



Shizuoka Bank Group

Annual Report 2017



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

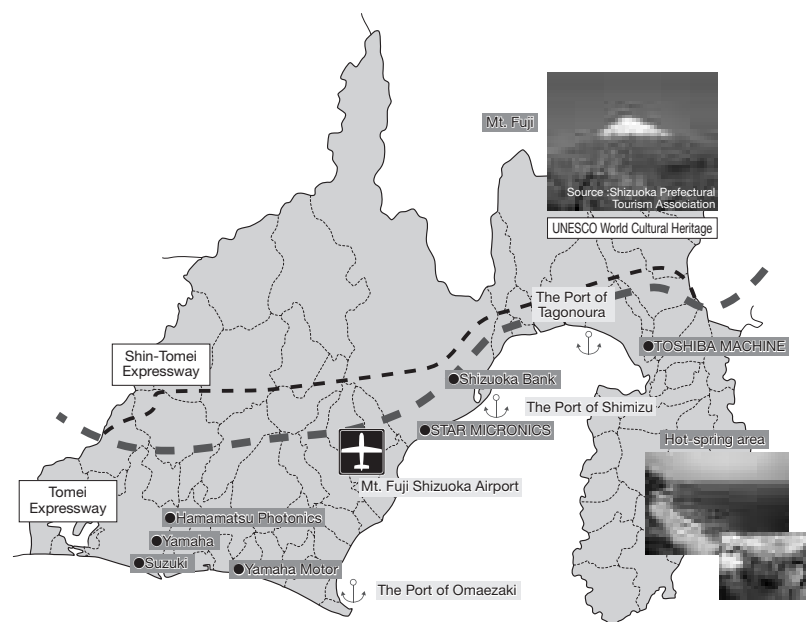
regional economy. We expect that Shizuoka prefecture will be more internationalized, stimulating the interchange of people and ideas with the major urban centers of Eastern Asia, and act as an important driving force for the regional economy.

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.

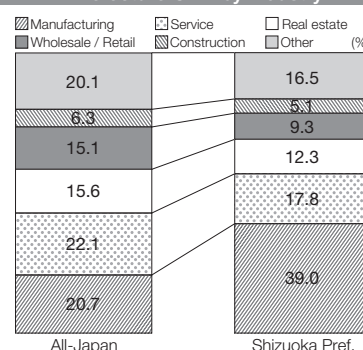


Economy in Shizuoka Prefecture and current state

- 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 musical instruments and so forth.
- Has many of representative tourist locations coming from its rich natural environment.
- Mt. Fuji and other inscribed properties were registered for the UNESCO World Heritage List on June 22 2013 as “Fujisan, sacred place and source of artistic inspiration.”



Percentage distribution of Shizuoka Prefecture GDP by industry



Source: Cabinet Office, Government of Japan, FY2013

No. of listed companies with HQs in Shizuoka Prefecture

Listing	No. of companies
TSE 1 st section	22
TSE 2 nd section	10
Mothers	1
Jasdaq	17
Total	50

*As of the end of Oct. 2016, companies listed on more than one exchange were counted as TSE-listed

Economic scale of Shizuoka Prefecture

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

Shizuoka Prefecture indices			
	Share of all-Japan		National ranking
Population	3.69m	2.9%	10th of 47 (2016)
No. of households	1.54m	2.7%	10th of 47 (2016)
Nominal prefectural GDP	JPY 15.9tn	3.1%	10th of 47 (FY2013)
Per-capita income	JPY 3.326m	-	3rd of 47 (FY2013)
No. of business establishments	180k	3.1%	10th of 47 (2014)
Amount of shipments of manufactured goods, etc.	JPY 15.7tn	5.3%	4th of 47 (2014)
Agricultural output	JPY 220.4bn	2.5%	15th of 47 (2015)
Fishery production volume(*)	170k tons	5.3%	4th of 47 (2016)
No. of industrial locations(*)	74	7.2%	1st of 47 (2016)
No. of new housing starts	25k	2.6%	10th of 47 (2016)

*Based on flash reports

Shizuoka Prefecture economic scale

Prefectural GDP (FY2013, Nominal)		
Rank	Prefecture/Region	(US\$ billions)
9	Fukuoka Prefecture	181.5
10	Shizuoka Prefecture	158.4
11	Ibaraki Prefecture	114.8
-	4 prefectures of Shikoku	135.9
-	3 prefectures of Hokuriku	120.0
GDP comparison with various countries (2013)		
Rank	Country (Region)	(US\$ billions)
57	Kuwait	174.2
58	Vietnam	170.4
59	Bangladesh	161.3
-	Shizuoka Prefecture	158.4
60	Hungary	134.7
61	Angola	124.9

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

Shizuoka Bank Group at a Glance

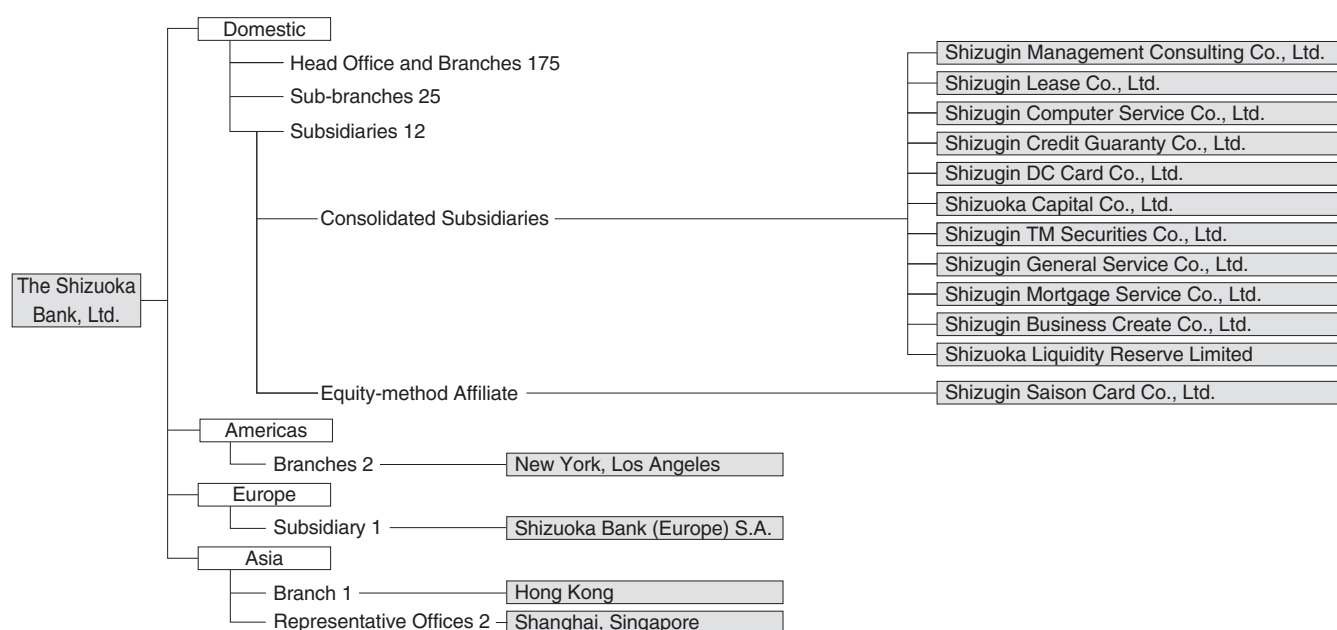
NURTURING THE VISION OF A PROSPEROUS COMMUNITY

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

A FIRST-CLASS REGIONAL BANK GROUP

The Shizuoka Bank Group comprises Shizuoka Bank and thirteen Group companies, and is one of the largest regional banking groups in Japan. Centered on Shizuoka Bank with the Head Office, 174 branches and 25 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, 2017)



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

Contents

Economic Overview of Shizuoka Prefecture	1	Support for Business Start-ups and Entry to New Business Fields and Initiatives in Growth Fields	17
Shizuoka Bank Group at a Glance	2	Support for Overseas Business Development	18
To Our Shareholders and Other Stakeholders	3	Independent Auditor's Report	19
Message from the President	4	Consolidated Balance Sheet	20
13th Medium-term Business Plan "TSUNAGU"	5	Consolidated Statement of Income	21
Financial Highlights	8	Consolidated Statement of Comprehensive Income	21
Sound Financial Condition	9	Consolidated Statement of Changes in Equity	22
Results of Initiatives in Fiscal 2016	10	Consolidated Statement of Cash Flows	23
Corporate Governance Structure	12	Notes to Consolidated Financial Statements	24
Risk Management System	14	Key Consolidated Financial Indicators	42
Region-based Relationship Banking	16	The Shizuoka Bank	45

To Our Shareholders and Other Stakeholders



Katsunori Nakanishi
Chairman & CEO

Hisashi Shibata
President

As we survey the Japanese economy, personal consumption is expected to be robust in view of the improvement in the labor market and the recovery of consumer confidence, and the upward trend of private-sector capital investment is likely to continue, reflecting better corporate earnings. Thus, the Japanese economy is expected to remain on a modest recovery track. Meanwhile, changes are also expected in the international situation due to the policies of the U.S. administration and political trends in Europe, as well as geopolitical risks centering on the Middle East and North Korea. There are significant concerns that, if problems were to become acute, turmoil in financial markets might adversely affect the world economy, and there is a rising sense of uncertainty about the future.

In view of the various structural changes occurring in Japanese society, financial institutions are operating in a challenging environment shaped by the unprecedented monetary easing policy characterized by negative interest rates. In this rapidly changing business environment, the Shizuoka Bank Group launched the 13th Medium-term Business Plan “TSUNAGU” charting the Group’s course. Based on this plan, the Group vision is for “Shizugin” to become an “Innovative Bank” that will continue to create new value along with the region. As “Shizugin,” we aim to be a financial institution that, no matter what the circumstances may be, is always side by side, growing together with the region through the provision of comprehensive financial services. The plan also underlines our resolve to step up initiatives for new business fields developed under the 12th Medium-term Business Plan, and moreover, to devote our energy and expertise to creating a new business model as a regional financial institution always at the forefront of the era.

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

July 2017

A stylized, cursive signature of Katsunori Nakanishi.

Katsunori Nakanishi
Chairman & CEO

A stylized, cursive signature of Hisashi Shibata.

Hisashi Shibata
President

Message from the President

Innovative Bank: “Shizugin” will Continue to Create New Value along with the Region

Having assumed office as President of the Shizuoka Bank, I resolve to do my utmost to meet your expectations and earn your trust. I would greatly appreciate your support.

To Protect the Tradition of Sound Management

Looking back at fiscal 2016, the Bank operated in a challenging environment in view of the unprecedented monetary easing policy characterized by negative interest rates. We made a Group-wide effort to bring the final year of the 12th Medium-term Business Plan, “TOBIRA—Open a Gate for the Next” to a successful conclusion despite the adverse environment.

While major initiatives are mentioned in this report, due to the worsening of losses on valuation of foreign bonds owing to turmoil in financial markets following the U.S. presidential election, the Bank wrote off the losses to ensure flexibility in bond investment in order to maintain its sound financial standing, the traditional strength of the Shizuoka Bank Group. The Bank also recorded a loss on valuation of stocks of subsidiaries and affiliates with a view to reducing operating risks. Unfortunately, profit decreased as a result.

However, we saw solid progress in our initiatives based on the 12th Medium-term Business Plan, resulting in favorable increases in both deposits and loans. In particular, retail loans steadily increased as housing loan products with life insurance, offering extensive coverage of illness and injury, were well received. Moreover, we offered solutions to help local companies resolve their management issues, including support for business succession and management improvement, and provided funds based on business evaluation including technological capabilities and potential. As a result of these initiatives to further enhance region-based relationship banking, the total balance of loans increased by about ¥700 billion in the three years covered by the 12th Medium-term Business Plan.

Seeking Possibilities for Collaboration with Companies in Other Business Sectors

With the declining regional population becoming a social issue, attention has been focused on management integration among regional financial institutions in a bid to survive. The Shizuoka Bank, however, has set itself apart from this trend and is endeavoring to establish a new business model through collaboration with companies in business sectors other than banking to open up new possibilities as a regional financial institution.

As a first step, we entered into a capital and business alliance with Monex Group, Inc. in April 2014. Then, following the capital and business alliances with Money Forward, Inc. in August 2015 and Commons Asset Management, Inc. in October 2015, we formed business tie-ups with HOKEN NO MADOGUCHI INC. in June 2016 and renoveru co., Ltd. in August 2016.

These alliances with companies in other business sectors have started to yield tangible results. Money Forward for Shizuoka Bank, an app for household budget management launched in April 2016, is now helping over 50,000 customers manage their household accounts. HOKEN NO MADOGUCHI@Shizugin is a new type of service desk offering insurance consultation. Opened in Shizuoka City and Hamamatsu City, these desks serve as points for consultation-based sales starting with life planning, enabling us to address the diverse needs of customers. Moreover, we are working with renoveru co., Ltd. to vitalize the market for property renovation, which is expected to be a means of countering the issue of vacant residential property in the regions.

We are also taking an active approach to FinTech, which is creating new trends in financial services. For example, we participated in a pilot project for vitalization of a community, in which the NeCoban e-coupon service developed based on blockchain technology is being provided in Yoshiwara shopping street in Fuji City.

For Sustainable Growth of the Region

Regarding regional revitalization, each region seeks to capitalize on its characteristics in order to foster autonomous, sustainable societies. The Shizuoka Bank Group has entered into alliance agreements with all 35 municipalities in Shizuoka Prefecture to offer comprehensive support for their regional revitalization initiatives. Fulfilling our role as a coordinator for all elements of regional society, including industry, government, academia, the financial sector, the labor force, the mass media, and licensed professionals, we are conducting a wide range of activities, including promotion of tourism and support for human resources development.

For example, the Shizuoka Bank Group organized the second Conference on Regional Revitalization in which some 500 people, including people involved in regional revitalization at municipal governments, participated via a teleconference system. They shared information and exchanged opinions

about how best to support small and medium-sized enterprises so as to vitalize the region, as well as tourism promotion measures involving cooperation between the public and private sectors.

With regard to tourism promotion, the Shizuoka Bank, Shizuoka Prefectural Government, Kanagawa Prefectural Government, and the Bank of Yokohama jointly established the Kanagawa-Shizuoka Prefectural Border Regional Revitalization Liaison Committee. Efforts are underway to promote regional revitalization by pursuing synergy through collaboration among adjacent areas, including preparation of a map emphasizing the unity of the Fuji, Hakone, and Izu areas by eliminating the names of the prefectures and the prefectural borders.

As for initiatives unique to the Shizuoka Bank, we hosted the fifth Shizugin Entrepreneur Awards with the aim of fostering entrepreneurs in the region. Cumulative applications totaled 716. We are making a Group-wide effort to support not only award winners but also other applicants who aspire to realize business plans, in order to spur the vitalization of the region's economy and contribute to job creation.

In addition, our Shizuginship training club for next-generation managers, which helps foster the development of people who will lead the regional economy in the future, celebrated its 10th anniversary. Shizuginship offers young managers opportunities to cultivate networks transcending business sectors while enhancing their managerial capabilities. Going forward, we plan to promote integration of the Shizuginship training club with education and training of Shizuoka Bank Group employees as part of our intention to make greater efforts for comprehensive human resources development to foster next-generation business leaders in the region.

13th Medium-term Business Plan “TSUNAGU” Launched

The Shizuoka Bank launched its 13th Medium-term Business Plan “TSUNAGU” in April this year. The plan is linked to the vision—“Innovative Bank: ‘Shizugin’ will continue to create new value along with the region.”

The plan comprises four basic strategies, namely, reinforce core businesses by focusing on regional economic growth, build a new business model for regional bank by developing and monetizing new business fields, reform sales operations using the retail channel and IT infrastructure, and help realize the dreams and increase the wealth of the region, customers, employees, and shareholders. By implementing these strategies, we seek to accelerate the growth capabilities that we have cultivated under the 12th Medium-term Business Plan. At the same time, we will endeavor to create new value in the business fields that have sustained the Shizuoka Bank Group's growth so far. This plan articulates our direction as a financial institution that, no matter what the circumstances may be, is always side by side, growing together with the region.

In addition, to steadily promote this plan, we conducted a significant reorganization in June 2017. For example, the organizations that were arranged according to markets have been reorganized into a new structure based on a channel strategy. We established the Solutions Business Department to promote proposal-driven business, involving business succession for example, and the Direct Business Promotion Department supervising non-face-to-face sales operations. The purpose of this reorganization is to enhance consulting functions and to facilitate cross-organizational collaboration for formulation and promotion of sales strategies based on the Medium-term Business Plan.

Keen Insight into Change of the Era

Given the changes in social structure emerging in various fields, it is possible to say that we are in the midst of the most tempestuous changes of any era we have ever experienced.

In this era in which it is particularly difficult to anticipate future, we believe it is more important than anything else to take the initiative and illuminate a path to the future by creating a new business model of a regional bank as a frontrunner among regional financial institutions. However, when extending the conventional approach does not provide answers, it is also important to be unafraid to disconnect from convention and pursue a new direction. The 13th Medium-term business Plan “TSUNAGU” provides the guiding principles to be applied in decision-making in these situations.

