥22,052	¥ 192,007	¥11,119	¥ 203,127		¥ 203,127
Ordinary income from intersegment transactions	1,571	2,675	4,246	3,460	7,706	¥ (7,706)	
Total	¥ 171,526	¥24,728	¥ 196,254	¥14,579	¥ 210,834	¥ (7,706)	¥ 203,127
Segment profit	¥ 65,367	¥ 1,746	¥ 67,113	¥ 4,412	¥ 71,526	¥ (226)	¥ 71,300
Segment assets	10,285,558	63,259	10,348,817	42,008	10,390,825	(76,054)	10,314,770
Segment liabilities	9,503,488	51,016	9,554,504	16,512	9,571,017	(66,991)	9,504,025
Other:							
Depreciation	10,758	944	11,702	236	11,939	(75)	11,863
Interest income	128,937	14	128,952	115	129,067	(246)	128,820
Interest expense	8,365	301	8,667	13	8,680	(327)	8,353
Increase in property, plant, equipment, and intangible assets	7,488	540	8,028	276	8,305	(136)	8,168

Year Ended March 31, 2014	Thousands of U.S. Dollars						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking Operations	Leasing Operations	Total				
Ordinary income:							
Ordinary income from external customers	\$ 1,797,827	\$217,842	\$ 2,015,669	\$130,378	\$ 2,146,047		\$ 2,146,047
Ordinary income from intersegment transactions	17,325	18,227	35,552	43,705	79,257	\$ (79,257)	
Total	\$ 1,815,152	\$236,069	\$ 2,051,221	\$174,083	\$ 2,225,304	\$ (79,257)	\$ 2,146,047
Segment profit	\$ 654,265	\$ 15,718	\$ 669,983	\$ 57,272	\$ 727,255	\$ (1,467)	\$ 725,788
Segment assets	103,523,582	657,576	104,181,158	492,567	104,673,725	(729,410)	103,944,315
Segment liabilities	95,915,712	524,449	96,440,161	209,081	96,649,242	(640,255)	96,008,987
Other:							
Depreciation	96,041	7,209	103,250	2,702	105,952	(924)	105,028
Interest income	1,308,480	101	1,308,581	1,345	1,309,926	(2,354)	1,307,572
Interest expense	79,041	2,603	81,644	109	81,753	(3,005)	78,748
Increase in property, plant, equipment, and intangible assets	202,185	7,948	210,133	10,226	220,359	(2,498)	217,861

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

4. Related information

(1) Information about services

	Millions of Yen					Thousands of U.S. Dollars				
	Lending Operations	Investment Operations	Leasing Operations	Other	Total	Lending Operations	Investment Operations	Leasing Operations	Other	Total
Ordinary income from external customers										
Year ended March 31, 2014	¥93,476	¥61,198	¥22,250	¥43,944	¥220,871	\$908,244	\$594,627	\$216,194	\$426,982	\$2,146,047
Year ended March 31, 2013	¥97,844	¥42,599	¥21,706	¥40,975	¥203,127					

(2) Information about geographical areas

(i) Ordinary Income

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

(ii) Tangible fixed assets

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

(3) Information about major customers

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

5. Information about impairment losses of assets

	Millions of Yen					Thousands of U.S. Dollars				
	Reportable Segment			Other	Total	Reportable Segment			Other	Total
	Banking Operations	Leasing Operations	Total			Banking Operations	Leasing Operations	Total		
Impairment losses of assets										
Year ended March 31, 2014	¥324		¥324		¥324	\$3,156		\$3,156		\$3,156
Year ended March 31, 2013	¥ 1		¥ 1		¥ 1					

6. Information about gains on negative goodwill

As stated in Notes 23 and 33, for the year ended March 31, 2013, the Group recorded gains on negative goodwill of ¥12,899 million, but this amount is not included in segment profit above.

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

(2) Details of Financial Instruments and 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 potential default by borrowers. As about 70% of the loans and bills discounted are for customers in Shizuoka Prefecture, credit-related losses could occur on a large scale if the regional economic environment changes negatively or if a severe earthquake occurs.

The Group holds securities, such as debt securities (bonds), equity securities, and investment trusts under its investment policy taking into account the safety and liquidity of the investment. These securities are exposed to risks of market price fluctuations associated with the credit standing of issuers and interest rate changes. If the prices of equity securities and other securities held decline, impairment losses or valuation losses could adversely affect the operating results and financial standing of the Group.

Financial liabilities consist primarily of deposits from domestic customers, corporate bonds, and funds raised in the call market. If the Group loses its credit status because of downgrades or other

factors or if the market environment deteriorates, conditions for financing could worsen or transactions could be constrained.

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

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

(3) Risk Management Systems for Financial Instruments

(i) Integrated risk management system

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

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

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

(ii) Credit risk management system

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

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

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

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

In addition, the Asset Auditing Group 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). VaR is utilized for the quantitative analysis to manage market fluctuations.