Based on these principles, the Shizuoka Bank Group is committed to management with a focus on what a regional financial institution should be in 10 to 20 years' time, and thus fulfill the expectations of our stakeholders and earn their trust. If, through the financial services we offer, we can connect the region, customers, employees, and shareholders, strengthen mutual ties, and envisage a prosperous future, that will be the realization of our corporate philosophy to “expand dreams and affluence with our community,” and the fulfillment of our mission as a regional financial institution.

I would be grateful for your continued understanding and support in the years ahead.

13th Medium-term Business Plan “TSUNAGU” (fiscal 2017-2019)

TSUNAGU

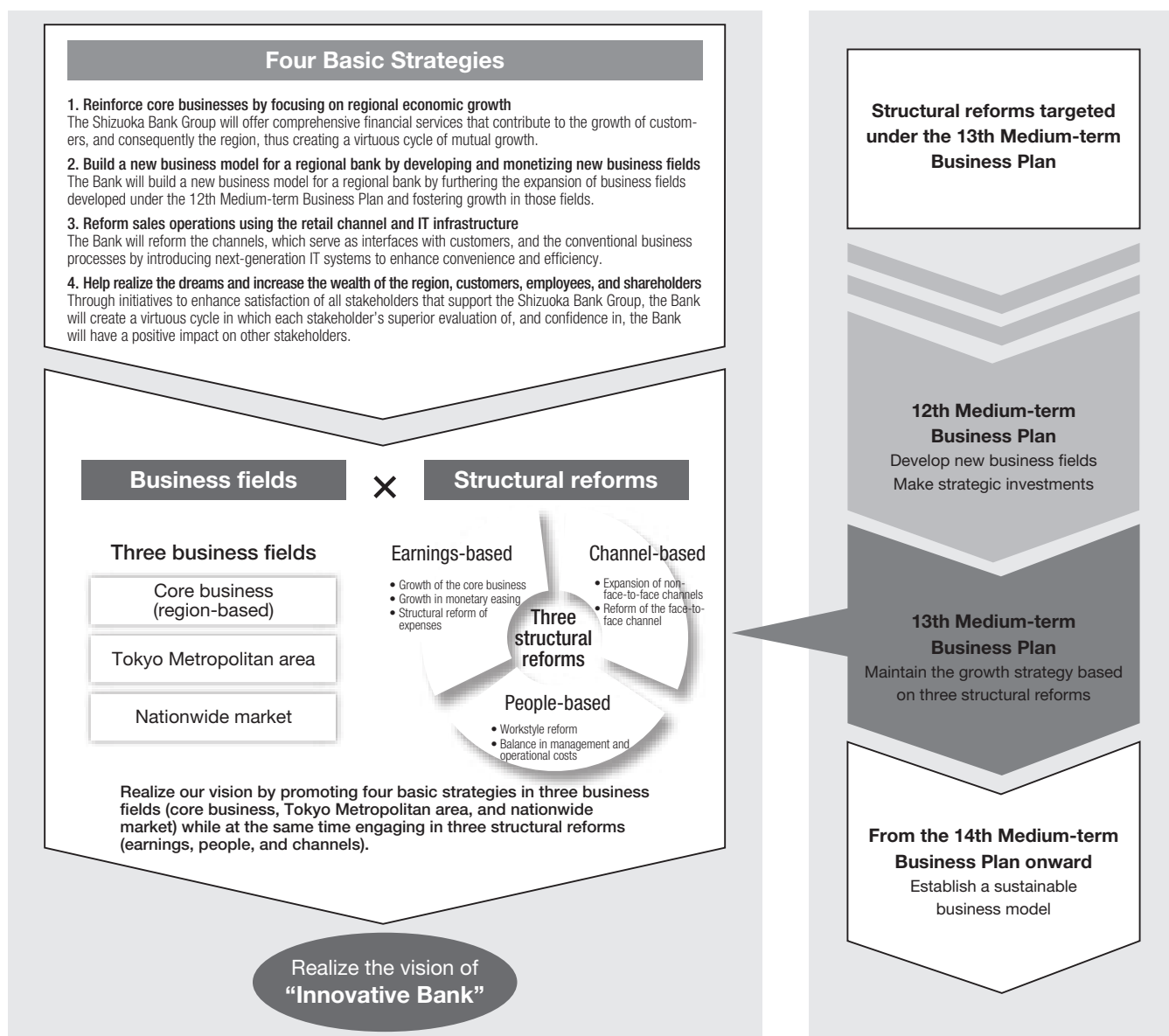
The Shizuoka Bank has launched the 13th Medium-term Business Plan “TSUNAGU.”

Under this plan, we will strengthen our core businesses in the region through the provision of comprehensive financial services. At the same time, we will step up the expansion of new business fields developed under the 12th Medium-term Business Plan to create a new business model for sustainable growth of the Shizuoka Bank Group.

Aspirations of “TSUNAGU”

- Grow hand in hand with the region. Bequeath the tradition of the Shizuoka Bank Group to the next generation
- Connect all stakeholders (region, customers, employees, and shareholders) through financial services offered by the Shizuoka Bank Group
- Link the three structural reforms under the 13th Medium-term Business Plan to the establishment of a sustainable business model under the 14th Medium-term Business Plan

Vision **Innovative Bank:** “Shizugin” will Continue to Create New Value along with the Region



Target performance indicators

		Fiscal 2019 targets
Profitability indicators	Consolidated ordinary income	¥77.0 billion or more
	Consolidated net income	¥54.0 billion or more
Efficiency indicators	Consolidated ROE	Around 6%
	Consolidated OHR	Around 55%
Financial soundness indicator	Consolidated Common Equity Tier I Ratio	Around 14%
Indicator for investors	Shareholder return ratio	50% level over the medium to long term

Basic Strategy ① Reinforce core businesses by focusing on regional economic growth

Basic Strategy ② Build a new business model for regional bank by developing and monetizing new business fields

- Support the growth of the regional economy by using the Bank's outstanding capabilities in providing solutions as a top-tier regional bank, to enable Shizugin to achieve sustainable growth together with the region.

- Foster the new business fields that were developed under the 12th Medium-term Business Plan so that they will become pillars underpinning the medium- to long-term growth strategy.

Connect with corporate customers

Realization of "enhanced corporate value" through business evaluation

- Examine and evaluate businesses that will be the core of the regional economy
- Provide support contributing to growth of regional companies to create a virtuous cycle of growth together with the region

Support of business restructuring

- Support business succession and business restructuring and turnaround for companies of all sizes by utilizing the Bank's cultivated expertise as a top-tier regional bank

Initiatives for small business operators

- Offer loan products to small business operators nationwide through collaboration with partners in other business sectors or through the Internet

Connect with retail customers

Further strengthening of the housing loan business

- Strengthen the customer support system by expanding the network of loan centers and assigning personnel exclusively engaged in the housing loan business

From sales of assets under custody to life planning support

- 1) Support system
Establish a special team for inheritance, foster advisors
- 2) Products and services
Provide "comprehensive advisory and support services" as measures for dealing with vacant residential property and deceased persons' belongings
→ Establish a system capable of responding to all needs concerning inheritance

Cultivation of new loan markets

- 1) Renovation loans
Develop a financial scheme to increase the liquidity of pre-owned residential properties
- 2) Reverse mortgage loans
Respond to all types of financial needs by offering loan products for unrestricted purposes

Expansion of the Internet Branch

- Establish a broad customer base by expanding transactions with customers nationwide

Further growth of new business fields developed under the 12th Medium-term Business Plan

- Expand business in the credit investment field
- Promote loans for asset building, mainly in the Tokyo Metropolitan area

Provision of comprehensive financial services by utilizing the Group's functions to the maximum extent

- Offer advanced solutions for resolving customers' issues in collaboration with Group companies

Linking "human resources development for the region" with "human resources development of the Shizugin Group"

- Combine the Shizuginship workshop with the Group's employee education and cultivate strong relationships with the next-generation business leaders in the region

TOPICS

Challenge on New Business Fields

Identify new growth opportunities that lead to sustained growth by establishing a foundation for a broad range of services in collaboration with partners in other business sectors

12th Medium-term Business Plan

- Apr. 2014 Capital and business alliance with Monex Group, Inc.

Expanding future-oriented online financial services



- Aug. 2015 Capital and business alliance with Money Forward, Inc.

Offering financial services in the FinTech field



- Sep. 2015 Establishment of HOUALL Corporation

Establishing a housing-related service platform



- Oct. 2015 Capital and business alliance with Commons Asset Management, Inc.

Offering asset-building services for the working-age people and young adults



- Dec. 2015 Investment in Global Catalyst Partners Japan, LPS*

Gaining ideas about new business, and fostering human resources who have startup know-how of new business and discerning ability



- Jun. 2016 Business alliance with HOKEN NO MADOGUCHI GROUP INC.

Jointly operating desks specializing in insurance consultation, and developing a one-stop channel for financial services



- Aug. 2016 Business alliance with renoveru co., ltd.

Strengthening of the housing loan business to attract more customers in the highly promising property renovation market



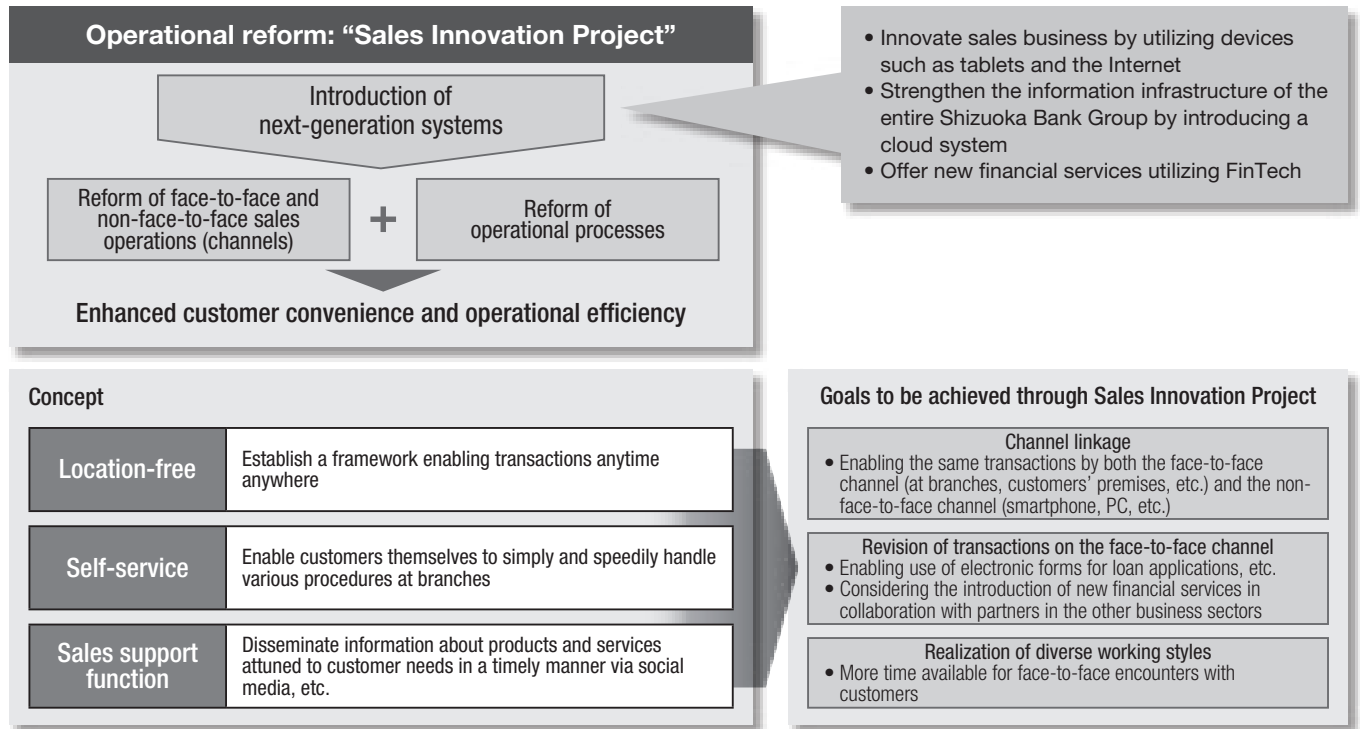
13th Medium-term Business Plan

Foundation for new growth

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

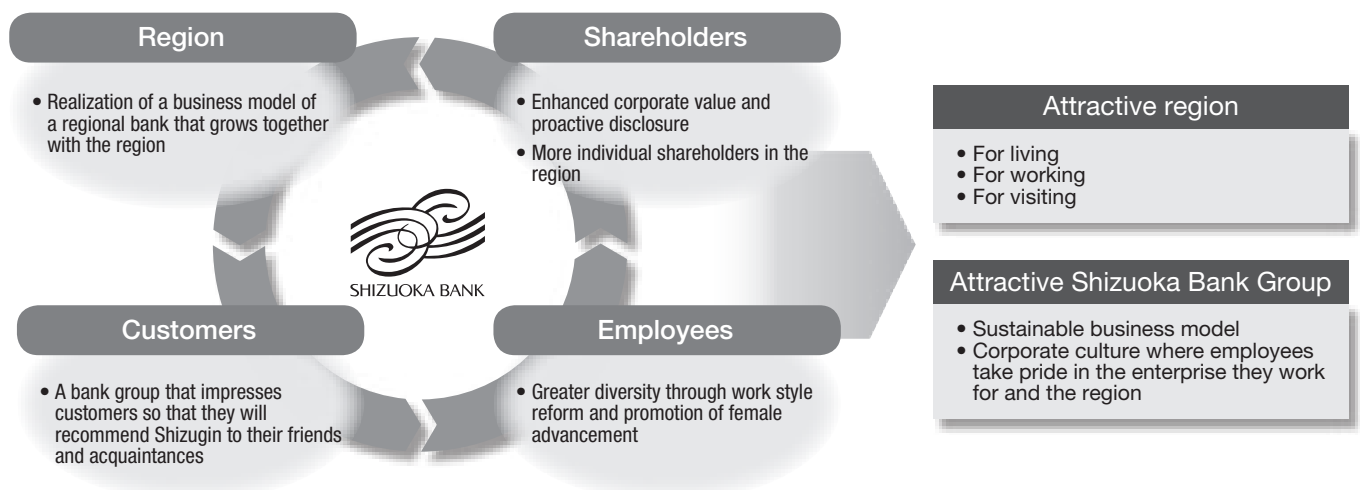
Basic Strategy ③ Reform sales operations using the retail channel and IT infrastructure

The Bank will reform the channels, which serve as interfaces with customers, and the conventional banking business processes by introducing next-generation IT systems, which have been under development since Fiscal 2013, to enhance customer convenience and efficiency of the Bank's operations.



Basic Strategy ④ Help realize the dreams and increase the wealth of the region, customers, employees, and shareholders

Through initiatives to enhance satisfaction of all stakeholders who support the Shizuoka Bank Group, the Bank aims to make the region and the Shizuoka Bank Group attractive and will create a virtuous cycle in which each stakeholder's superior evaluation of, and confidence in, the Bank will have a positive impact on other stakeholders.



Financial Highlights

Business Performance

Consolidated Financial Summary

	Billions of Yen			YoY
	2014	2015	2016	change
Ordinary income	211.6	223.6	249.8	+26.2
Ordinary profit	75.1	72.8	47.1	(25.7)
Net income attributable to owners of the parent	49.9	47.9	29.3	(18.6)
Capital adequacy ratio (%) *1	16.45	15.09	16.35	+1.26
Tier I ratio (%) *2	15.16	14.79	16.35	+1.56

*1 Based on Basel III standard

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

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

Nonconsolidated Financial Summary

	Billions of Yen			YoY
	2014	2015	2016	change
Ordinary income	175.4	187.0	210.6	+23.6
Gross operating profit	144.5	145.4	98.6	(46.8)
Net operating profit	63.0	67.5	19.2	(48.3)
Actual net operating profit	63.0	65.9	19.4	(46.5)
Core net operating profit	49.8	54.6	49.5	(5.1)
Ordinary profit	67.1	66.1	51.8	(14.3)
Net income	42.6	44.0	24.4	(19.6)
Loans	7,393.1	7,663.7	7,955.3	+291.6
Deposits	8,715.1	9,002.4	9,304.1	+301.7
Net assets	891.5	882.1	888.0	+5.9
Total assets	11,169.3	11,085.0	11,030.4	(54.6)

* 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)

	2014	2015	2016	YoY
				change
Return on equity (ROE)	5.06	4.96	2.76	(2.2)
Return on assets (ROA)	0.41	0.41	0.23	(0.18)
Overhead ratio (OHR)	56.42	54.65	80.35	+25.70
Net income per share (yen)	68.46	71.42	40.04	(31.38)
Net assets per share (yen)	1,440.68	1,436.53	1,470.10	+33.57

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 ROA, 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.

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

Shareholder Returns

Cash Dividends

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

Emphasizing returning profit to shareholders, the Bank paid dividends amounting to ¥20 per share for fiscal 2016 (full year) and the payout ratio was 49.83%.

Maintaining its emphasis on shareholder returns, the Bank intends to pay a dividend of ¥20 per share for the full year of fiscal 2017.

Cash dividends

	FY 2015	FY 2016	FY2017 Forecast
Dividend per share (full year) (yen)	20.00	20.00	20.00
Dividend yield (dividend / share price at year-end) (%)	2.46	2.20	-

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 206 million shares by the end of fiscal 2016. We believe increasing the efficiency of capital and enhancing shareholder returns will lead to higher corporate value.

The 13th Medium-term Business Plan launched in April 2017 sets a target for shareholder returns comprising both dividends and stock repurchases. The target shareholder return ratio is 50% level over the medium to long term.