A historical simulation model (a variance covariance model in 2012) is used for the measurement of VaR. The Bank performs backtesting comparing VaR calculated by the model and actual profit and loss, in order to determine whether measurement model captures market risks with sufficient accuracy.

Nevertheless, VaR measures possible market risk amounts

statistically calculated based on historical data, and is unlikely to capture risks under significant market fluctuations not presumed.

The total amounts of market risks as of March 31, 2014 and 2013, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
VaR	¥114,300	¥147,045	\$1,110,571

The assumptions used to measure VaR are as follows:

Observation period: five years

Confidence interval: 99%

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

The due dates of core deposits, defined as demand deposits staying long term without withdrawal, are allocated within 10 years based on an internal model using a specific formula.

(iv) Liquidity risk management system

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

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

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

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

(4) Supplementary Explanation of the Fair Values of Financial Instruments

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

2. Fair Values of Financial Instruments

The carrying amount, fair values, and differences between them at March 31, 2014 and 2013, consisted of the following:

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

	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gains (Losses)
March 31, 2013			
Cash and due from banks	¥ 423,555	¥ 423,555	
Call loans and bills bought	83,674	83,674	
Trading assets:			
Trading securities	12,802	12,802	
Securities:			
Held to maturity	9,478	9,735	¥ 257
Available for sale	2,537,632	2,537,632	
Loans and bills discounted	6,969,330		
Allowance for loan losses	(61,837)		
Subtotal	6,907,492	6,960,601	53,108
Total	¥ 9,974,636	¥10,028,002	¥ 53,365
Deposits	¥ 8,412,257	¥ 8,413,804	¥ 1,546
Call money and bills sold	327,007	327,007	
Payables under securities lending transactions	403,205	403,205	
Borrowed money	57,480	57,512	31
Total	¥ 9,199,950	¥ 9,201,529	¥ 1,578
Derivative transactions:			
Nonhedging derivatives	¥ 226	¥ 226	
Hedging derivatives	(3,768)	(3,768)	
Total	¥ (3,542)	¥ (3,542)	

	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gains (Losses)
March 31, 2014			
Cash and due from banks	\$ 6,554,421	\$ 6,554,421	
Call loans and bills bought	1,222,800	1,222,800	
Trading assets:			
Trading securities	109,132	109,132	
Securities:			
Held to maturity	108,979	111,483	\$ 2,504
Available for sale	22,906,363	22,906,363	
Loans and bills discounted	70,139,857		
Allowance for loan losses	(551,240)		
Subtotal	69,588,617	69,987,377	398,760
Total	\$100,490,312	\$100,891,576	\$401,264
Deposits	\$ 84,382,624	\$ 84,397,282	\$ 14,658
Call money and bills sold	3,311,711	3,311,711	
Payables under securities lending transactions	3,046,733	3,046,733	
Borrowed money	1,797,766	1,797,829	63
Total	\$ 92,538,834	\$ 92,553,555	\$ 14,721
Derivative transactions:			
Nonhedging derivatives	\$ 13,015	\$ 13,015	
Hedging derivatives	(35,448)	(35,448)	
Total	\$ (22,433)	\$ (22,433)	

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

Methods used for calculating the fair values of financial instruments Assets

(1) Cash and due from banks

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

(2) Call loans and bills bought

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

(3) Trading assets

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

(4) Securities

The fair values of shares are determined by reference to quoted market prices on stock exchanges. The fair values of bonds are determined by reference to quoted market prices or prices offered by correspondent financial institutions. Investment trusts are determined by reference to their publicly available unit prices. The fair values of private placement bonds guaranteed by the Bank are determined by the calculation method for loans and bills discounted described in (5) below after adjusting to reflect guarantee commissions received, among other factors.

(5) Loans and bills discounted

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

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

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

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

Liabilities

(1) Deposits

The fair values of demand deposits are deemed equal to the amounts that would be paid (carrying values) if the payments were demanded at the balance sheet date. The fair values of time

deposits and negotiable certificates of deposit, which are classified in accordance with their periods, are their present values that are estimated by discounting the future cash flows, using the rates that would be offered for new deposits to be received.

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

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

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

(4) Borrowed money

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

approximates the carrying value and is therefore deemed equal to the carrying value.

Derivatives

Fair value information for derivatives is included in Note 30.

Carrying amount of financial instruments whose fair value cannot be reliably determined at March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Unlisted stocks	¥ 6,253	¥ 5,994	\$ 60,763
Investments in partnerships and others	3,185	7,188	30,951
Total	¥ 9,439	¥13,183	\$ 91,714

Notes: 1. Unlisted stocks without market prices, and whose fair values are difficult to determine, are not included in fair value information. The table above includes investments in associated companies accounted for by the equity method of ¥127 million (\$1,235 thousand) and ¥74 million in 2014 and 2013, respectively.
2. The impairment losses on unlisted stocks for the year ended March 31, 2014, and unlisted stocks and investments in partnerships for the year ended March 31, 2013, were ¥7 million (\$ 73 thousand) and ¥237 million, respectively.
3. Investments in partnership, whose assets include unlisted stocks and other assets, are not included in fair value disclosures as it is difficult to determine their fair values.