What is share buyback?

Repurchase by a company of its own stock.

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

Shareholder returns

	FY 2015	FY 2016	FY2007-FY2016 (10 years)
Annual dividend (billion yen) ①	12.3	12.2	98.7 (accumulated total)
Purchase of treasury stock (billion yen) ②	7.0	8.5	103.9 (accumulated total)
Shareholder returns (billion yen) ③=①+②	19.3	20.7	202.6 (accumulated total)
Net income (billion yen) ④	44.0	24.4	344.8 (accumulated total)
Payout ratio (%) ①/④×100	27.91	49.83	28.63 (average)
Shareholder return ratio (%) ③/④×100	43.83	84.60	58.76 (average)

Sound Financial Condition

High Credit Ratings

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

At the date of this annual report, the Bank has long-term and short-term ratings of A1 and P-1, respectively, from Moody's, and A+ and A-1 from Standard & Poor's. These credit ratings are among the highest received by any Japanese financial institution.

The Shizuoka Bank's credit ratings

(as of July 1, 2017)

	Long-term rating	Short-term rating
Moody's	A1	P-1*
Standard & Poor's	A+	A-1
Rating and Investment Information, Inc.	AA	-

* There are four credit ratings, P-1, P-2, P-3, and NP, in descending order. NP indicates "Not Prime" and means speculative grade issuers.

Sound Assets

In addition to minimizing the occurrence of non-performing loans by helping loan customers improve their management, the Shizuoka Bank promotes business turnaround and clearing of non-performing loans off its balance sheet. As a result, as of March 31, 2017, risk-monitored loans totaled ¥100.8 billion and the ratio of risk-monitored loans to total loans was 1.26%.

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 ¥12.6 billion and the ratio of net risk-monitored loans to total loans was 0.15%.

Credit costs remained low and the ratio of net credit costs to average balance of total loans was 0.05%.

* 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, 2015	As of March 31, 2016	As of March 31, 2017
Risk-monitored loans	137.3	117.7	100.8
Ratio of risk-monitored loans *1	1.85%	1.53%	1.26%
Ratio of net risk-monitored loans *2	0.20%	0.19%	0.15%

*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 2014	FY 2015	FY 2016
Disposal of non-performing loans *3	0.5	4.0	3.9
Provision for specific allowance for loan losses	-	3.6	3.2
Provision for general allowance for loan losses	*4	(1.6)	0.2
Reversal of allowance for loan losses	0.1	-	-
Recoveries of written-off claims	0.0	0.0	0.0
Net credit-related costs	0.4	2.4	4.1
Net credit cost ratio *5	0.006%	0.03%	0.05%

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

*4 For fiscal 2014, the sum of provision for general allowance for loan losses and provision for specific allowance for loan losses was negative, and therefore recorded as reversal of allowance for loan losses. Reversal of general allowance for loan losses amounted to ¥4.2 billion, and provision for specific allowance for loan losses amounted to ¥4.1 billion, respectively.

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

High Capital Adequacy

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

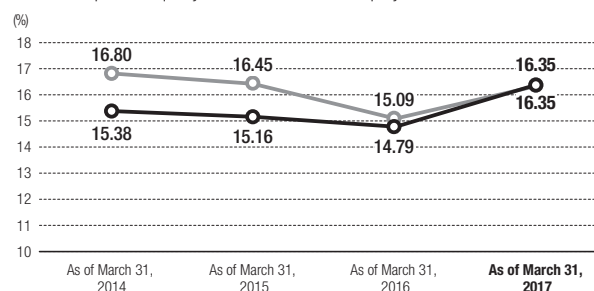
With Basel II, a regulatory standard on capital adequacy introduced in March 2007, banks can choose a method of calculating the capital ratio in accordance with the banks' risk profile and management methodologies. Furthermore, the Bank adopts Basel III, a new standard for regulatory capital adequacy ratio which requires higher capital standards both in quality and volume from fiscal 2012. The Shizuoka Bank has taken steps to upgrade its risk management in response to diversification of operations and transactions and is improving internal systems with the aim of adopting a more sophisticated method of calculation.

BIS Capital Adequacy Ratio

The capital adequacy ratio (consolidated basis) based on Basel III as of March 31, 2017 was 16.35%, and the consolidated Common Equity Tier I ratio was 16.35%, well above the 8% standard for banks with international operations.

BIS capital adequacy ratio (consolidated basis)

○ BIS capital adequacy ratio ○ Common Equity Tier I ratio

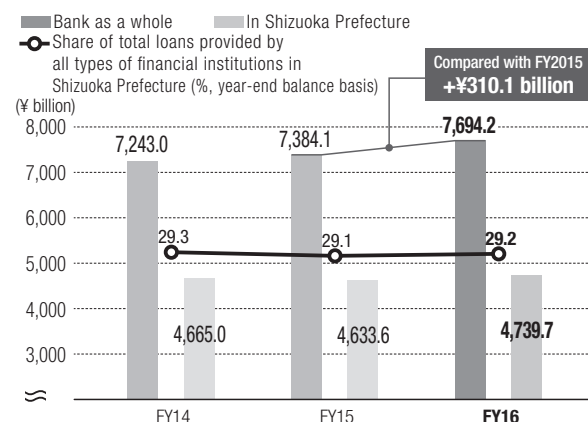


Results of Initiatives in Fiscal 2016

Loans (Nonconsolidated)

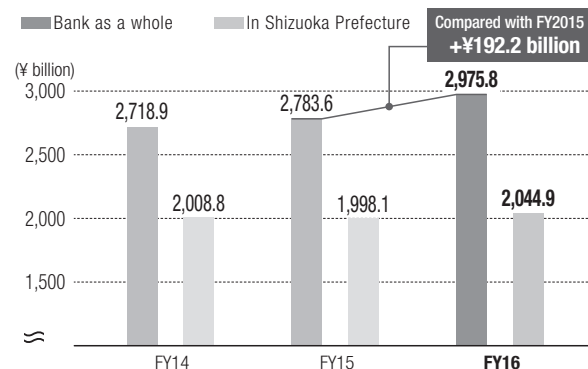
Total loans (average balance)

The average balance of total loans in fiscal 2016 increased by ¥310.1 billion or at an annual rate of 4.2% to ¥7,694.2 billion. Of this amount, the average balance of loans in Shizuoka Prefecture increased by ¥106.1 billion to ¥4,739.7 billion. The Bank's share of loans in Shizuoka Prefecture was 29.2% as of March 31, 2017.



SME loans (average balance)

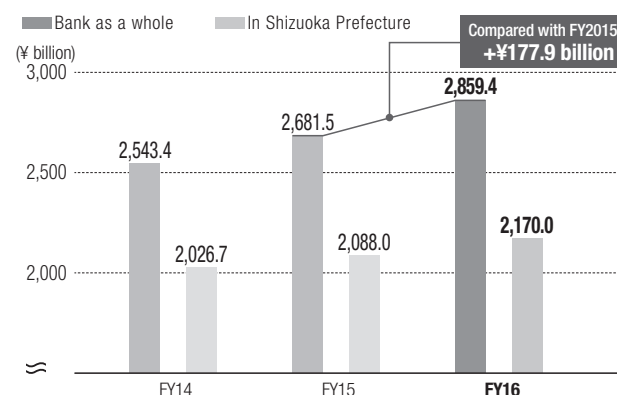
The average balance of loans to small and medium-sized enterprises (SMEs) in fiscal 2016 increased by ¥192.2 billion from fiscal 2015 to ¥2,975.8 billion. Of this amount, the average balance of loans to SMEs in Shizuoka Prefecture increased by ¥46.8 billion to ¥2,044.9 billion.



* Local public corporations are excluded.

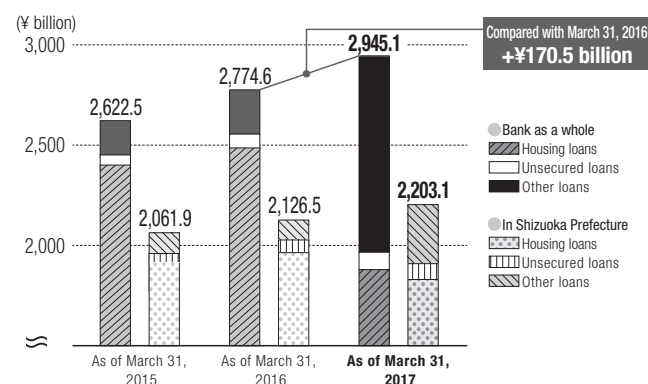
Retail loans (average balance)

The average balance of retail loans in fiscal 2016 increased by ¥177.9 billion from fiscal 2015 to ¥2,859.4 billion. Of this amount, the average balance of retail loans in Shizuoka Prefecture increased by ¥82.0 billion to ¥2,170.0 billion.



Consumer loans (year-end balance)

The balance of consumer loans at the end of fiscal 2016 was ¥2,945.1 billion, having increased by ¥170.5 billion from the end of fiscal 2015, centering on housing loans.



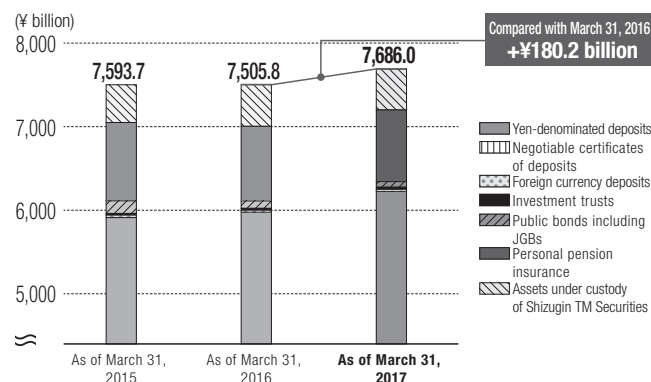
* Housing loans include loans for condominiums.

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

Assets under Custody

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

The balance of retail customers' assets under custody at the end of fiscal 2016, including that of Shizugin TM Securities Co., Ltd., was ¥7,686.0 billion, having increased by ¥180.2 billion from the end of fiscal 2015. The balance of retail customers' assets under custody, excluding yen-denominated deposits and negotiable certificates of deposits, was ¥1,458.5 billion.

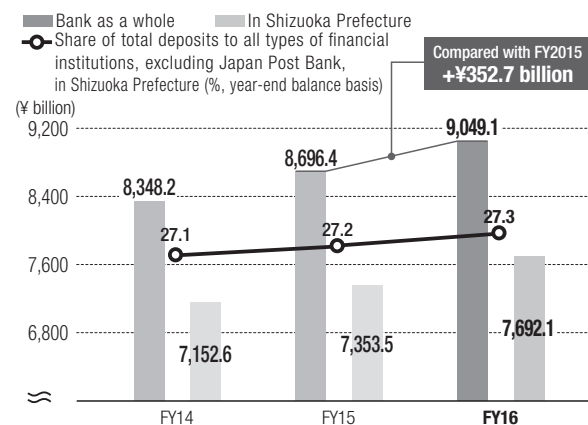


* Personal pension insurance is presented based upon the market price of current contracts.

Deposits (Nonconsolidated)

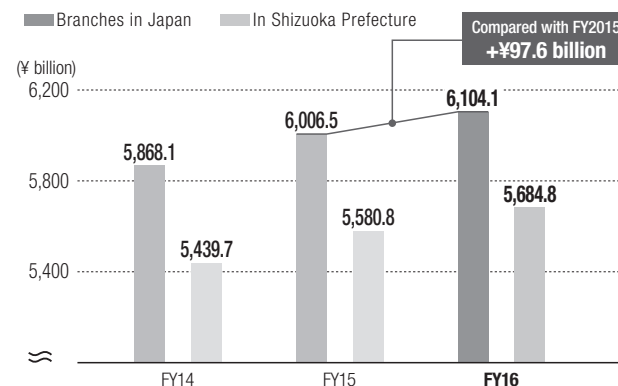
Total deposits (average balance)

The average balance of total deposits in fiscal 2016 increased by ¥352.7 billion or at an annual rate of 4.0% to ¥9,049.1 billion. Of this amount, the average balance of deposits in Shizuoka Prefecture increased ¥338.6 billion to ¥7,692.1 billion.



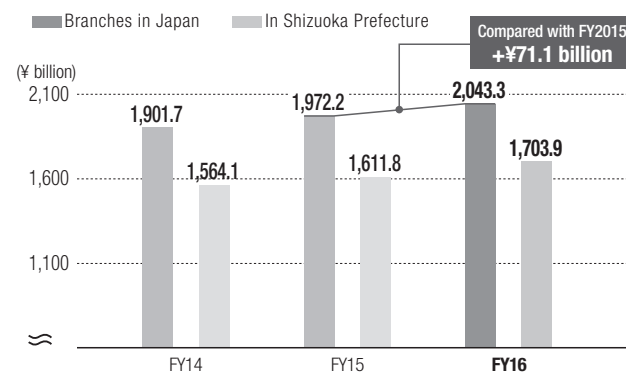
Deposits from retail customers (average balance)

The average balance of deposits from retail customers in fiscal 2016 increased by ¥97.6 billion from fiscal 2015 to ¥6,104.1 billion. Of this amount, the average balance of deposits from retail customers in Shizuoka Prefecture increased by ¥104.0 billion to ¥5,684.8 billion.



Deposits from corporate customers (average balance)

The average balance of deposits from corporate customers in fiscal 2016 increased by ¥71.1 billion from fiscal 2015 to ¥2,043.3 billion. Of this amount, the average balance of deposits from corporate customers in Shizuoka Prefecture increased by ¥92.1 billion to ¥1,703.9 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 10 directors (including 2 outside directors who are independent officers as stipulated by the Tokyo Stock Exchange Inc.) is responsible for management-level decision-making and supervision based on the corporate philosophy and the Ethical Charter. The Board of Directors decides on important management strategies, such as medium-term business plans and operational plans, and basic policies relating to compliance and risk management. It also oversees the execution of operations.

The Shizuoka Bank has adopted the Audit & Supervisory Board Member system of governance. The Audit & Supervisory Board consists of 5 Audit & Supervisory Board Members (including 3 outside Audit & Supervisory Board Members who are independent officers). Audit & Supervisory Board Members audit directors' performance of their duties based on the auditing standards for Audit & Supervisory Board Members.

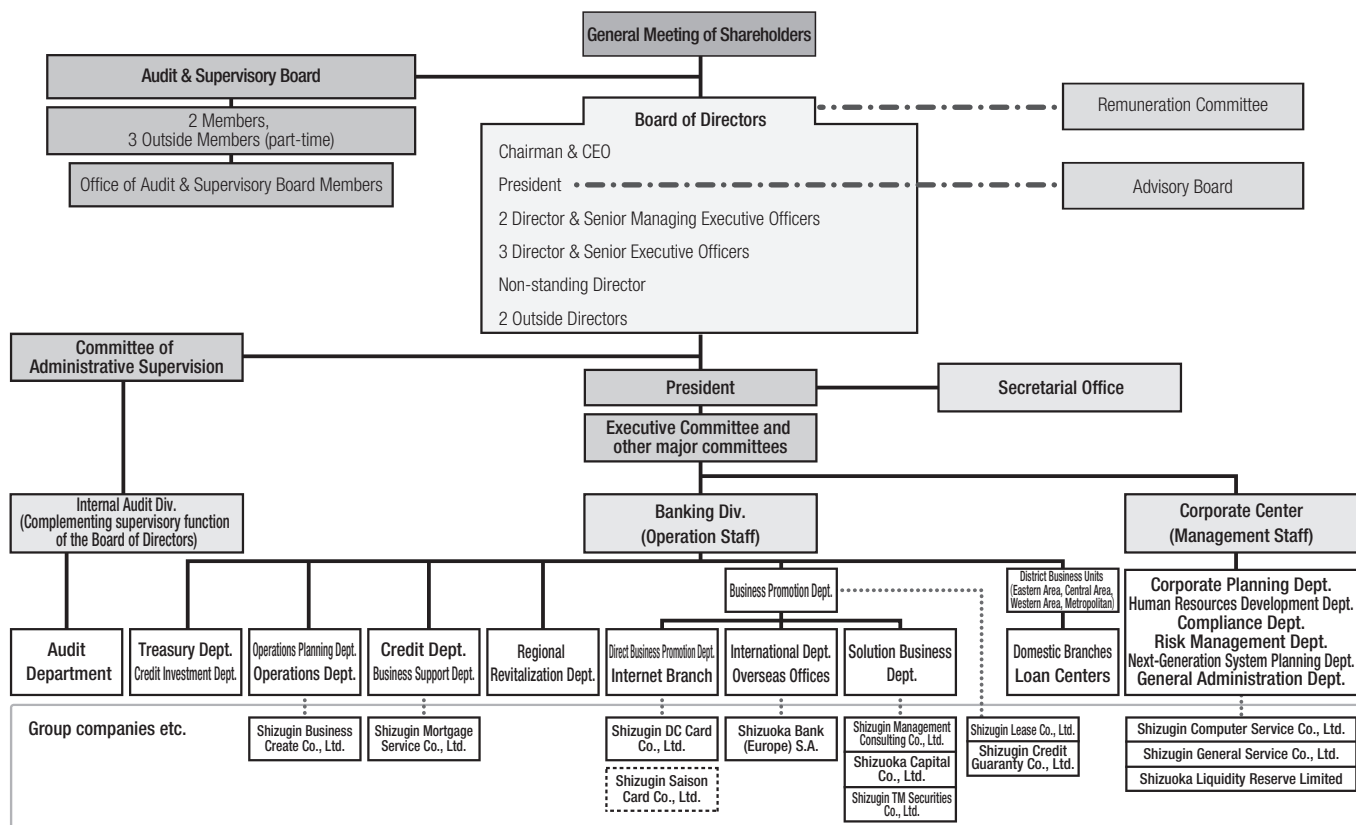
The Committee of Administrative Supervision was established to reinforce supervision of the Directors' execution of operations and to strengthen corporate governance. This

committee, consisting mainly of directors who are not involved in execution of operations and are selected by the Board of Directors, monitors the situation of the execution of operations by the executive team consisting of the President and other directors, as well as executive officers appointed by the Board of Directors (17 executive officers, 5 of whom concurrently hold the post of director) and requires improvement, if necessary. Decisions on important matters that arise in the course of day-to-day operations are made by convening bodies, including the Executive Committee, which have been established for particular fields of operation and appointed by the Board of Directors. This approach is designed to create a system that can respond precisely and flexibly to changes in the management environment, while clearly delineating authority and responsibility.

In addition, to reflect outside viewpoints with the goal of ensuring the objectivity of the Bank's decision-making process, the Bank has the Advisory Board, consisting mainly of executives from outside the Bank. The Advisory Board is an advisory body to the President.

Shizuoka Bank Group's Corporate Governance System

(as of July 1, 2017)



Note: Executive Committee, Compliance Committee, Committee for Integrated Risk and Budget Management, and Credit Committee

*The Remuneration Committee, the Advisory Board, and the Committee of Administrative Supervision are not committees pursuant to the Companies Act but optional organizational bodies.

*Dotted lines in the figure indicate supervision over operations of the Shizuoka Bank Group companies (contacts for consultation, support, etc.)

*Measures to ensure appropriateness of operations of the Shizuoka Bank Group include the following: the Group Representative Management Liaison Meeting consisting of representatives of the Shizuoka Bank and its Group companies which is held periodically; the full-time Audit & Supervisory Board Members of the Shizuoka Bank serving as part-time audit & supervisory board members of Group companies; and the general managers of the Bank's departments that supervise Group companies, the General Manager of the Corporate Planning Dept., and the General Manager of the Human Resources Development Dept. serving as part-time directors of Group companies.

*Shizuoka Saison Card Co., Ltd. is an equity-method affiliate. Likewise, Monex Group, Inc. and Commons Asset Management, Inc. are also equity-method affiliates.

Basic Policy on and Design of Internal Control Systems

1) Basic Policy

In accordance with the basic policy regarding the design of internal control systems resolved by the Board of Directors, the Shizuoka Bank designed and is operating internal control systems that are to ensure appropriateness of operations of the Shizuoka Bank and the Shizuoka Bank Group including a system for ensuring that execution of duties of directors complies with laws and regulations and the Articles of Incorporation.

2) Design of Internal Control Systems

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

In order to ensure objectivity and effectiveness of internal auditing, the Audit Department, which conducts internal auditing, is independent of organizations subject to auditing and is supervised by the Committee for Administrative Supervision under the Board of Directors. This system is designed to strengthen independence of the Internal Audit Division and the Audit Department from organizations subject to auditing and cross-checking and to verify the appropriateness and effectiveness of internal control.

The Compliance Department and the Risk Management Department are set up within the Corporate Center, which comprises corporate staff operations, to strengthen management supervisory functions.

Basic Compliance Policy

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

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

Compliance System

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

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

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

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

Cultivating Compliance-centered Corporate Culture

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

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

Shizugin Compliance Book

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

"Opinion Box" Internal Reporting System

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

* Reporting can be done by phone, in writing, by email, or through the enterprise network software.

Compliance Education and Training

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

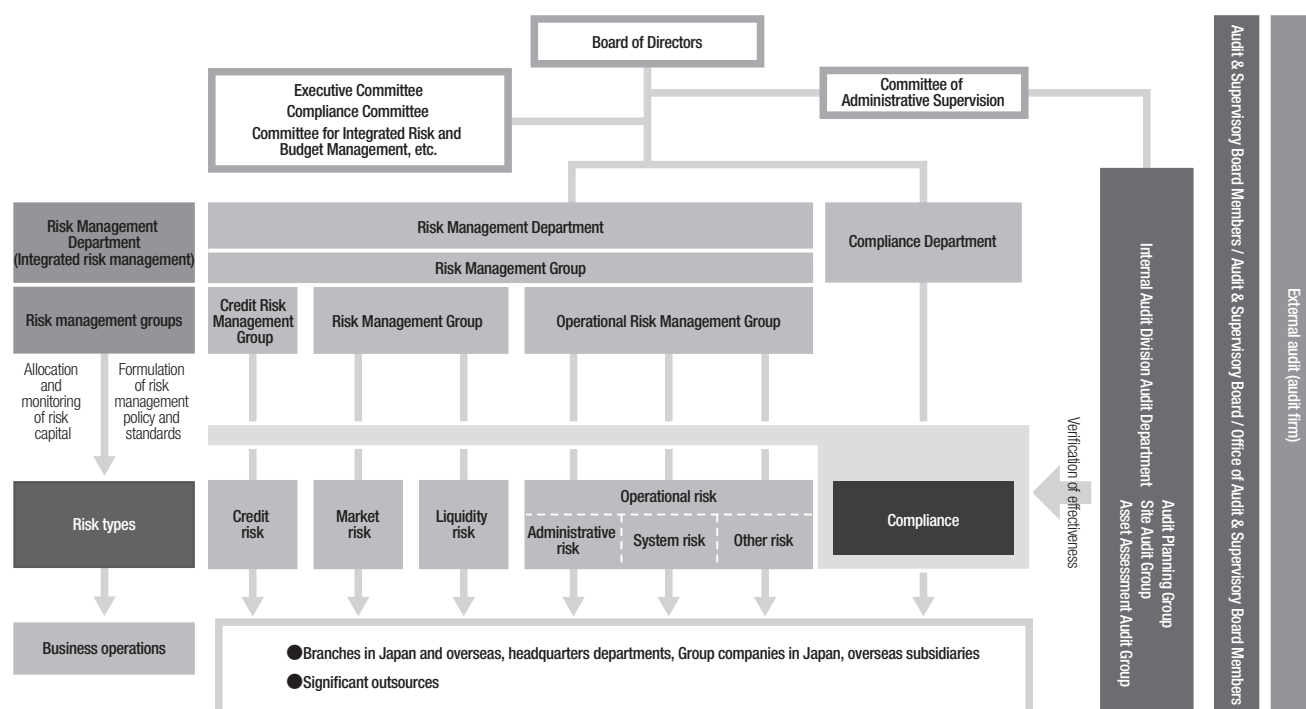
Prompt and Appropriate Disclosure

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

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

Risk Management System

Shizuoka Bank Group's Compliance and Risk Management Systems



Integrated Risk Management Systems

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

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

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

Credit Risk Management System

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

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

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

Market Risk Management System

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

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

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

Liquidity Risk Management System

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

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

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

What is Value at Risk (VaR)?

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

Operational Risk Management System

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

Administrative Risk Management

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

System Risk Management

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

Region-based Relationship Banking

Basic Policy

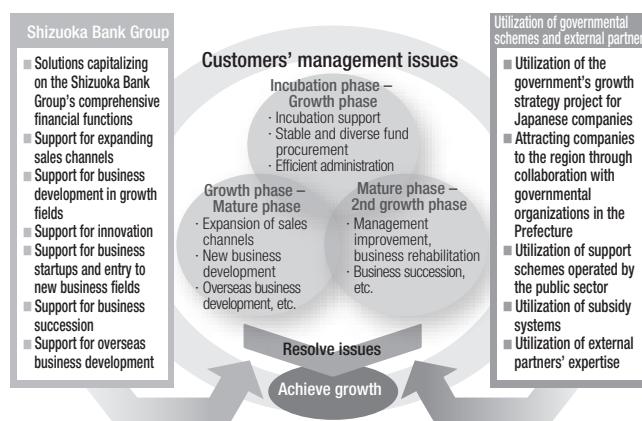
Region-based relationship banking is a business model whereby financial institutions cultivate long-term relationships with customers and offer financial services based on their grasp of customer needs obtained through the relationships.

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

Solutions for Various Management Issues

Utilizing an extensive network encompassing Group companies and external partners, the Shizuoka Bank Group 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.



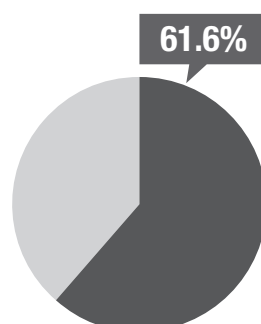
Smooth Supply of Funds to Companies in the Region

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.

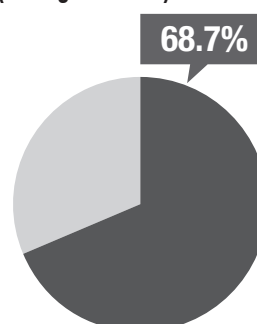
We work to meet funding needs of as many companies as possible by making appropriate loans in light of their circumstances, such as use of guarantees by

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 for overseas business development, and business succession support.

* Please see the next page for support for overseas business development.

Healthcare and nursing care

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

The Environment

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

Furthermore, we proactively provide support for new energy businesses and for businesses endeavoring to save energy.

Agriculture

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

Business Succession Support

In collaboration with external experts such as tax accountant corporations and lawyer's offices in addition to the subsidiaries such as Shizugin Management Consulting Co., Ltd. and Shizuoka Capital Co., Ltd., the Shizuoka Bank assists customers with their business succession planning and capital policies. We also hold seminars to provide information and organize the Shizuginship workshop for young managers to foster next-generation business leaders.

"Shizuginship" for Young Managers

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

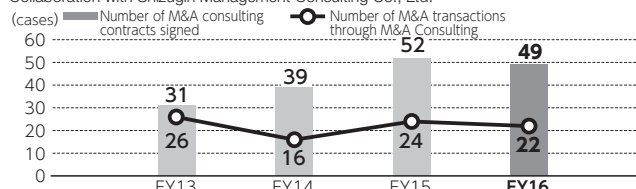
In addition to lectures, seminars and other events, Shizuginship members can access useful information through the dedicated website.

Consulting

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

M&A consulting

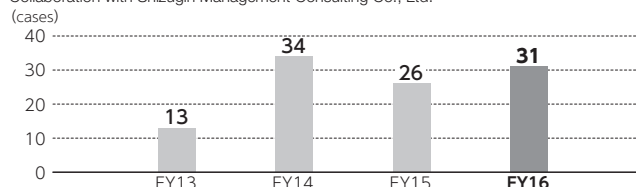
Collaboration with Shizugin Management Consulting Co., Ltd.



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

Management consulting contracts

Collaboration with Shizugin Management Consulting Co., Ltd.



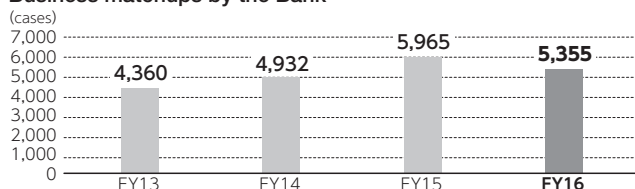
Business Matching

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 2016, the Bank arranged 5,355 business matchups. We also organize the "shizugin@gricom" trade show for the agriculture, forestry and fisheries sectors, and support other initiatives in collaboration with other financial institutions to help market distinctive products of Shizuoka Prefecture.

In February 2017, for the Supermarket Trade Show 2017, one of the largest exhibitions about foods, and a good opportunity for business talks, we organized a booth titled "Fujinokuni Shizuoka Yumekaido (meaning The Dream Road - Mt. Fuji area, Shizuoka)" in cooperation with Shizuoka Prefectural government and Shizuoka Industrial Foundation, and jointly held exhibitions in the trade show with 50 of our customers.

In March 2017 we began support for matching intellectual properties among companies.

Business matchups by the Bank



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

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

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

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

In addition, from February 2017 we are accepting online appointments for our advisory service on startup businesses.

5th Shizugin Entrepreneur Awards

We hosted the 5th Shizugin Entrepreneur Awards and commended entrepreneurs engaged in innovative and creative businesses, capable of opening up a bright future for the regional economy.

In fiscal 2016, we invited applications for business plans for two award categories, Entrepreneurship and Corporate Innovation, each of which was divided into two fields, technology and service. From the viewpoint of regional revitalization, utilization of local resources and creation of employment were newly included in the judging criteria. Of 157 applications, the screening committee consisting of officers and employees of the Shizuoka Bank Group and external experts selected one Excellent Award winner, four Outstanding Award winners, one Female Entrepreneur Award winner, and one Rookie of the Year Award winner. The award winners were commended in April 2017.

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 5th Shizugin Entrepreneur Awards

Category	Eligibility		Number of applications
Entrepreneurship	Enterprises and individuals at the business planning stage or less than 5 years since the start of business with an innovative, ingenious business plan	Technology field	22
		Service field	42
Corporate Innovation	Enterprises or individuals 5 years or more since the start of business with an innovative business plan attempting to venture into a new field or to convert a business format, tackling development of next-generation or other advanced technology, or vigorously expanding or developing existing business	Technology field	37
		Service field	56
Total			157

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

In Asia where robust economic growth is continuing, in addition to the Bank's own offices (Hong Kong, Shanghai, and Singapore), the Bank has established a network covering the region through business alliances with local financial institutions.

Many of our customers are developing their businesses in Thailand, Indonesia, Vietnam, and Taiwan. The Bank has dispatched its staff to the partner banks to support customers in these markets. Moreover, in view of the increasing overseas entry of our corporate customers and the growing associated needs for on-site comprehensive financial support, we formed business alliances with Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV) in Vietnam in April 2016, and with BDO Unibank in the Philippines in July 2016, to strengthen the local support system.

As of the end of July 2017, the Bank has business alliances with 14 financial institutions in nine countries and regions in Asia and there are a total of 29 Shizuoka Bank staff members 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 and those considering entry in overseas markets, and business forums to help customers expand their sales channels.

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

Support menu for overseas business development

•Consultation on overseas business development

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

•Support for export and import transactions

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

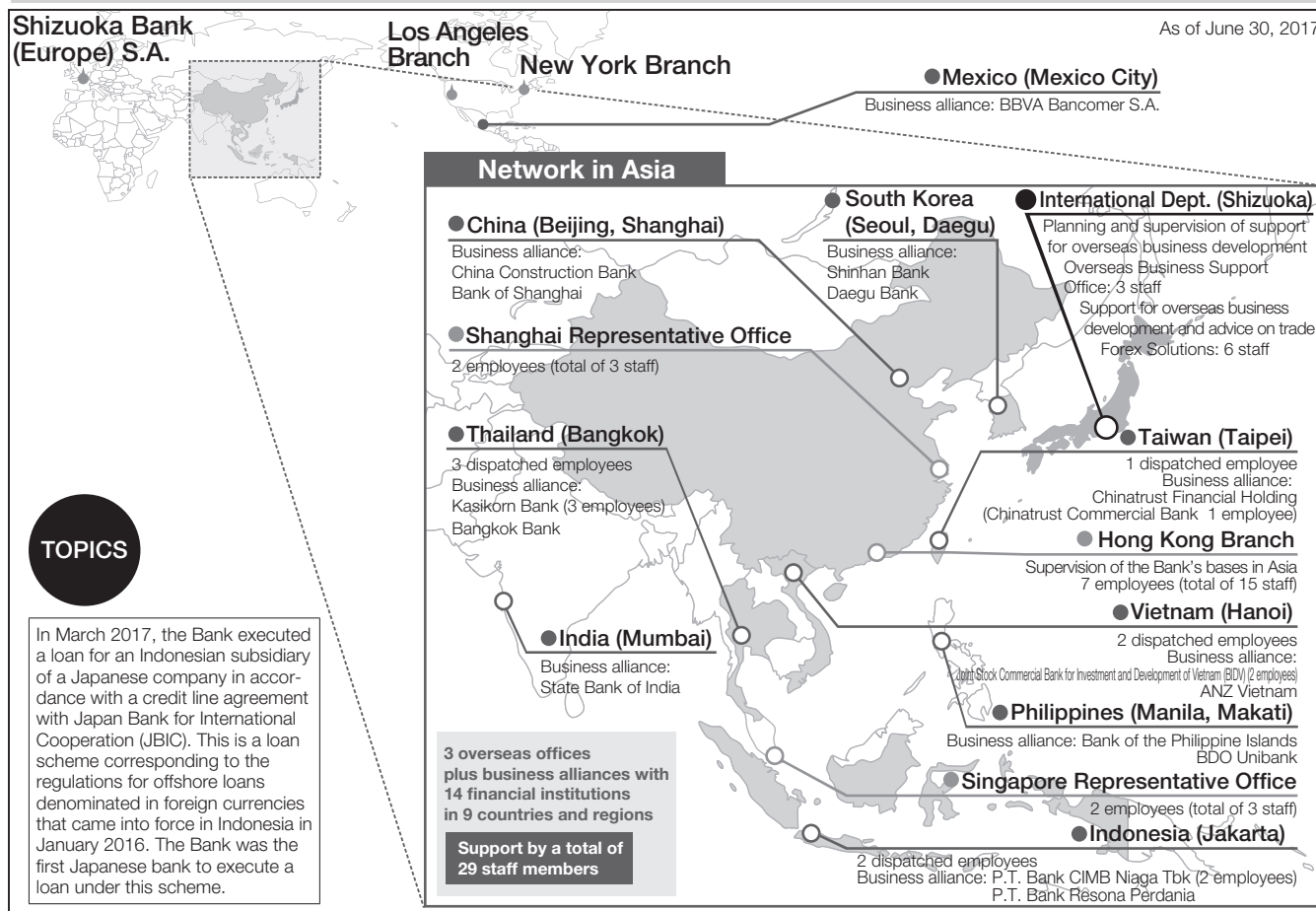
•Financing services (foreign-currency-denominated loans, guarantees, etc.)