Maturity analysis for financial assets and securities with contractual maturities

	Millions of Yen					
	Due in One Year or Less	Due after One Year through Three Years	Due after Three Years through Five Years	Due after Five Years through Seven Years	Due after Seven Years through Ten Years	Due after Ten Years
March 31, 2014						
Due from banks	¥ 589,281					
Call loans and bills bought	125,850					
Securities:	66,033	¥ 291,681	¥ 694,535	¥265,807	¥174,784	¥ 429,727
Held-to-maturity	1,000	2,508	1,974	1,642	1,708	2,094
Available-for-sale	65,033	289,173	692,560	264,164	173,076	427,633
Loans and bills discounted	2,167,259	1,317,829	1,032,874	533,889	487,483	1,382,495
Total	¥2,948,426	¥1,609,511	¥1,727,409	¥799,697	¥662,267	¥1,812,222

	Thousands of U.S. Dollars					
	Due in One Year or Less	Due after One Year through Three Years	Due after Three Years through Five Years	Due after Five Years through Seven Years	Due after Seven Years through Ten Years	Due after Ten Years
March 31, 2014						
Due from banks	\$ 5,725,631					
Call loans and bills bought	1,222,800					
Securities:	641,604	\$ 2,834,065	\$ 6,748,302	\$2,582,658	\$1,698,253	\$ 4,175,355
Held-to-maturity	9,716	24,370	19,187	15,963	16,597	20,350
Available-for-sale	631,888	2,809,695	6,729,115	2,566,695	1,681,656	4,155,005
Loans and bills discounted	21,057,712	12,804,407	10,035,702	5,187,427	4,736,525	13,432,718
Total	\$28,647,747	\$15,638,472	\$16,784,004	\$7,770,085	\$6,434,778	\$17,608,073

Notes: 1. The amount of loans and bills discounted without due dates which have been excluded is ¥146,729 million (\$1,425,666 thousand).

2. The amount of loans and bills discounted for "possible bankruptcy," "virtual bankruptcy", and "legal bankruptcy," excluding those without due dates, which have been included is ¥150,232 million (\$1,459,700 thousand).

Maturity analysis for borrowed money and other interest-bearing debt

	Millions of Yen					
	Due in One Year or Less	Due after One Year through Three Years	Due after Three Years through Five Years	Due after Five Years through Seven Years	Due after Seven Years through Ten Years	Due after Ten Years
March 31, 2014						
Deposits	¥8,102,918	¥503,711	¥67,903	¥4,186	¥5,940	¥
Call money and bills sold	340,841					
Payables under securities lending transactions	313,569					
Borrowed money	173,442	5,752	5,831			
Total	¥8,930,771	¥509,464	¥73,734	¥4,186	¥5,940	¥

	Thousands of U.S. Dollars					
	Due in One Year or Less	Due after One Year through Three Years	Due after Three Years through Five Years	Due after Five Years through Seven Years	Due after Seven Years through Ten Years	Due after Ten Years
March 31, 2014						
Deposits	\$78,730,258	\$4,894,206	\$659,766	\$40,673	\$57,721	\$
Call money and bills sold	3,311,711					
Payables under securities lending transactions	3,046,733					
Borrowed money	1,685,213	55,897	56,656			
Total	\$86,773,915	\$4,950,103	\$716,422	\$40,673	\$57,721	\$

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

30. DERIVATIVES

Qualitative information on derivatives, such as the nature and the purpose of derivative financial instruments, is included in Note 29.

Derivative transactions to which hedge accounting is not applied at March 31, 2014 and 2013, consisted of the following:

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

March 31, 2013	Millions of Yen			
	Contract or Notional Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains (Losses)
Over the counter:				
Interest rate swaps	¥1,499,238	¥1,245,204	¥ 740	¥ 740
Currency swaps	353,385	265,764	513	513
Forward contracts	111,396	13,449	(1,065)	(1,065)
Currency options	211,829	126,395	(51)	(51)
Other	11,874	9,513	88	88

March 31, 2014	Thousands of U.S. Dollars			
	Contract or Notional Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains (Losses)
Listed:				
Bond futures	\$ 5,621			
Over the counter:				
Interest rate swaps	14,248,172	\$11,968,889	\$6,051	\$6,051
Currency swaps	2,918,670	2,203,649	5,087	5,087
Forward contracts	854,339	80,000	1,466	1,466
Currency options	1,626,562	895,393	(22)	(22)
Other	78,401	53,670	433	433

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, 2014 and 2013, consisted of the following:

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

March 31, 2013	Millions of Yen			
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Principled treatment				
Interest rate swaps	Deposits	¥ 20,311	¥20,311	¥ 81
Forward contracts	Loans, deposits, and securities in foreign currencies	150,195		(3,850)
Special hedging treatment				
Interest rate swaps	Loans and bonds payable	49,739	46,382	

March 31, 2014	Thousands of U.S. Dollars			
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Principled treatment				
Interest rate swaps	Deposits	\$ 391,547	\$391,547	\$ 907
Currency swaps	Loans, deposits, and securities in foreign currencies	170,560	170,560	1,718
Forward contracts	Loans, deposits, and securities in foreign currencies	2,474,899		(38,073)
Special hedging treatment				
Interest rate swaps	Loans and bonds payable	547,065	264,751	

Notes: 1. Principally, deferral hedge accounting is applied as stipulated in JICPA Industry Audit Committee Report No. 24, "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in the Banking Industry."
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, 2014 and 2013, were as follows:

1. Related-Party Transactions with the Bank

Related Party	Category	Description of Transactions	Thousands of U.S. Dollars		
			2014	2013	2014
Yasuhiko Saito	Audit & Supervisory	Legal service fees	¥ 20	¥ 25	\$ 195
Lawyer	Board Member of Shizuoka Bank	Loans	67	73	656
Kai Goto	Close relative of a director of Shizuoka Bank	Loans	161		1,568
Kenji Mizuguchi	Close relative of a director of Shizuoka Bank	Loans	39	41	383

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

2. Related-Party Transactions with Subsidiaries

Related Party	Category	Description of Transactions	Thousands of U.S. Dollars		
			2014	2013	2014
Yasuhiko Saito	Audit & Supervisory	Legal service fees	¥ 2	¥ 2	\$ 21
Lawyer	Board Member of Shizuoka Bank and its subsidiaries	Lease payments	4	4	44
		Lease investment assets on Mar 31	11	15	113

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

32. COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2014 and 2013, were as follows:

	Millions of Yen		Thousands of
	2014	2013	U.S. Dollars
Unrealized gain on available-for-sale securities			2014
Gains arising during the year	¥15,475	¥65,551	\$ 150,365
Reclassification adjustments to profit and loss	(17,600)	(12,256)	(171,013)
Amount before income tax effect	(2,125)	53,295	(20,648)
Income tax effect	1,406	(17,772)	13,666
Total	¥ (718)	¥35,522	\$ (6,982)
Deferred gains on derivatives under hedge accounting			
Gains arising during the year	¥ (862)	¥ (165)	\$ (8,382)
Reclassification adjustments to profit and loss	866	474	8,417
Amount before income tax effect	3	309	35
Income tax effect	(9)	(112)	(92)
Total	¥ (5)	¥ 196	\$ (57)
Foreign currency translation adjustments			
Gains arising during the year	¥ 666	¥ 345	\$ 6,478
Reclassification adjustments to profit and loss			
Amount before income tax effect	666	345	6,478
Income tax effect			
Total	¥ 666	¥ 345	\$ 6,478
Total other comprehensive income	¥ (57)	¥36,065	\$ (561)

33. BUSINESS COMBINATION

(1) Increase of Ownership in Subsidiaries

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. acquired their shares from their respective minority shareholders.

As a result, the ownership of the Bank in these subsidiaries has increased.

(2) Business Combination

The Bank and Shizugin Management Consulting Co., Ltd. implemented the following business combination as a transaction under common control.

① Summary of the Business Combination

(A) Name and Business of the Subsidiary

Name: Shizugin Management Consulting Co., Ltd.

Business: Management consulting

(B) Summary and Reasons of the Business Combination

The Bank and Shizugin Management Consulting Co., Ltd. carried out a share exchange, which made the Bank a wholly owning parent company and Shizugin Management Consulting Co., Ltd. a wholly owned subsidiary. The purpose of this exchange was to meet our customer's demands for services with higher quality and more variety, by increasing synergies among the Group and realizing more prompt and efficient management.

(C) Date of the Business Combination

June 29, 2012

(D) Legal Form of the Combination

Share exchange

(E) Name of the Subsidiary after the Combination

No change

② Summary of the Accounting Treatment Implemented

This business combination was accounted for as a transaction under common control, based on the Accounting Standards Board of Japan (ASBJ) Statement No. 21, "Accounting Standard for Business Combinations" and ASBJ Guidance No. 10, "Guidance for

Accounting Standard for Business Combinations and Business Divestitures".