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

•International money remittance and exchange services

Shizuoka Bank Group's Overseas Network

As of June 30, 2017



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, 2017, 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, 2017, 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 9, 2017

Consolidated Balance Sheet

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries March 31, 2017

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2017	2016	2017
Assets:			
Cash and due from banks (Notes 12 and 30)	¥ 1,118,843	¥ 578,327	\$ 9,972,752
Call loans and bills bought (Note 30)	276,033	369,194	2,460,411
Monetary claims bought	39,629	40,285	353,232
Trading assets (Notes 4 and 30)	32,098	33,799	286,106
Money held in trust (Note 5)	3,300	3,200	29,414
Securities (Notes 6, 12, and 30)	1,350,029	2,181,076	12,033,421
Loans and bills discounted (Notes 7, 13, and 30)	7,929,665	7,643,361	70,680,676
Foreign exchanges (Note 8)	6,717	7,608	59,879
Lease receivables and investment assets (Notes 12 and 28)	61,205	56,333	545,551
Other assets (Notes 9 and 12)	90,886	74,555	810,113
Tangible fixed assets (Note 10)	76,064	71,994	677,998
Intangible fixed assets (Note 10)	31,991	23,318	285,154
Asset for retirement benefits (Note 18)	13,438	11,011	119,782
Deferred tax assets (Note 27)	2,071	1,985	18,466
Customers' liabilities for acceptances and guarantees (Note 11)	69,942	69,806	623,432
Allowance for loan losses (Note 30)	(47,080)	(48,556)	(419,649)
Allowance for investment losses	(53)	(54)	(477)
Total Assets	¥11,054,783	¥11,117,249	\$ 98,536,261
Liabilities and Equity:			
Liabilities:			
Deposits (Notes 12, 14, and 30)	¥ 9,364,381	¥ 9,122,971	\$ 83,468,950
Call money and bills sold (Note 30)	108,400	223,394	966,221
Payables under repurchase agreements (Notes 12 and 30)	31,086	48,416	277,091
Payables under securities lending transactions (Notes 12 and 30)	19,298	310,984	172,020
Trading liabilities (Note 4)	20,129	23,219	179,423
Borrowed money (Notes 12, 15, and 30)	277,175	154,904	2,470,591
Foreign exchanges (Note 8)	100	140	894
Bonds with stock acquisition rights (Note 16)	56,095	56,340	500,000
Borrowed money from trust account	203	3	1,814
Other liabilities (Notes 12 and 17)	102,751	115,021	915,869
Liability for retirement benefits (Note 18)	20,857	21,676	185,909
Provision for directors' retirement benefits	281	238	2,513
Provision for losses from reimbursement of inactive accounts	297	333	2,647
Provision for contingent losses	1,779	1,730	15,863
Provision for point program	336	305	2,996
Reserves under special laws	11	11	104
Deferred tax liabilities (Note 27)	46,934	45,390	418,352
Acceptances and guarantees (Note 11)	69,942	69,806	623,432
Total Liabilities	10,120,064	10,194,888	90,204,689
Equity: (Notes 19, 20, 21, and 35)			
Capital stock, authorized, 2,414,596 thousand shares; issued, 645,129 thousand shares in 2017 and 665,129 thousand shares in 2016	90,845	90,845	809,749
Capital surplus	54,884	54,884	489,206
Subscription rights to shares	407	367	3,634
Retained earnings	664,459	668,039	5,922,628
Treasury stock-at cost, 41,360 thousand shares in 2017 and 51,328 thousand shares in 2016	(42,503)	(54,559)	(378,849)
Accumulated other comprehensive income:	165,484	161,690	1,475,040
Valuation difference on available-for-sale securities	165,605	162,340	1,476,117
Deferred gains or losses on hedges	750	2,187	6,691
Foreign currency translation adjustments	198	152	1,768
Defined retirement benefit plans	(1,069)	(2,990)	(9,536)
Total	933,578	921,268	8,321,408
Noncontrolling Interests	1,140	1,092	10,164
Total Equity	934,719	922,360	8,331,572
Total Liabilities and Equity	¥11,054,783	¥11,117,249	\$ 98,536,261

See notes to consolidated financial statements.

Consolidated Statement of Income

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2017

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2017	2016	2017
Income:			
Interest Income:			
Interest on loans and discounts	¥ 97,839	¥ 94,538	\$ 872,086
Interest and dividends on securities	23,269	28,372	207,413
Other interest income	1,896	2,177	16,906
Subtotal	123,005	125,089	1,096,405
Fees and Commissions	60,892	58,669	542,764
Trading Income	2,992	3,282	26,671
Other Operating Income (Note 22)	17,640	23,631	157,238
Other Income (Note 23)	45,273	13,039	403,545
Total Income	249,804	223,712	2,226,623
Expenses:			
Interest Expense:			
Interest on deposits	7,722	6,273	68,831
Interest on borrowings and rediscounts	1,921	1,302	17,125
Other interest expense	5,018	3,036	44,732
Subtotal	14,661	10,611	130,688
Fees and Commission Payments	32,246	29,312	287,425
Trading Expenses	189		1,693
Other Operating Expenses (Note 24)	44,007	10,948	392,258
General and Administrative Expenses (Note 25)	89,147	88,691	794,613
Other Expenses (Note 26)	22,743	11,501	202,723
Total Expenses	202,996	151,065	1,809,400
Income before income taxes	46,808	72,647	417,223
Income Taxes: (Note 27)			
Current	16,480	22,798	146,894
Deferred	986	1,895	8,792
Total income taxes	17,466	24,694	155,686
Net Income	29,341	47,953	261,537
Net Income Attributable to Noncontrolling Interests	65	43	579
Net Income Attributable to Owners of the Parent	¥ 29,276	¥ 47,909	\$ 260,958
	Yen		U.S. Dollars (Note 2)
Per Share: (Note 34)			
Basic net income	¥47.98	¥77.79	\$0.43
Diluted net income	45.18	73.32	0.40
Cash dividends applicable to the year	20.00	20.00	0.18

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2017

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2017	2016	2017
Net Income	¥ 29,341	¥ 47,953	\$ 261,537
Other Comprehensive Income (Loss): (Note 33)			
Valuation difference on available-for-sale securities	3,510	(36,500)	31,293
Deferred gains or losses on hedges	(1,176)	1,155	(10,485)
Foreign currency translation adjustments	123	(4,210)	1,101
Defined retirement benefit plans	1,920	2,676	17,115
Share of other comprehensive income in associates	(598)	100	(5,332)
Total other comprehensive income (loss)	3,779	(36,777)	33,692
Comprehensive Income	33,121	11,175	295,229
Total Comprehensive Income Attributable To:			
Owners of the parent	¥ 33,071	¥ 11,018	\$ 294,777
Noncontrolling Interests	50	157	452

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2017

	Thousands	Millions of Yen											
		Accumulated Other Comprehensive Income											
	Number of Shares of Common Stock Outstanding	Capital Stock	Capital Surplus	Subscription Rights to Shares	Retained Earnings	Treasury Stock	Valuation Difference on Available-for-Sale Securities	Deferred Gains or Losses on Hedges	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Non-controlling Interests	Total Equity
Balance, April 1, 2015	665,129	¥90,845	¥54,884	¥331	¥631,218	¥(47,512)	¥198,543	¥886	¥4,818	¥(5,666)	¥928,348	¥936	¥929,285
Cash dividends, ¥20.00 per share					(11,086)						(11,086)		(11,086)
Net Income attributable to owners of the parent					47,909						47,909		47,909
Purchase of treasury stock (4,831 thousand shares)						(7,080)					(7,080)		(7,080)
Disposal of treasury stock (31 thousand shares)					(0)	32					32		32
Net changes other than shareholders' equity				36			(36,203)	1,300	(4,665)	2,676	(36,854)	155	(36,699)
Balance, March 31, 2016	665,129	¥90,845	¥54,884	¥367	¥668,039	¥(54,559)	¥162,340	¥2,187	¥152	¥(2,990)	¥921,268	¥1,092	¥922,360
Balance, April 1, 2016	665,129	¥90,845	¥54,884	¥367	¥668,039	¥(54,559)	¥162,340	¥2,187	¥152	¥(2,990)	¥921,268	¥1,092	¥922,360
Cash dividends, ¥20.00 per share					(12,275)						(12,275)		(12,275)
Net Income attributable to owners of the parent					29,276						29,276		29,276
Purchase of treasury stock (10,042 thousand shares)						(8,533)					(8,533)		(8,533)
Disposal of treasury stock (11 thousand shares)					(3)	12					8		8
Retirement of treasury stock (20,000 thousand shares)					(20,577)	20,577							
Net changes other than shareholders' equity	(20,000)			39			3,264	(1,436)	46	1,920	3,834	48	3,882
Balance, March 31, 2017	645,129	¥90,845	¥54,884	¥407	¥664,459	¥(42,503)	¥165,605	¥750	¥198	¥(1,069)	¥933,578	¥1,140	¥934,719

	Thousands of U.S. Dollars (Note 2)											
	Capital Stock	Capital Surplus	Subscription Rights to Shares	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income				Total	Non-controlling Interests	Total Equity
						Valuation Difference on Available-for-Sale Securities	Deferred Gains or Losses on Hedges	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans			
Balance, April 1, 2016	\$809,749	\$489,206	\$3,279	\$5,954,541	\$ (486,317)	\$1,447,015	\$19,499	\$1,357	\$ (26,651)	\$8,211,678	\$9,735	\$8,221,413
Cash dividends, \$0.18 per share				(109,421)						(109,421)		(109,421)
Net Income attributable to owners of the parent				260,958						260,958		260,958
Purchase of treasury stock					(76,062)					(76,062)		(76,062)
Disposal of treasury stock				(30)	110					80		80
Retirement of treasury stock				(183,420)	183,420							
Net changes other than shareholders' equity			355			29,102	(12,808)	411	17,115	34,175	429	34,604
Balance, March 31, 2017	\$809,749	\$489,206	\$3,634	\$5,922,628	\$ (378,849)	\$1,476,117	\$6,691	\$1,768	\$ (9,536)	\$8,321,408	\$10,164	\$8,331,572

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2017

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2017	2016	2017
I. Operating Activities:			
Income before income taxes	¥ 46,808	¥ 72,647	\$ 417,223
Adjustments for:			
Income taxes paid	(23,597)	(25,214)	(210,333)
Depreciation and amortization	11,631	11,602	103,675
Impairment losses		13	
Equity in (earnings) losses of affiliated companies	11,783	(158)	105,031
Increase (decrease) in allowance for loan losses	(1,475)	(4,080)	(13,156)
Increase (decrease) in allowance for investment losses	(0)	(21)	(5)
Increase (decrease) in asset and liability for retirement benefits	(3,246)	(5,156)	(28,937)
Increase (decrease) in provision for directors' retirement benefits	42	46	382
Increase (decrease) in provision for reimbursement of inactive accounts	(36)	(194)	(321)
Increase (decrease) in provision for contingent losses	49	(513)	438
Increase (decrease) in provision for point program	30	49	271
Interest income	(123,005)	(125,089)	(1,096,405)
Interest expense	14,661	10,611	130,688
Losses (gains) on securities	(6,622)	(14,868)	(59,034)
Losses (gains) on money held in trust	(32)	(34)	(292)
Losses (gains) on sale of fixed assets	247	108	2,207
Net decrease (increase) in trading assets	1,701	6,024	15,167
Net increase (decrease) in trading liabilities	(3,090)	(2,658)	(27,543)
Net decrease (increase) in loans and bills discounted	(290,874)	(315,715)	(2,592,698)
Net increase (decrease) in deposits	247,804	(14,739)	2,208,792
Net increase (decrease) in borrowed money	122,599	(11,765)	1,092,785
Net decrease (increase) in due from banks (excluding deposits paid to Bank of Japan)	(80,746)	32,813	(719,730)
Net decrease (increase) in call loans	89,141	(89,994)	794,560
Net decrease (increase) in monetary claims bought	656	4,531	5,850
Net increase (decrease) in call money	(113,410)	105,643	(1,010,878)
Net increase (decrease) in payables under repurchase agreements	(15,967)	48,416	(142,329)
Net increase (decrease) in payables under securities lending transactions	(288,210)	(90,895)	(2,568,950)
Net decrease (increase) in foreign exchanges (assets)	877	224	7,824
Net increase (decrease) in foreign exchanges (liabilities)	(39)	(53)	(350)
Net decrease (increase) in lease receivables and investment assets	(5,546)	(6,655)	(49,442)
Increase (decrease) in straight bonds-issuance and redemption		(10,000)	
Net increase (decrease) in borrowed money from trust account	200	3	1,788
Interest and dividends received	132,608	130,265	1,181,999
Interest paid	(14,089)	(10,810)	(125,584)
Other-net	(1,730)	(3,110)	(15,421)
Total Adjustments	(337,686)	(381,374)	(3,009,951)
Net Cash Provided by (Used in) Operating Activities	(290,878)	(308,727)	(2,592,728)
II. Investing Activities:			
Purchases of securities	(2,235,489)	(2,459,647)	(19,925,926)
Proceeds from sales of securities	2,839,365	2,671,705	25,308,546
Proceeds from redemptions of securities	192,100	114,462	1,712,276
Increase in money held in trust	(100)	(100)	(891)
Purchases of tangible fixed assets	(10,863)	(5,490)	(96,833)
Purchases of intangible fixed assets	(12,011)	(9,544)	(107,066)
Proceeds from sales of tangible fixed assets	279	298	2,490
Payments for execution of asset retirement obligations		(27)	
Increase in investments in affiliated companies	(8)	(4,406)	(79)
Net Cash Provided by (Used in) Investing Activities	773,271	307,248	6,892,517
III. Financing Activities:			
Dividends paid	(12,256)	(11,079)	(109,252)
Dividends paid to noncontrolling interests	(2)	(2)	(22)
Purchases of treasury stock	(8,533)	(7,080)	(76,062)
Proceeds from sales of treasury stock	8	6	80
Net Cash Provided by (Used in) Financing Activities	(20,783)	(18,155)	(185,256)
IV. Foreign Currency Translation Adjustments on Cash and Cash Equivalents	(5)	(32)	(46)
V. Net Increase (Decrease) in Cash and Cash Equivalents	461,604	(19,666)	4,114,487
VI. Cash and Cash Equivalents at Beginning of Year	272,172	291,839	2,425,999
VII. Cash and Cash Equivalents at End of Year	¥ 733,777	¥ 272,172	\$ 6,540,486

See notes to consolidated financial statements.

Cash and due from banks on the consolidated balance sheets at March 31, 2017 and 2016, are reconciled with cash and cash equivalents on the consolidated statements of cash flows as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2017	2016	2017
Cash and due from banks	¥1,118,843	¥578,327	\$9,972,752
Due from banks other than the Bank of Japan	(385,066)	(306,154)	(3,432,266)
Cash and cash equivalents, end of year	¥ 733,777	¥272,172	\$6,540,486

Prior to April 1, 2016, "Net increase (decrease) in payables under repurchase agreements" was included in "Other-net" among Operating Activities. Since during this fiscal year ended March 31, 2017, such amount is disclosed separately in Operating Activities section of the consolidated statement of cash flows as of March 31, 2017, because the amount increased significantly. The amount included in "Other-net" as of March 31, 2016, was ¥45,306 million.

Notes to Consolidated Financial Statements

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2017

1. BASIS OF PRESENTATION

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

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

In addition, certain reclassifications have been made in the 2016 consolidated financial statements to conform to the classifications used in 2017.

2. JAPANESE YEN AND U.S. DOLLAR AMOUNTS

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

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥112.19 to \$1, the approximate rate of exchange at March 31, 2017. 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, 2017 and 2016, include the accounts of the Bank, its 12 significant subsidiaries, and three companies accounted for by the equity method.

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

For the year ended March 31, 2016, Commons Asset Management, Inc. was newly included as an affiliated company accounted for by the equity method as a result of purchase of shares.

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

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

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

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

The accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either IFRS or generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of

goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; and (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting.

Business Combinations:

Business combinations are accounted for using the purchase method. Acquisition-related costs, such as advisory fees or professional fees, are accounted for as expenses in the periods in which the costs are incurred. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date. A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of noncontrolling interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Any difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted is accounted for as capital surplus as long as the parent retains control over its subsidiary.

Trading-purpose transactions:

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

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

Securities:

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

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

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

Tangible fixed assets:

Tangible fixed assets are stated at cost, less accumulated depreciation. Depreciation of tangible fixed assets owned by the Bank is computed mainly using the declining-balance method over the estimated useful lives, while the straight-line method is applied to structures acquired on or after April 1, 2016.

The range of useful lives is principally from 3 to 50 years for buildings and from 2 to 20 years for equipment.