③ Additional Acquisition of Subsidiary's Stocks

(A) Acquisition Cost

	Millions of Yen
Acquisition cost	¥2,169
(Breakdown)	
Treasury stock	2,166
Actual cost of the acquisition	3

(B) Share Exchange Ratio, Calculation Method, and the Number of Allotted Shares Based on the Type of Stocks

(a) Share Exchange Ratio

The Shizuoka Bank Ltd. (Common stock)	Shizugin Management Consulting Co., Ltd. (Common stock)
176	1

(b) Calculation Method

In order to ensure the fairness and appropriateness of the share exchange ratio, the Bank and Shizugin Management Consulting Co., Ltd., assigned KPMG FAS Co., Ltd., and Gyosei & Co., respectively, as third-party valuation institutions to calculate the share exchange ratio.

The Bank and Shizugin Management Consulting Co., Ltd. negotiated and consulted carefully referring to those calculations, and concluded that the share exchange ratio above was fair and appropriate to implement the share exchange.

(c) Number of Allotted Shares

2,648,800 shares

(C) Amount, Cause, and Amortization of Goodwill Incurred

(a) Amount of Goodwill Incurred

¥963 million

(b) Cause

Difference between the Bank's increase in shares of stock corresponding to Shizugin Management Consulting Co., Ltd. and the acquisition cost.

(c) Amortization

The Group has amortized all the goodwill incurred by this combination for the year ended March 31, 2013.

(3) Gains on Negative Goodwill

Because of the increase of ownership indirectly occurred from above transactions, a negative goodwill of ¥13,863 million has incurred. Deducing the above-mentioned goodwill of ¥963 million from this negative goodwill, the Group recorded ¥12,899 million of gains on negative goodwill.

34. NET INCOME PER SHARE

Basic net income per share (EPS) for the years ended March 31, 2014 and 2013, is computed as follows:

Year ended	Millions of Yen	Thousands of	Yen	U.S. Dollars
	Net Income	Shares		
March 31, 2014			Weighted-Average	
		Shares	EPS	
Basic EPS				
Net income available to common shareholders	¥46,723	630,361	¥74.12	\$0.720
Effect of dilutive securities				
Stock options		418	(0.04)	(0.000)
Convertible bonds with stock acquisition rights		34,704	(3.86)	(0.038)
Diluted EPS				
Net income for computation	¥46,723	665,484	¥70.21	\$0.682

Year ended	Millions of Yen	Thousands of	Yen
		Shares	
March 31, 2013	Net Income	Weighted-Average Shares	EPS
Basic EPS			
Net income available to common shareholders	¥56,970	651,268	¥87.47
Effect of dilutive securities			
Stock options		413	(0.05)
Diluted EPS			
Net income for computation	¥56,970	651,682	¥87.42

35. SUBSEQUENT EVENTS

1. Establishment of capital and business alliance

On April 2, 2014, the Board of Directors resolved the following capital and business alliance with Monex Group Inc., and established a contract.

(1) Details of business alliance

The Bank and Monex Group Inc. established a cooperation to provide forward-looking online financial services, which improve the lifestyles of customers, by adopting forefront technologies and ideas. Both parties will discuss the specific contents of alliance and practice without delay.

(2) Details of capital alliance

On April 7, 2014, the Bank purchased following common stock of Monex Group Inc. from ORIX Corporation by over-the-counter transactions, and along with additional acquisition the holding ratio of the Bank reached 20%.

Number of shares: 56,223,300 shares

Purchase price: ¥24,400 million (\$237,086 thousand)

Stock holding ratio: 19.54%

Due to above stock acquisitions, Monex Group Inc. will become an associated company of the Bank accounted for by equity method for the year ending March 31, 2015.

2. Purchase of Treasury Stock

On June 16, 2014, 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 ¥12,000 million (\$116,595 thousand)

Purchase period: July 1, 2014 to July 29, 2014

3. Appropriation of Retained Earnings

The following appropriation of retained earnings was authorized at the ordinary general shareholders' meeting held on June 20, 2014:

	Millions of Yen	Thousands of U.S. Dollars
Cash dividends,		
¥8.0 (\$0.08) per share	¥5,028	\$48,856
Total	¥5,028	\$48,856

Key Consolidated Financial Indicators

Summary of Profits (Losses)

Years ended March 31	Millions of Yen			Percentage Change
	2014	2013	Increase (Decrease)	
Net interest income	¥126,470	¥120,466	¥ 6,003	5.0%
Net fees and commissions	26,927	24,690	2,237	9.1
Net trading income	2,063	2,229	(166)	(7.5)
Net other operating income	2,958	10,021	(7,063)	(70.5)
General and administrative expenses	88,746	86,996	1,749	2.0
Net other ordinary income	5,025	888	4,137	(465.8)
Ordinary profits	74,698	71,300	3,397	4.8
Income before income taxes and minority interests	73,830	83,812	(9,981)	(11.9)
Income taxes:				
Current	22,807	18,631	4,176	22.4
Deferred	3,708	7,652	(3,944)	51.5
Minority interest in net income of consolidated subsidiaries	590	556	33	6.0
Net income	46,723	56,970	(10,246)	(18.0)
Comprehensive income	47,256	93,592	(46,336)	(49.5)

Breakdown of Net Interest Margin

Year ended March 31	Billions of Yen
	2014
Interest income	¥ 134.5
Average interest-earning assets	9,664.2
Average interest rate of interest-earning assets (%)	1.39
Interest expense (Note)	8.1
Average interest-bearing liabilities	9,208.8
Average interest rate of interest-bearing liabilities (%)	0.08
Net interest income	126.4

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

Net Other Operating Income

Years ended March 31	Millions of Yen		
	2014	2013	Increase (Decrease)
Gains on foreign exchange transactions	¥ 864	¥ 528	¥ 335
Gains/losses on government bonds	1,976	9,746	(7,769)
Gains on sales	18,996	12,478	6,517
Losses on sales	(17,019)	(2,732)	(14,287)
Losses on redemptions			
Amortized bond issue cost			
Gains/losses on derivative transactions	113	(264)	378
Proceeds from derivative transactions	113		113
Expenses for derivative products		(264)	264
Others	3	11	(7)
Gains/losses on other business	2,958	10,021	(7,063)
Other operating income	19,977	13,018	6,958
Other operating expenses	(17,019)	(2,996)	(14,022)

Loans Outstanding by Type of Borrower

March 31	Billions of Yen, % Share			
	2014		2013	
Domestic branches:				
Manufacturing	¥1,249.0	17.87%	¥1,200.5	17.68%
Agriculture and forestry	4.5	0.06	4.9	0.07
Fishery	3.4	0.05	3.6	0.05
Mining and quarrying	14.6	0.21	18.1	0.27
Construction	256.3	3.67	283.2	4.17
Utilities	47.0	0.67	41.8	0.62
Telecommunications	51.7	0.74	30.9	0.45
Transportation and mail service	253.9	3.63	256.0	3.77
Wholesale and retailing	777.2	11.12	789.9	11.63
Finance and insurance	495.9	7.09	466.3	6.87
Real estate, lease, and rental	1,382.6	19.78	1,396.2	20.56
Medical, welfare, lodging, and other services	458.0	6.55	467.6	6.89
Local governments	149.3	2.14	144.5	2.13
Other	1,846.5	26.42	1,687.3	24.84
Subtotal	6,990.6	100.00	6,791.5	100.00
Overseas branches and offshore accounts:				
Banks and other financial institutions	5.0	2.21	3.7	2.12
Other	223.0	97.79	174.0	97.88
Subtotal	228.1	100.00	177.7	100.00
Total	¥7,218.7		¥6,969.3	

Risk-Monitored Asset Information

March 31	Millions of Yen		
	2014	2013	Increase (decrease)
Loans under bankruptcy proceedings A	¥ 5,030	¥ 6,418	¥ (1,387)
% of loans and bills discounted	0.06	0.09	(0.02)
Past-due loans B	145,201	179,490	(34,288)
% of loans and bills discounted	2.01	2.57	(0.56)
Loans past due for three months or more C	939	1,865	(925)
% of loans and bills discounted	0.01	0.02	(0.01)
Restructured loans D	15,456	17,102	(1,645)
% of loans and bills discounted	0.21	0.24	(0.03)
Risk-monitored loan total E (E=A+B+C+D)	166,628	204,876	(38,247)
% of loans and bills discounted	2.30	2.93	(0.63)
Value covered with collateral, guarantees, etc. F	147,387	181,069	(33,682)
Cover ratio (%) F/E	88.45	88.37	0.07

Notes: 1. Risk-monitored loans are based on Article 19-2 of the Ordinance for Endorsement of the Banking Act. Because these loans are disclosed regardless of the presence or absence of collateral, guarantees, or other coverage, the figures shown do not represent unrecoverable amounts.

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

3. Restructured loans include loans for which certain conditions have been relaxed for the benefit of the borrower (through such means as the reduction or elimination of interest payments, the deferral of principal repayments, or the relinquishment of a portion of liabilities) with the goal of supporting the recovery of borrowers that have fallen into financial difficulty and thereby promoting the recovery of the loan.

4. Value covered with collateral, guarantees, etc., includes provisions in the specific reserve for possible loan losses. The covered value was stated on a possible disposal basis.