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

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

Pursuant to an amendment to the Corporate Tax Act, the Group adopted Accounting Standards Board of Japan Practical Issues Task Force No.32 "Practical Solution on a change in depreciation method due to Tax Reform 2016" and changed the depreciation method for building improvements and structures acquired on or after April 1, 2016, from the declining-balance method to the straight-line method. The effect of this change on income before income taxes for the year ended March 31, 2017, was immaterial.

Impairment loss:

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

Software:

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

Allowance for loan losses:

The amount of the allowance for loan losses is determined based on management's judgement and assessment of future losses based on the Bank's self-assessment system. This system reflects the past experience of credit losses; possible future credit losses; business and economic conditions; the character, quality, and performance of the portfolio; and other pertinent indicators.

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

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

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

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

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

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

Allowance for investment losses:

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

Retirement and pension plans:

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

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

Provision for losses from reimbursement of inactive accounts:

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

Provision for retirement benefits to directors and corporate auditors:

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

Provision for contingent losses:

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

Provision for point program:

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

Reserves under special laws:

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

Asset retirement obligations:

An asset retirement obligation is recorded for a legal obligation imposed either by law or contract that results from the acquisition, construction, development, and 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 permits leases that 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 that do not transfer ownership of the leased property to the lessee, as operating lease transactions.

Lessor

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

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

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

Stock options:

The accounting standard for stock options requires companies to measure the cost of employee stock options based on the fair value at the date of grant and recognize compensation expense over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to non-employees based on the fair value of either the stock options or the goods or services received. In the balance sheet, the stock options are presented as stock acquisition rights as a separate component of equity until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions. In addition, the standard allows unlisted companies to measure options at their intrinsic value if they cannot reliably estimate fair value.

Translation of foreign currencies:

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

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

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

Income taxes:

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

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

The Group applied ASBJ Guidance No.26, “Guidance on Recoverability of Deferred Tax Assets,” effective April 1, 2016. There was no impact from this for the year ended March 31, 2017.

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 attributable to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits. The average number of common shares used in the computation was 610,089 thousand shares for 2017 and 615,808 thousand shares for 2016.

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.

4. TRADING ASSETS AND LIABILITIES

Trading assets and liabilities at March 31, 2017 and 2016, consisted of the following:

(a) Trading assets

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Trading securities:			
Japanese government bonds	¥ 673	¥ 1,348	\$ 6,001
Local government bonds	4,532	4,071	40,397
(Government-guaranteed bonds)			
Industrial bonds	6		54
Foreign securities	65	171	584
Subtotal	5,276	5,591	47,036
Trading security derivatives:			
(Bond futures)			
Bond futures' options	0		3
Other (Note)	(0)	17	(0)
Subtotal	0	17	3
Financial derivatives:			
(Option premium)			
Other (Note)	20,821	24,090	185,589
Subtotal	20,821	24,090	185,589
Other trading assets:			
Commercial paper	5,998	4,098	53,472
Other (Note)	0	1	6
Subtotal	5,999	4,099	53,478
Total	¥32,098	¥33,799	\$286,106

(b) Trading liabilities

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Trading security derivatives:			
(Bond futures)			
Bond futures' options	¥ 0		\$ 4
Other (Note)	4		38
Subtotal	4		42
Financial derivatives:			
(Option premium)			
Other (Note)	20,124	¥23,219	179,381
Subtotal	20,124	23,219	179,381
Total	¥20,129	¥23,219	\$179,423

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

5. MONEY HELD IN TRUST

Money held in trust at March 31, 2017 and 2016, consisted of the following:

	Millions of Yen			Fair Value
	Cost	Unrealized Gains	Unrealized Losses	
March 31, 2017				
Money held in trust classified as:				
Held to maturity	¥3,300	¥0		¥3,300

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

	Thousands of U.S. Dollars			Fair Value
	Cost	Unrealized Gains	Unrealized Losses	
March 31, 2017				
Money held in trust classified as:				
Held to maturity	\$29,414	\$0		\$29,414

6. SECURITIES

Securities at March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Japanese government bonds	¥ 438,465	¥ 613,320	\$ 3,908,241
Local government bonds	64,662	23,702	576,366
Corporate bonds	198,024	180,153	1,765,084
Corporate stocks	333,242	342,681	2,970,343
Other securities	315,633	1,021,219	2,813,387
Total	¥1,350,029	¥2,181,076	\$12,033,421

As of March 31, 2017 and 2016, securities included equity investments in unconsolidated subsidiaries and affiliated companies that amounted to ¥19,108 million (\$170,325 thousand) and ¥32,143 million, respectively.

In addition to securities, the following table presents details of trading securities and commercial paper classified as trading assets and negotiable certificates of deposit classified as cash and due from banks.

Information regarding each category of the securities classified as trading, available for sale, and held to maturity at March 31, 2017 and 2016, was as follows:

	Millions of Yen			Fair Value
	Cost	Unrealized Gains	Unrealized Losses	
March 31, 2017				
Securities classified as:				
Trading				¥ 11,276
Available-for-sale:				
Equity securities	¥ 85,519	¥224,211	¥ 37	309,693
Debt securities	687,269	7,005	1,215	693,059
Others	302,531	4,776	2,381	304,926
Held to maturity	11,451	303	10	11,743

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

	Thousands of U.S. Dollars			Fair Value
	Cost	Unrealized Gains	Unrealized Losses	
March 31, 2017				
Securities classified as:				
Trading				\$ 100,513
Available-for-sale:				
Equity securities	\$ 762,273	\$1,998,499	\$ 336	2,760,436
Debt securities	6,125,943	62,440	10,831	6,177,552
Others	2,696,597	42,579	21,225	2,717,951
Held to maturity	102,069	2,704	97	104,676

Available-for-sale securities sold during the years ended March 31, 2017 and 2016, 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, 2017			
Equity securities	¥ 52,608	¥36,708	¥ 0
Debt securities	217,604	1,098	447
Others	2,572,626	38,531	71,213
Total	¥2,842,839	¥76,338	¥71,662

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

Year Ended	Thousands of U.S. Dollars		
	Proceeds from Sales	Total Amount of Gains on Sales	Total Amount of Losses on Sales
March 31, 2017			
Equity securities	\$ 468,926	\$327,195	\$ 6
Debt securities	1,939,604	9,795	3,991
Others	22,930,983	343,447	634,761
Total	\$25,339,513	\$680,437	\$638,758

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

Impairment losses on marketable available-for-sale equity securities for the year ended March 31, 2016, were ¥638 million.

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, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Bills discounted	¥ 25,331	¥ 25,561	\$ 225,788
Loans on bills	168,649	172,498	1,503,251
Loans on deeds	6,667,361	6,341,847	59,429,199
Overdrafts	1,068,322	1,103,454	9,522,438
Total	¥7,929,665	¥7,643,361	\$70,680,676

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, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Loans under bankruptcy proceedings	¥ 3,238	¥ 4,059	\$ 28,868
Past-due loans	85,542	100,947	762,480
Loans past due for three months or more	424	440	3,784
Restructured loans	13,157	13,653	117,278
Total	¥102,363	¥119,100	\$912,410

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, 2017 and 2016, the Bank had the right by contract or custom to sell or repledge bills discounted and foreign exchange bills bought and their total face values were ¥25,485 million (\$227,162 thousand) and ¥25,908 million, respectively.

8. FOREIGN EXCHANGES

Foreign exchange assets and liabilities at March 31, 2017 and 2016, consisted of the following:

(a) Assets

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Due from foreign banks	¥4,776	¥6,133	\$42,573
Foreign exchange bills bought	154	346	1,373
Foreign exchange bills receivable	1,787	1,127	15,933
Total	¥6,717	¥7,608	\$59,879

(b) Liabilities

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Foreign exchange bills sold	¥ 40	¥ 76	\$359
Foreign exchange bills payable	59	63	535
Total	¥100	¥140	\$894

9. OTHER ASSETS

Other assets at March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Accrued income	¥ 7,127	¥ 9,172	\$ 63,532
Derivative products	14,958	26,632	133,335
Guarantee deposits	2,104	2,175	18,754
Others	66,696	36,574	594,492
Total	¥90,886	¥74,555	\$810,113

10. TANGIBLE FIXED ASSETS AND INTANGIBLE FIXED ASSETS

Tangible fixed assets and intangible fixed assets at March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Tangible fixed assets			
Buildings	¥ 34,940	¥37,192	\$311,442
Land	21,977	22,082	195,895
Lease assets	0	1	2
Construction in progress	6,279	173	55,976
Other tangible fixed assets	12,866	12,544	114,683
Subtotal	76,064	71,994	677,998
Intangible fixed assets			
Software	31,540	22,866	281,133
Other intangible assets	451	451	4,021
Subtotal	31,991	23,318	285,154
Total	¥108,056	¥95,312	\$963,152

Tangible fixed assets are stated at cost, less accumulated depreciation of ¥105,267 million (\$938,299 thousand) and ¥103,722 million in 2017 and 2016, respectively.

As of March 31, 2017 and 2016, deferred gains for tax purposes of ¥9,563 million (\$85,246 thousand) and ¥9,642 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, 2017 and 2016. As a result, the Group recognized an impairment loss of ¥13 million at March 31, 2016, 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, 2017 and 2016, amounted to ¥18,387 million (\$163,896 thousand) and ¥14,445 million, respectively.

12. ASSETS PLEDGED

Assets pledged as collateral and their relevant liabilities at March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Assets pledged as collateral:			
Due from banks	¥ 241	¥ 241	\$ 2,151
Securities	480,941	827,927	4,286,853
Lease receivables and investment assets		0	
Relevant liabilities to above assets:			
Deposits	¥ 85,229	¥104,318	\$ 759,687
Payables under repurchase agreements	31,086	48,416	277,091
Payables under securities lending transactions	19,298	310,984	172,020
Borrowed money	246,202	130,608	2,194,517
Other liabilities		0	

In addition to the above, the Bank has provided ¥60,234 million (\$536,896 thousand) and ¥80,138 million in securities and ¥224 million (\$2,000 thousand) and ¥225 million in due from banks as collateral for foreign exchange settlements and certain other transactions and as security for futures transactions at March 31, 2017 and 2016, respectively.

Guarantee deposits on office space, cash collateral paid for financial instruments, and cash collateral paid to central counterparty are included in other assets in the amount of ¥2,104 million (\$18,755 thousand) and ¥2,175 million at March 31, 2017 and 2016, in the amount of ¥417 million (\$3,719 thousand) and ¥76 million at March 31, 2017 and 2016, in the amount of ¥10,700 million (\$95,374 thousand) at March 31, 2017, 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 undisbursed under these agreements at March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Undisbursed loan commitments outstanding			
Loans due within one year	¥1,617,665	¥1,573,139	\$14,418,977
Loans due over one year	102,343	91,871	912,231
Total	¥1,720,008	¥1,665,010	\$15,331,208

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

14. DEPOSITS

Deposits at March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Current deposits	¥ 432,584	¥ 389,673	\$ 3,855,820
Savings deposits	4,730,977	4,431,123	42,169,329
Deposits at notice	34,281	28,463	305,564
Time deposits	3,457,043	3,465,034	30,814,185
Negotiable certificates of deposit	119,902	173,270	1,068,745
Other	589,592	635,405	5,255,307
Total	¥9,364,381	¥9,122,971	\$83,468,950

15. BORROWED MONEY

At March 31, 2017 and 2016, the weighted-average annual interest rates applicable to borrowed money were 0.54% and 0.50%, respectively.

Borrowed money consists of borrowings from financial institutions. Annual maturities of borrowed money as of March 31, 2017, were as follows:

Years Ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2018	¥247,932	\$2,209,937
2019	8,698	77,533
2020	6,980	62,218
2021	7,301	65,077
2022 and thereafter	6,263	55,826
Total	¥277,175	\$2,470,591

16. BONDS PAYABLE

Bonds at March 31, 2017 and 2016, consisted of the following:

Rate (%)	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Unsecured convertible bonds with stock acquisition rights, payable in U.S. dollars, due April 2018	¥56,095	¥56,340	\$500,000
Total	¥56,095	¥56,340	\$500,000

Annual maturities of bonds as of March 31, 2017, were as follows:

Years Ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2018		
2019	¥56,095	\$500,000
2020		
2021		
2022		
Total	¥56,095	\$500,000

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

	Conversion Price	Number of shares of common stock (thousand)	Exercise Period
Unsecured convertible bonds with stock acquisition rights, payable in U.S. dollars, due April 2018	\$13.36	37,425	From May 10, 2013 to April 11, 2018

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

17. OTHER LIABILITIES

Other liabilities at March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Income taxes payable	¥ 1,947	¥ 8,784	\$ 17,355
Accrued expenses	9,072	8,193	80,866
Unearned income	13,686	12,516	121,998
Derivative products	10,646	13,101	94,900
Cash collateral received for financial products	18,470	21,425	164,640
Other	48,927	50,998	436,110
Total	¥102,751	¥115,021	\$915,869

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.

1. The changes in defined benefit obligation for the years ended March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Balance at beginning of year	¥73,579	¥75,953	\$655,844
Current service cost	2,018	2,059	17,988
Interest cost	725	754	6,463
Actuarial gains and losses	(627)	(373)	(5,590)
Benefits paid	(4,888)	(4,960)	(43,574)
Past service cost			
Others	145	145	1,295
Balance at end of year	¥70,951	¥73,579	\$632,426

2. The changes in plan assets for the years ended March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Balance at beginning of year	¥62,913	¥60,131	\$560,780
Expected return on plan assets	1,262	1,255	11,249
Actuarial gains and losses	(35)	2,206	(316)
Contributions from the employer	2,088	2,089	18,612
Benefits paid	(2,835)	(2,910)	(25,278)
Others	140	141	1,252
Balance at end of year	¥63,533	¥62,913	\$566,299

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
	2017	2016	2017
Funded defined benefit obligation	¥ 50,094	¥ 51,902	\$ 446,517
Plan assets	(63,533)	(62,913)	(566,299)
Total	(13,438)	(11,011)	(119,782)
Unfunded defined benefit obligation	20,857	21,676	185,909
Net liability (asset) arising from defined benefit obligation	7,418	10,665	66,127

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Liability for retirement benefits	¥ 20,857	¥21,676	\$ 185,909
Asset for retirement benefits	(13,438)	(11,011)	(119,782)
Net liability (asset) arising from defined benefit obligation	7,418	10,665	66,127

4. The components of net periodic benefit costs for the years ended March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Service cost	¥ 2,018	¥ 2,059	\$ 17,988
Interest cost	725	754	6,463
Expected return on plan assets	(1,262)	(1,255)	(11,249)
Amortization of prior service cost	2,163	1,425	19,289
Amortization of transitional obligation			
Others	56	116	506
Net periodic benefit costs	¥ 3,701	¥ 3,101	\$ 32,997

5. Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Prior service cost			
Actuarial (gains) losses	¥2,755	¥4,005	\$24,562
Others			
Total	¥2,755	¥4,005	\$24,562

6. Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Unrecognized prior service cost			
Unrecognized actuarial gains and losses	¥1,536	¥4,292	\$13,696
Others			
Total	¥1,536	¥4,292	\$13,696

7. Plan assets

(1) Components of plan assets

Plan assets consisted of the following:

	2017	2016
Debt investments	26%	26%
Equity investments	40%	40%
Cash and cash equivalents	1%	1%
General account of life insurance companies	31%	31%
Others	2%	2%
Total	100%	100%

(2) Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

8. Assumptions used for the years ended March 31, 2017 and 2016, were set forth as follows:

	2017	2016
Discount rate	Mainly 1.0%	Mainly 1.0%
Expected rate of return on plan assets	2.0%	2.0%
Expected rate of salary increase	6.3%	6.3%

9. Defined Contribution

The amounts to be contributed by the Bank and certain consolidated subsidiaries for the years ended March 31, 2017 and 2016, were ¥450 million (\$4,013 thousand) and ¥450 million, respectively.

19. EQUITY

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

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria, such as (1) having a board of directors, (2) having independent auditors, (3) having an audit and supervisory board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Bank cannot do so because it does not meet all the above criteria. The Companies Act permits companies to distribute dividends in kind (noncash assets) to shareholders subject to certain limitations and additional requirements.

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

(b) Increases/decreases and transfer of capital stock, reserve, and surplus

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

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

(c) Treasury stock and treasury stock acquisition rights

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

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

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

20. STOCK OPTIONS

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

Stock-based compensation expenses were ¥39 million (\$355 thousand) and ¥62 million for the years ended March 31, 2017 and 2016, respectively.