Allowance for Loan Losses

March 31	Millions of Yen	
	2014	2013
General allowance for loan losses	¥36,387	¥41,008
Specific allowance for loan losses	21,033	24,027
Total	¥57,421	¥65,035
[Loans on written-off claims for the year]	¥ [262]	¥ [208]

Financial Index

Years ended March 31	Consolidated			Non-Consolidated		
	2014	2013	Increase (Decrease)	2014	2013	Increase (Decrease)
Per share (Yen):						
Net income	¥ 74.12	¥ 87.47	¥(13.35)	¥ 67.83	¥ 62.79	¥ 5.04
Net assets	1,290.11	1,242.14	47.97	1,257.62	1,204.31	53.31
Cash dividends	15.50	15.00	0.50	15.50	15.00	0.50
Dividend payout ratio (%)				22.84	23.88	(1.04)
Return on equity (%) (Note)	5.78	7.43	(1.65)	6.73	6.52	0.21
Price earnings ratio (%)	13.58	12.11	1.47	14.84	16.88	(2.04)

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

Capital Adequacy Ratio

	Billions of Yen			
	Consolidated		Nonconsolidated	
	2014	2013	2014	2013
March 31				
1. Total capital ratio (%)	16.85	17.46	16.37	16.97
2. Tier 1 ratio (%)	15.45	15.55	14.98	15.08
3. Common Equity Tier 1 ratio (%)	15.43	15.55	14.98	15.08
4. Total capital	782.9	768.4	747.8	737.5
5. Tier 1 capital	717.5	684.2	684.5	655.4
6. Common Equity Tier 1 capital	716.8	684.2	684.5	655.4
7. Total risk-weighted assets	4,643.5	4,400.1	4,568.3	4,343.5
8. Total capital requirements	371.4	352.0	365.4	347.4

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

2. The Group has adopted the Foundation Internal Rating-Based Approach to calculate credit risk assets, the Standardized Approach for operational risk, and applied the Market Risk Capital Regulations.

Credit-Related Financial Instruments

	Billions of Yen	
	Contract Amount	
	2014	2013
March 31		
Commitments to extend credit	¥3,041.4	¥3,033.4
Guarantees	111.4	104.1
Total	¥3,152.8	¥3,137.6