The stock options outstanding as of March 31, 2017, were as follows:

Stock Options	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
2007 Stock Option	8 directors	67,000 shares	2007.7.27	¥ 1 (\$0.01)	From July 28, 2007 to July 27, 2032
2008 Stock Option	8 directors	66,000 shares	2008.7.18	¥ 1 (\$0.01)	From July 19, 2008 to July 18, 2033
2009 Stock Option	8 directors	89,000 shares	2009.7.24	¥ 1 (\$0.01)	From July 25, 2009 to July 24, 2034
2010 Stock Option	8 directors	100,000 shares	2010.7.23	¥ 1 (\$0.01)	From July 24, 2010 to July 23, 2035
2011 Stock Option	8 directors	100,000 shares	2011.7.22	¥ 1 (\$0.01)	From July 23, 2011 to July 22, 2036
2012 Stock Option	8 directors	100,000 shares	2012.7.24	¥ 1 (\$0.01)	From July 25, 2012 to July 24, 2037
2013 Stock Option	8 directors	88,000 shares	2013.7.23	¥ 1 (\$0.01)	From July 24, 2013 to July 23, 2038
2014 Stock Option	8 directors	92,000 shares	2014.7.22	¥ 1 (\$0.01)	From July 23, 2014 to July 22, 2039
2015 Stock Option	7 directors	37,000 shares	2015.7.21	¥ 1 (\$0.01)	From July 22, 2015 to July 21, 2040
2016 Stock Option	7 directors	50,000 shares	2016.7.19	¥ 1 (\$0.01)	From July 20, 2016 to July 19, 2041

The stock option activity is as follows:

	2007 Stock Option	2008 Stock Option	2009 Stock Option	2010 Stock Option	2011 Stock Option	2012 Stock Option	2013 Stock Option	2014 Stock Option	2015 Stock Option	2016 Stock Option
Year Ended March 31, 2016										
Non-vested										
March 31, 2015—Outstanding								92,000		
Granted									37,000	
Vested								92,000		
March 31, 2016—Outstanding									37,000	
Vested										
March 31, 2015—Outstanding	18,000	18,000	32,000	46,000	49,000	66,000	64,000			
Vested								92,000		
Exercised						6,000	9,000	10,000		
March 31, 2016—Outstanding	18,000	18,000	32,000	46,000	49,000	60,000	55,000	82,000		
Year Ended March 31, 2017										
Non-vested										
March 31, 2016—Outstanding									37,000	
Granted										50,000
Vested									37,000	
March 31, 2017—Outstanding										50,000
Vested										
March 31, 2016—Outstanding	18,000	18,000	32,000	46,000	49,000	60,000	55,000	82,000		
Vested									37,000	
Exercised										
March 31, 2017—Outstanding	18,000	18,000	32,000	46,000	49,000	60,000	55,000	82,000	37,000	
Exercise price	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)
Average stock price at exercise	¥ (\$)	¥ (\$)	¥ (\$)	¥ (\$)	¥ (\$)	¥ (\$)	¥ (\$)	¥ (\$)	¥ (\$)	¥ (\$)
Fair value price at grant date	¥ 1,153 (\$ 10.28)	¥ 1,057 (\$ 9.42)	¥ 875 (\$ 7.80)	¥ 704 (\$ 6.28)	¥ 709 (\$ 6.32)	¥ 743 (\$ 6.62)	¥ 1,135 (\$ 10.12)	¥ 1,079 (\$ 9.62)	¥ 1,351 (\$ 12.04)	¥ 730 (\$ 6.51)

The assumptions used to measure the fair value of the 2016 stock option are as follows:

Estimate method: Black-Scholes option-pricing model

Volatility of stock price: 35.5%

Estimated remaining outstanding period: Two years

Estimated dividend: ¥20.0 per share

Risk-free interest rate: (0.320)%

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
	2017	2016	2017
Valuation difference	¥232,359	¥228,708	\$2,071,126
Deferred tax liabilities	(66,673)	(66,532)	(594,287)
Amounts equivalent to difference on available-for-sale securities	¥165,686	¥162,175	\$1,476,839
Noncontrolling interests adjustment	¥ (379)	¥ (393)	\$ (3,380)
Share of valuation difference on available-for-sale securities in affiliated companies	¥ 298	¥ 558	\$ 2,658
Valuation difference on available-for-sale securities	¥165,605	¥162,340	\$1,476,117

22. OTHER OPERATING INCOME

Other operating income for the years ended March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Gains on foreign exchange transactions	¥ 1,209	¥ 1,462	\$ 10,779
Gains on sales of bonds	13,924	22,154	124,116
Gains on financial derivatives	2,472		22,034
Other	34	14	309
Total	¥17,640	¥23,631	\$157,238

23. OTHER INCOME

Other income for the years ended March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Gains on sales of stocks and other securities	¥36,708	¥ 3,707	\$327,195
Other	8,565	9,332	76,350
Total	¥45,273	¥13,039	\$403,545

24. OTHER OPERATING EXPENSES

Other operating expenses for the years ended March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Losses on sales of bonds	¥37,312	¥10,782	\$332,582
Losses on redemption of bonds	6,695		59,676
Losses on devaluation of bonds			
Expenses of derivatives transactions		165	
Other			
Total	¥44,007	¥10,948	\$392,258

25. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Salary	¥34,743	¥35,204	\$309,682
Depreciation expenses	10,751	10,786	95,830
Other	43,653	42,701	389,101
Total	¥89,147	¥88,691	\$794,613

26. OTHER EXPENSES

Other expenses for the years ended March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Provision of allowance for loan losses	¥ 3,955	¥ 2,620	\$ 35,253
Losses on written-off claims	227	210	2,031
Losses on sales of stocks and other securities	0	113	5
Losses on devaluation of stocks and other securities	1	639	14
Losses on money held in trust	6	4	61
Equity in losses of affiliates	11,783		105,031
Losses on disposition of fixed assets	248	208	2,212
Impairment losses		13	
Other	6,519	7,691	58,116
Total	¥22,743	¥11,501	\$202,723

27. INCOME TAXES

The Bank and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 30.2% and 32.3% for the years ended March 31, 2017 and 2016, respectively.

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Deferred tax assets:			
Allowance for loan losses	¥ 13,398	¥ 13,852	\$ 119,423
Liability for retirement benefits	8,290	9,279	73,894
Other	7,266	7,644	64,767
Deferred tax assets	28,954	30,776	258,084
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	(66,673)	(66,532)	(594,287)
Gain on establishment of employee retirement benefit trust	(5,222)	(5,222)	(46,548)
Other	(1,922)	(2,426)	(17,135)
Deferred tax liabilities	(73,817)	(74,181)	(657,970)
Net deferred tax assets (liabilities)	¥(44,863)	¥(43,404)	\$(399,886)

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, 2017, with the corresponding figures for 2016, is as follows:

	2017	2016
Normal effective statutory tax rate	30.2%	32.3%
Change in valuation allowance	7.3%	0.1%
Dividends exempted for income tax purposes	(0.9)%	(0.6)%
Decrease in deferred tax assets due to change in tax rates		1.4%
Other	0.7%	0.8%
Actual effective tax rate	37.3%	34.0%

28. LEASES

(1) Financial Lease

(a) Lessee

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

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

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

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Tangible Fixed Assets			
Acquisition cost	¥ 176	¥176	\$1,572
Accumulated depreciation	(103)	(94)	(924)
Net leased property	¥ 72	¥ 81	\$ 648

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Tangible Fixed Assets			
Due within one year	¥ 9	¥ 8	\$ 82
Due after one year	111	120	996
Total	¥120	¥129	\$1,078

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

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Depreciation expense	¥ 8	¥ 8	\$ 79
Interest expense	14	15	132
Total	¥23	¥24	\$211
Lease payments	¥23	¥23	\$205

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
	2017	2016	2017
Gross lease receivables	¥62,559	¥58,223	\$557,621
Estimate residual values	2,929	2,733	26,114
Unearned interest income	(5,939)	(5,544)	(52,938)
Lease investment assets	¥59,550	¥55,412	\$530,797

Maturities of lease receivables are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Years Ending March 31,	2017	2017
2018	¥ 403	\$ 3,596
2019	292	2,606
2020	246	2,198
2021	191	1,709
2022	178	1,588
2023 and thereafter	449	4,008
Total	¥1,761	\$15,705

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

	Millions of Yen	Thousands of U.S. Dollars
Years Ending March 31,	2017	2017
2018	¥17,550	\$156,431
2019	14,351	127,922
2020	10,908	97,234
2021	7,966	71,005
2022	5,112	45,571
2023 and thereafter	6,670	59,458
Total	¥62,559	\$557,621

(2) Operating Lease

(a) Lessee

The minimum rental commitments under noncancelable operating leases at March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Due within one year	¥ 571	¥ 473	\$ 5,097
Due after one year	2,296	2,636	20,465
Total	¥2,867	¥3,109	\$25,562

(b) Lessor

The future lease payment receivables under noncancelable operating leases at March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Due within one year	¥ 727	¥ 612	\$ 6,484
Due after one year	1,284	1,235	11,446
Total	¥2,011	¥1,848	\$17,930

29. SEGMENT INFORMATION

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

1. Description of Reportable Segments

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

2. Methods of Measurement of Ordinary Income, Profit (Loss), Assets, Liabilities, and Other Items for Each Reportable Segment

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

3. Information about Ordinary Income, Profit (Loss), Assets, Liabilities, and Other Items

Year Ended March 31, 2017	Millions of Yen						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking Operations	Leasing Operations	Total				
Ordinary income:							
Ordinary income from external customers	¥ 207,784	¥26,866	¥ 234,651	¥ 15,153	¥ 249,804		¥ 249,804
Ordinary income from intersegment transactions	3,493	1,631	5,124	4,648	9,773	¥ (9,773)	
Total	¥ 211,278	¥28,497	¥ 239,775	¥ 19,801	¥ 259,577	¥ (9,773)	¥ 249,804
Segment profit (loss)	¥ 52,001	¥ 1,630	¥ 53,632	¥ (4,791)	¥ 48,840	¥ (1,784)	¥ 47,055
Segment assets	11,038,638	88,091	11,126,730	139,151	11,265,881	(211,098)	11,054,783
Segment liabilities	10,168,331	71,367	10,239,698	24,310	10,264,009	(143,945)	10,120,064
Other:							
Depreciation	10,555	943	11,499	340	11,839	(208)	11,631
Interest income	124,744	5	124,750	337	125,087	(2,081)	123,005
Interest expense	14,914	213	15,127	5	15,133	(471)	14,661
Equity in earnings (losses) of affiliated companies				(11,783)	(11,783)		(11,783)
Investments in affiliated companies				17,843	17,843		17,843
Increase in property, plant, equipment, and intangible assets	21,988	1,000	22,988	161	23,150	(274)	22,875

Year Ended March 31, 2016	Millions of Yen						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking Operations	Leasing Operations	Total				
Ordinary income:							
Ordinary income from external customers	¥ 183,719	¥24,459	¥ 208,179	¥ 15,434	¥ 223,613		¥ 223,613
Ordinary income from intersegment transactions	3,833	1,358	5,191	4,526	9,717	¥ (9,717)	
Total	¥ 187,553	¥25,817	¥ 213,370	¥ 19,960	¥ 233,331	¥ (9,717)	¥ 223,613
Segment profit (loss)	¥ 66,335	¥ 1,411	¥ 67,747	¥ 6,955	¥ 74,702	¥ (1,932)	¥ 72,769
Segment assets	11,103,631	81,692	11,185,323	158,104	11,343,428	(226,178)	11,117,249
Segment liabilities	10,253,472	66,136	10,319,609	22,447	10,342,056	(147,167)	10,194,888
Other:							
Depreciation	10,582	845	11,427	338	11,766	(163)	11,602
Interest income	126,929	4	126,934	224	127,158	(2,069)	125,089
Interest expense	10,719	236	10,955	7	10,963	(351)	10,611
Equity in earnings (losses) of affiliated companies				158	158		158
Investments in affiliated companies				30,582	30,582		30,582
Increase in property, plant, equipment, and intangible assets	14,219	930	15,150	134	15,284	(249)	15,035

Year Ended March 31, 2017	Thousands of U.S. Dollars						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking Operations	Leasing Operations	Total				
Ordinary income:							
Ordinary income from external customers	\$ 1,852,078	\$239,474	\$ 2,091,552	\$ 135,066	\$ 2,226,618		\$ 2,226,618
Ordinary income from intersegment transactions	31,139	14,539	45,678	41,435	87,113	\$ (87,113)	
Total	\$ 1,883,217	\$254,013	\$ 2,137,230	\$ 176,501	\$ 2,313,731	\$ (87,113)	\$ 2,226,618
Segment profit (loss)	\$ 463,516	\$ 14,532	\$ 478,048	\$ (42,713)	\$ 435,335	\$ (15,906)	\$ 419,429
Segment assets	98,392,357	785,201	99,177,558	1,240,317	100,417,875	(1,881,614)	98,536,261
Segment liabilities	90,634,916	636,131	91,271,047	216,691	91,487,738	(1,283,049)	90,204,689
Other:							
Depreciation	94,089	8,414	102,503	3,032	105,535	(1,860)	103,675
Interest income	1,111,904	50	1,111,954	3,007	1,114,961	(18,556)	1,096,405
Interest expense	132,938	1,904	134,842	51	134,893	(4,205)	130,688
Equity in earnings (losses) of affiliated companies				(105,031)	(105,031)		(105,031)
Investments in affiliated companies				159,044	159,044		159,044
Increase in property, plant, equipment, and tangible assets	195,992	8,914	204,906	1,441	206,347	(2,448)	203,899

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, 2017	¥95,298	¥73,902	¥26,861	¥53,742	¥249,804	\$849,442	\$658,724	\$239,424	\$479,028	\$2,226,618
Year ended March 31, 2016	¥92,939	¥54,777	¥24,452	¥51,444	¥223,613					

(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					Reportable Segment				
	Banking Operations	Leasing Operations	Total	Other	Total	Banking Operations	Leasing Operations	Total	Other	Total
Impairment losses of assets										
Year ended March 31, 2017										
Year ended March 31, 2016	¥ 13		¥ 13		¥ 13					

30. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

1 Qualitative Information of Financial Instruments

(1) Group Policy for Financial Instruments

The Group provides comprehensive financial services, centering on banking, along with leasing and management consulting. Its base of operations is Shizuoka Prefecture.

The Bank, the core business operator of the Group, provides a range of financial instruments, including deposits in Japanese yen, deposits in foreign currencies, Japanese government bonds, investment trusts, and personal pension insurance. It also provides stable financing for customers in the region through loans to individuals and lending operations for small and medium enterprises.

(2) Details of Financial Instruments and Related Risks

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

The loans and bills discounted are exposed to credit risk arising from potential default by borrowers. As about 60% of the loans and bills discounted are for customers in Shizuoka Prefecture, credit-related losses could occur on a large scale if the regional economic environment changes negatively or if a severe earthquake occurs.

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

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

The Group enters into derivative transactions for customer needs of hedging exchange rates or interest rates, and for asset and

liability management (ALM) or hedging individual transactions to appropriately manage the market risks of the Group. The Group also conducts trading transactions for the short term.

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

(3) Risk Management Systems for Financial Instruments

(i) Integrated risk management system

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

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

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

(ii) Credit risk management system

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

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

The Bank's borrower credit rating system, which is an essential part of its credit risk management, together with other internal rating systems, is operated by the Rating Assessment

Group of the Credit Department, designed and supervised by the Credit Risk Management Group, which is independent from the Credit Department, and verified by the Risk Management Group of the Risk Management Department.

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

In addition, the Asset Auditing Group confirms whether credit risk management is performed in conformance with the relevant rules through verification of the self-assessment process.

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

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

(iii) Market risk management system

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

The Group controls the degree of market risks within a certain range by setting limits about risk capital allocations, amount of gains or losses, position, and sensitivity, and so on.

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

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

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

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

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

The total amounts of market risks as of March 31, 2017 and 2016, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
VaR	¥130,623	¥148,403	\$1,164,306

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, 2017 and 2016, consisted of the following:

	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gains (Losses)
March 31, 2017			
Cash and due from banks	¥ 1,118,843	¥ 1,118,843	
Call loans and bills bought	276,033	276,033	
Trading assets:			
Trading securities	11,276	11,276	
Securities:			
Held to maturity	11,451	11,743	¥ 292
Available for sale	1,307,679	1,307,679	
Loans and bills discounted	7,929,665		
Allowance for loan losses	(44,948)		
Subtotal	7,884,716	7,922,419	37,703
Total	¥10,610,000	¥10,647,996	¥37,996
Deposits	¥ 9,364,381	¥ 9,365,187	¥ 805
Call money and bills sold	108,400	108,400	
Payables under repurchase agreements	31,086	31,086	
Payables under securities lending transactions	19,298	19,298	
Borrowed money	277,175	277,109	(65)
Total	¥ 9,800,343	¥ 9,801,083	¥ 740
Derivative transactions:			
Nonhedging derivatives	¥ 630	¥ 630	
Hedging derivatives	4,373	4,373	
Total	¥ 5,004	¥ 5,004	

	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gains (Losses)
March 31, 2016			
Cash and due from banks	¥ 578,327	¥ 578,327	
Call loans and bills bought	369,194	369,194	
Trading assets:			
Trading securities	9,691	9,691	
Securities:			
Held to maturity	12,170	12,606	¥ 435
Available for sale	2,124,855	2,124,855	
Loans and bills discounted	7,643,361		
Allowance for loan losses	(46,764)		
Subtotal	7,596,597	7,651,272	54,674
Total	¥10,690,836	¥10,745,947	¥55,110
Deposits	¥ 9,122,971	¥ 9,124,100	¥ 1,128
Call money and bills sold	223,394	223,394	
Payables under repurchase agreements	48,416	48,416	
Payables under securities lending transactions	310,984	310,984	
Borrowed money	154,904	154,919	14
Total	¥ 9,860,672	¥ 9,861,815	¥ 1,143
Derivative transactions:			
Nonhedging derivatives	¥ 1,375	¥ 1,375	
Hedging derivatives	13,044	13,044	
Total	¥ 14,419	¥ 14,419	

	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gains (Losses)
March 31, 2017			
Cash and due from banks	\$ 9,972,752	\$ 9,972,752	
Call loans and bills bought	2,460,411	2,460,411	
Trading assets:			
Trading securities	100,513	100,513	
Securities:			
Held to maturity	102,069	104,676	\$ 2,607
Available for sale	11,655,940	11,655,940	
Loans and bills discounted	70,680,676		
Allowance for loan losses	(400,649)		
Subtotal	70,280,027	70,616,098	336,071
Total	\$94,571,712	\$94,910,390	\$338,678
Deposits	\$83,468,950	\$83,476,132	\$ 7,182
Call money and bills sold	966,221	966,221	
Payables under repurchase agreements	277,091	277,091	
Payables under securities lending transactions	172,020	172,020	
Borrowed money	2,470,591	2,470,006	(585)
Total	\$87,354,873	\$87,361,470	\$ 6,597
Derivative transactions:			
Nonhedging derivatives	\$ 5,618	\$ 5,618	
Hedging derivatives	38,986	38,986	
Total	\$ 44,604	\$ 44,604	

- 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, (3) Payables under repurchase agreements, and (4) 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.