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, 2014)
3,050

DATE OF ESTABLISHMENT

March 1, 1943

DOMESTIC NETWORK

(As of July 1, 2014)
Head Office, 173 branches,
26 sub-branches

OVERSEAS NETWORK

(As of July 1, 2014)
3 branches,
2 representative offices and
1 subsidiary

Overseas Service Network

Los Angeles Branch

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

New York Branch

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

Hong Kong Branch

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

Singapore Representative Office

80 Raffles Place, #09-21 UOB Plaza 2,
Singapore 048624
Phone: (65) 6225-3600
Fax: (65) 6225-9901

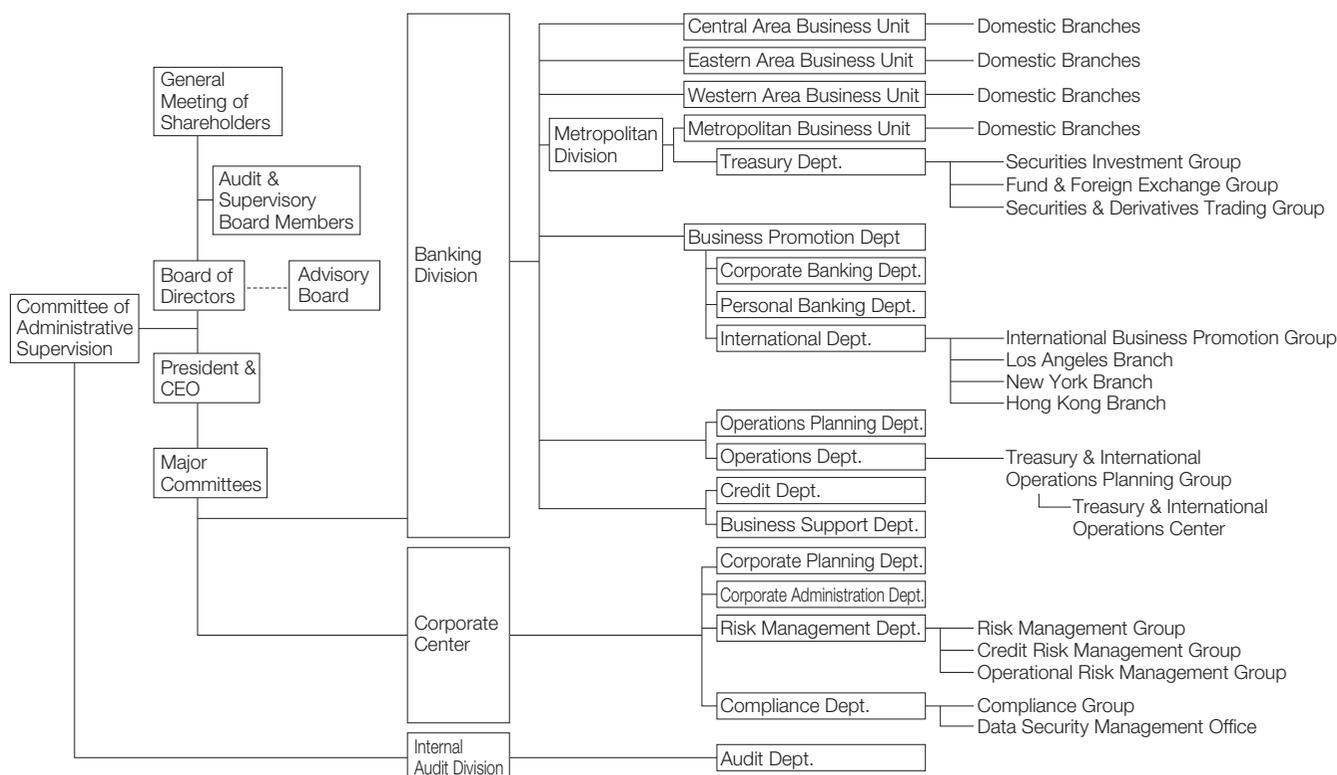
Shanghai Representative Office

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

Shizuoka Bank (Europe) S.A.

Rue Jules Cockx 8-10, Box 9, 1160
Auderghem, Brussels, Belgium
Phone: (32) 2-646-0470
Fax: (32) 2-646-2462

Organization Chart



Board of Directors and Audit & Supervisory Board

President & CEO

Katsunori Nakanishi

Deputy President & CFO

Masahiro Goto

Representative Director & Senior Managing Executive Officer
COO

Akihiro Nakamura

Director & Senior Managing Executive Officer

Itsuro Hitosugi

Director & Senior Executive Officers

Hiroki Saito

Yoshihiro Nagasawa

Hisashi Shibata

Minoru Yagi

Directors

Yukihiro Fushimi

Kumi Fujisawa

Audit & Supervisory Board Members

Hisashi Hotta

Yutaka Okoshi

Yasuhiko Saito

Mitsuhiro Ishibashi

CEO=Chief Executive Officer

CFO=Chief Financial Officer

COO=Chief Operating Officer

(As of July 1, 2014)

Investor Information

CAPITAL STOCK (As of March 31, 2014)

Common stock..... ¥90,845 million

NUMBER OF SHARES (As of March 31, 2014)

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

Issued and outstanding 665,129,069 shares

NUMBER OF SHAREHOLDERS (As of March 31, 2014)

22,528

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	2010	2011	2012	2013	2014
High	994	834	867	1,078	1,310
Low	762	617	682	752	926

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

(Yen)

Month	Oct. 2013	Nov. 2013	Dec. 2013	Jan. 2014	Feb. 2014	Mar. 2014
High	1,143	1,180	1,180	1,124	1,026	1,035
Low	1,038	1,071	1,066	1,013	926	938

PRINCIPAL SHAREHOLDERS

The 10 largest shareholders of the Bank and their respective shareholdings at March 31, 2014 were as follows:

	Number of Shares in Thousands	Percentage of Total Shares Outstanding
Nippon Life Insurance Company	29,745	4.73%
Meiji Yasuda Life Insurance Company	29,117	4.63
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	23,884	3.80
The Master Trust Bank of Japan, Ltd. (trust account)	23,043	3.66
Japan Trustee Services Bank, Ltd. (trust account)	20,505	3.26
Sumitomo Life Insurance Company	13,070	2.07
Tokio Marine & Nichido Fire Insurance Co., Ltd.	11,608	1.84
The Dai-ichi Mutual Life Insurance Company	11,546	1.83
Mitsui Sumitomo Insurance Company, Ltd.	10,197	1.62
Daiichi Sankyo Company, Limited	9,343	1.48
Total	182,058	28.92%

The Shizuoka Bank Group

Consolidated Subsidiaries

SHIZUGIN MANAGEMENT CONSULTING CO., LTD.

Corporate and financial management
advisory services
Bill collection services

SHIZUGIN LEASE CO., LTD.

Leasing

SHIZUOKA COMPUTER SERVICE CO., LTD.

Computer system development and operation

SHIZUGIN CREDIT GUARANTY CO., LTD.

Guarantee of housing loans, etc.

SHIZUGIN DC CARD CO., LTD.

Credit card and guarantee of consumer loans

SHIZUOKA CAPITAL CO., LTD.

Public-offering assistance
Support for corporate rehabilitation

SHIZUGIN TM SECURITIES CO., LTD.

Securities

SHIZUGIN GENERAL SERVICE CO., LTD.

Fee-based job placement services
General administration

SHIZUGIN MORTGAGE SERVICE CO., LTD.

Appraisal of real estate for loan collateral
Operation center for loans

SHIZUGIN BUSINESS CREATE CO., LTD.

Operation center for remittance and bill
collection
Part-time employee management

SHIZUOKA BANK (EUROPE) S.A.

Finance and securities-related services

Affiliates under Equity Method

SHIZUGIN SAISON CARD CO., LTD.

Credit card and guarantee of consumer loans

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

THE SHIZUOKA BANK, LTD.