- (5) Borrowed money

Floating rate-borrowed money reflects market interest rates in short periods, and the credit standing of the Bank and its consolidated subsidiaries has not significantly changed from when the money was borrowed. The fair value of floating rate borrowed money is therefore considered to approximate the carrying value and is deemed equal to the carrying value. The present value of fixed-rate borrowed money, which is classified in accordance with its period, is estimated by discounting future cash flows,

using rates that would be offered to similar borrowings. The fair value of borrowed money whose term is short (within one year) approximates the carrying value and is therefore deemed equal to the carrying value.

Derivatives

Fair value information for derivatives is included in Note 31.

Carrying amount of financial instruments whose fair value cannot be reliably determined at March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Unlisted stocks	¥ 6,540	¥ 6,670	\$ 58,302
Investments in partnerships and others	7,347	7,358	65,493
Total	¥13,888	¥14,028	\$123,795

Notes: 1. Unlisted stocks without market prices, and whose fair values are difficult to determine, are not included in fair value information.
2. The impairment losses on unlisted stocks for the years ended March 31, 2017 and 2016, were ¥1 million (\$14 thousand) and ¥0 million, respectively.
3. Investments in partnerships, whose assets include unlisted stocks and other assets, are not included in fair value disclosures as it is difficult to determine their fair values.

Maturity analysis for financial assets and securities with contractual maturities

	Millions of Yen					
	Due in One Year or Less	Due after One Year through Three Years	Due after Three Years through Five Years	Due after Five Years through Seven Years	Due after Seven Years through Ten Years	Due after Ten Years
March 31, 2017						
Due from banks	¥1,032,031					
Call loans and bills bought	276,033					
Securities:	145,892	¥ 270,572	¥ 37,386	¥ 46,894	¥214,326	¥ 223,680
Held-to-maturity	1,078	1,919	2,414	2,000	3,200	606
Available-for-sale	144,813	268,653	34,972	44,894	211,126	223,073
Loans and bills discounted	2,079,096	1,390,993	976,348	659,651	741,212	1,840,987
Total	¥3,533,054	¥1,661,565	¥1,013,735	¥706,545	¥955,539	¥2,064,667

	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, 2017						
Due from banks	\$ 9,198,961					
Call loans and bills bought	2,460,411					
Securities:	1,300,403	\$ 2,411,733	\$ 333,242	\$ 417,992	\$1,910,386	\$ 1,993,762
Held-to-maturity	9,615	17,106	21,520	17,827	28,523	5,409
Available-for-sale	1,290,788	2,394,627	311,722	400,165	1,881,863	1,988,353
Loans and bills discounted	18,531,928	12,398,553	8,702,637	5,879,768	6,606,764	16,409,550
Total	\$31,491,703	\$14,810,286	\$9,035,879	\$6,297,760	\$8,517,150	\$18,403,312

Notes: 1. The amount of loans and bills discounted without due dates, which have been excluded is ¥152,592 million (\$1,360,129 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 ¥88,781 million (\$791,347 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, 2017						
Deposits	¥8,829,831	¥495,288	¥32,902	¥2,699	¥3,659	
Call money and bills sold	108,400					
Payables under repurchase agreements	31,086					
Payables under securities lending transactions	19,298					
Borrowed money	247,932	15,678	8,647	204	4,711	
Total	¥9,236,549	¥510,967	¥41,550	¥2,903	¥8,371	

	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, 2017						
Deposits	\$78,704,261	\$4,414,733	\$293,277	\$24,062	\$32,617	
Call money and bills sold	966,221					
Payables under repurchase agreements	277,091					
Payables under securities lending transactions	172,020					
Borrowed money	2,209,936	139,752	77,083	1,820	42,000	
Total	\$82,329,529	\$4,554,485	\$370,360	\$25,882	\$74,617	

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

31. DERIVATIVES

Qualitative information on derivatives, such as the nature and the purpose of derivative financial instruments, is included in Note 30.

Derivative transactions to which hedge accounting is not applied at March 31, 2017 and 2016, consisted of the following:

Millions of Yen				
	Contract or Notional Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains (Losses)
March 31, 2017				
Listed:				
Bond futures	¥ 4,802		¥ (4)	¥ (4)
Bond futures' options	1,200			0
Over the counter:				
Interest rate swaps	975,933	¥766,645	599	599
Currency swaps	215,974	110,881	180	180
Forward contracts	369,752	151	(23)	(23)
Currency options	135,151	88,345	11	11
Credit default options	2,000	2,000	(235)	(235)
Other	6,348	5,048	103	103

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

Thousands of U.S. Dollars				
	Contract or Notional Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains (Losses)
March 31, 2017				
Listed:				
Bond futures	\$ 42,804		\$ (39)	\$ (39)
Bond futures' options	10,696			1
Over the counter:				
Interest rate swaps	8,698,931	\$6,833,457	5,342	5,342
Currency swaps	1,925,080	988,334	1,605	1,605
Forward contracts	3,295,769	1,350	(209)	(209)
Currency options	1,204,668	787,466	100	100
Credit default options	17,827	17,827	(2,100)	(2,100)
Other	56,587	44,999	920	920

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, 2017 and 2016, consisted of the following:

Millions of Yen				
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
March 31, 2017				
Principled treatment				
Interest rate swaps	Deposits	¥ 96,805	¥ 96,805	¥1,255
Currency swaps	Loans, deposits, and securities in foreign currencies	125,163	107,347	3,692
Forward contracts	Loans, deposits, and securities in foreign currencies	19,290	151	(574)
Special hedging treatment				
Interest rate swaps	Loans	41,302	19,659	

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

Thousands of U.S. Dollars				
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
March 31, 2017				
Principled treatment				
Interest rate swaps	Deposits	\$ 862,873	\$862,873	\$11,189
Currency swaps	Loans, deposits, and securities in foreign currencies	1,115,637	956,840	32,917
Forward contracts	Loans, deposits, and securities in foreign currencies	171,945	1,350	(5,121)
Special hedging treatment				
Interest rate swaps	Loans	368,148	175,233	

Notes: 1. Principally, deferral hedge accounting is applied as stipulated in JICPA Industry Audit Committee Report No.24, "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in the Banking Industry" issued on February 13, 2002, and No.25, "Accounting and Auditing Treatment of Accounting Treatment on Foreign Currency Transactions in the Banking Industry" issued on July 29, 2002.

2. The fair value of interest rate swaps with special hedging treatment is omitted as interest rate swaps and loans are treated unitary and their values are included in the fair value of loans and bills discounted in Note 30.

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

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

32. RELATED-PARTY TRANSACTIONS

Related-party transactions for the years ended March 31, 2017 and 2016, were as follows:

Related-Party Transactions with the Bank

Related Party	Category	Description of Transactions	Millions of Yen		Thousands of U.S. Dollars
			2017	2016	2017
Kai Goto	Close relative of a director of Shizuoka Bank	Loans	¥127	¥139	\$1,137

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

33. OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) for the years ended March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Unrealized gain on available-for-sale securities			
Gains arising during the year	¥10,276	¥ (34,684)	\$ 91,596
Reclassification adjustments to profit and loss	(6,624)	(23,450)	(59,048)
Amount before income tax effect	3,651	(58,134)	32,548
Income tax effect	(140)	21,634	(1,255)
Total	¥ 3,510	¥ (36,500)	\$ 31,293
Deferred gains on derivatives under hedge accounting			
Gains arising during the year	¥ (3,877)	¥ (290)	\$(34,558)
Reclassification adjustments to profit and loss	2,196	1,914	19,581
Amount before income tax effect	(1,680)	1,623	(14,977)
Income tax effect	503	(468)	4,492
Total	¥ (1,176)	¥ 1,155	\$(10,485)
Foreign currency translation adjustments			
Gains arising during the year	¥ 1,246	¥ (4,210)	\$ 11,107
Reclassification adjustments to profit and loss	(1,122)		(10,006)
Amount before income tax effect	123	(4,210)	1,101
Income tax effect			
Total	¥ 123	¥ (4,210)	\$ 1,101
Defined retirement benefit plans			
Adjustments arising during the year	¥ 591	¥ 2,579	\$ 5,273
Reclassification adjustments to profit or loss	2,163	1,425	19,289
Amount before income tax effect	2,755	4,005	24,562
Income tax effect	(835)	(1,328)	(7,447)
Total	¥ 1,920	¥ 2,676	\$ 17,115
Share of other comprehensive income in affiliated companies			
Gains arising during the year	¥ (598)	¥ 100	\$ (5,332)
Reclassification adjustments to profit or loss			
Amount before income tax effect	(598)	100	(5,332)
Income tax effect			
Total	¥ (598)	¥ 100	\$ (5,332)
Total other comprehensive income	¥ 3,779	¥ (36,777)	\$ 33,692

34. NET INCOME PER SHARE

Basic net income per share (EPS) for the years ended March 31, 2017 and 2016, is computed as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year ended	Net income attributable to Owners of the Parent	Weighted-Average Shares	EPS	
March 31, 2017				
Basic EPS				
Net income available to common shareholders	¥29,276	610,089	¥47.98	\$ 0.428
Effect of dilutive securities				
Stock options		432	(0.03)	(0.000)
Convertible bonds with stock acquisition rights		37,425	(2.77)	(0.025)
Diluted EPS				
Net income for computation	¥29,276	647,946	¥45.18	\$ 0.403
Year ended	Millions of Yen	Thousands of Shares	Yen	
March 31, 2016	Net income attributable to Owners of the Parent	Weighted-Average Shares	EPS	
Basic EPS				
Net income available to common shareholders	¥47,909	615,808	¥77.79	
Effect of dilutive securities				
Stock options		391	(0.04)	
Convertible bonds with stock acquisition rights		37,202	(4.43)	
Diluted EPS				
Net income for computation	¥47,909	653,402	¥73.32	

35. SUBSEQUENT EVENTS

Appropriation of Retained Earnings

The following appropriation of retained earnings was authorized at the ordinary general shareholders' meeting held on June 16, 2017:

	Millions of Yen	Thousands of U.S. Dollars
Cash dividends,		
¥10.0 (\$0.09) per share	¥6,037	\$53,817
Total	¥6,037	\$53,817

Key Consolidated Financial Indicators

Summary of Profits (Losses)

Years ended March 31	Millions of Yen			Percentage Change
	2017	2016	Increase (Decrease)	
Net interest income	¥108,343	¥114,477	¥ (6,133)	(5.4)%
Net fees and commissions	28,646	29,357	(710)	(2.4)
Net trading income	2,802	3,282	(480)	(14.6)
Net other operating income	(26,366)	12,682	(39,049)	(307.9)
General and administrative expenses	89,147	88,691	456	0.5
Net other ordinary income	22,777	1,660	21,117	1,271.7
Ordinary profits	47,055	72,769	(25,714)	(35.3)
Income before income taxes	46,808	72,647	(25,839)	(35.6)
Income taxes:				
Current	16,480	22,798	(6,318)	(27.7)
Deferred	986	1,895	(909)	(48.0)
Net income	29,341	47,953	(18,611)	(38.8)
Net income attributable to noncontrolling interests	65	43	21	48.7
Net income attributable to owners of the parent	29,276	47,909	(18,632)	(38.9)
Comprehensive income	33,121	11,175	21,945	196.4

Breakdown of Net Interest Margin

Year ended March 31	Billions of Yen
	2017
Interest income	¥ 123.0
Average interest-earning assets	10,282.5
Average interest rate of interest-earning assets (%)	1.19
Interest expense (Note)	14.6
Average interest-bearing liabilities	9,970.5
Average interest rate of interest-bearing liabilities (%)	0.14
Net interest income	108.3

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		
	2017	2016	Increase (Decrease)
Gains on foreign exchange transactions	¥ 1,209	¥ 1,462	¥ (252)
Gains/losses on government bonds	(30,082)	11,372	(41,455)
Gains on sales	13,924	22,154	(8,230)
Losses on sales	(37,312)	(10,782)	(26,529)
Losses on redemptions	(6,695)		(6,695)
Gains/losses on derivative transactions	2,472	(165)	2,637
Proceeds from derivative transactions	2,472		2,472
Expenses for derivative products		(165)	165
Others	34	14	20
Gains/losses on other business	(26,366)	12,682	(39,049)
Other operating income	17,640	23,631	(5,990)
Other operating expenses	(44,007)	(10,948)	(33,059)

Loans Outstanding by Type of Borrower

March 31	Billions of Yen, % Share			
	2017		2016	
Domestic branches:				
Manufacturing	¥1,321.2	17.21%	¥1,338.5	18.09%
Agriculture and forestry	7.7	0.10	6.9	0.09
Fishery	6.1	0.08	5.3	0.07
Mining and quarrying	14.5	0.19	12.2	0.17
Construction	240.4	3.13	239.8	3.24
Utilities	78.0	1.02	58.7	0.80
Telecommunications	62.5	0.81	63.5	0.86
Transportation and mail service	277.4	3.61	271.0	3.66
Wholesale and retailing	796.1	10.37	768.8	10.39
Finance and insurance	387.5	5.05	435.5	5.89
Real estate, lease, and rental	1,542.2	20.09	1,447.6	19.56
Medical, welfare, lodging, and other services	513.9	6.69	478.2	6.46
Local governments	140.7	1.83	146.9	1.99
Other	2,289.5	29.82	2,126.3	28.73
Subtotal	7,678.2	100.00	7,400.0	100.00
Overseas branches and offshore accounts:				
Governments and official institutions	5.2	2.08		
Banks and other financial institutions	16.8	6.70	14.1	5.81
Other	229.3	91.22	229.1	94.19
Subtotal	251.3	100.00	243.2	100.00
Total	¥7,929.6		¥7,643.3	

Risk-Monitored Asset Information

March 31	Millions of Yen		
	2017	2016	Increase (decrease)
Loans under bankruptcy proceedings A	¥ 3,238	¥ 4,059	¥ (820)
% of loans and bills discounted	0.04	0.05	(0.01)
Past-due loans B	85,542	100,947	(15,404)
% of loans and bills discounted	1.07	1.32	(0.24)
Loans past due for three months or more C	424	440	(15)
% of loans and bills discounted	0.00	0.00	(0.00)
Restructured loans D	13,157	13,653	(496)
% of loans and bills discounted	0.16	0.17	(0.01)
Risk-monitored loan total E (E=A+B+C+D)	102,363	119,100	(16,737)
% of loans and bills discounted	1.29	1.55	(0.26)
Value covered with collateral, guarantees, etc. F	89,799	104,406	(14,607)
Cover ratio (%) F/E	87.72	87.66	0.06

- 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	
	2017	2016
General allowance for loan losses	¥30,933	¥30,651
Specific allowance for loan losses	16,146	17,905
Total	¥47,080	¥48,556
[Loans on written-off claims for the year]	¥ [227]	¥ [210]

Financial Index

Years ended March 31	Consolidated			Nonconsolidated		
	2017	2016	Increase (Decrease)	2017	2016	Increase (Decrease)
Per share (Yen):						
Net income	¥ 47.98	¥ 77.79	¥(29.81)	¥ 40.04	¥ 71.42	¥(31.38)
Net assets	1,545.57	1,500.32	45.25	1,470.10	1,436.53	33.57
Cash dividends	20.00	20.00		20.00	20.00	
Dividend payout ratio (%)				49.93	28.00	21.93
Return on equity (%) (Note)	3.15	5.18	(2.03)	2.76	4.96	(2.20)
Price earnings ratio (%)	18.87	10.43	8.44	22.62	11.36	11.26

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	
	2017	2016	2017	2016
March 31				
1. Total capital ratio (%)	16.35	15.09	14.78	13.71
2. Tier 1 ratio (%)	16.35	14.79	14.78	13.46
3. Common Equity Tier 1 ratio (%)	16.35	14.79	14.78	13.46
4. Total capital	850.7	835.0	798.3	788.9
5. Tier 1 capital	850.7	818.0	798.3	774.7
6. Common Equity Tier 1 capital	850.7	818.0	798.3	774.7
7. Total risk-weighted assets	5,202.8	5,530.5	5,400.9	5,752.7
8. Total capital requirements	416.2	442.4	432.0	460.2

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

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

The Shizuoka Bank

Corporate Data

HEAD OFFICE

10, Gofukuchō 1-chōme, 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, 2017)
2,884

DATE OF ESTABLISHMENT

March 1, 1943

DOMESTIC NETWORK

(As of July 1, 2017)
Head Office, 174 branches,
25 subbranches

OVERSEAS NETWORK

(As of July 1, 2017)
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

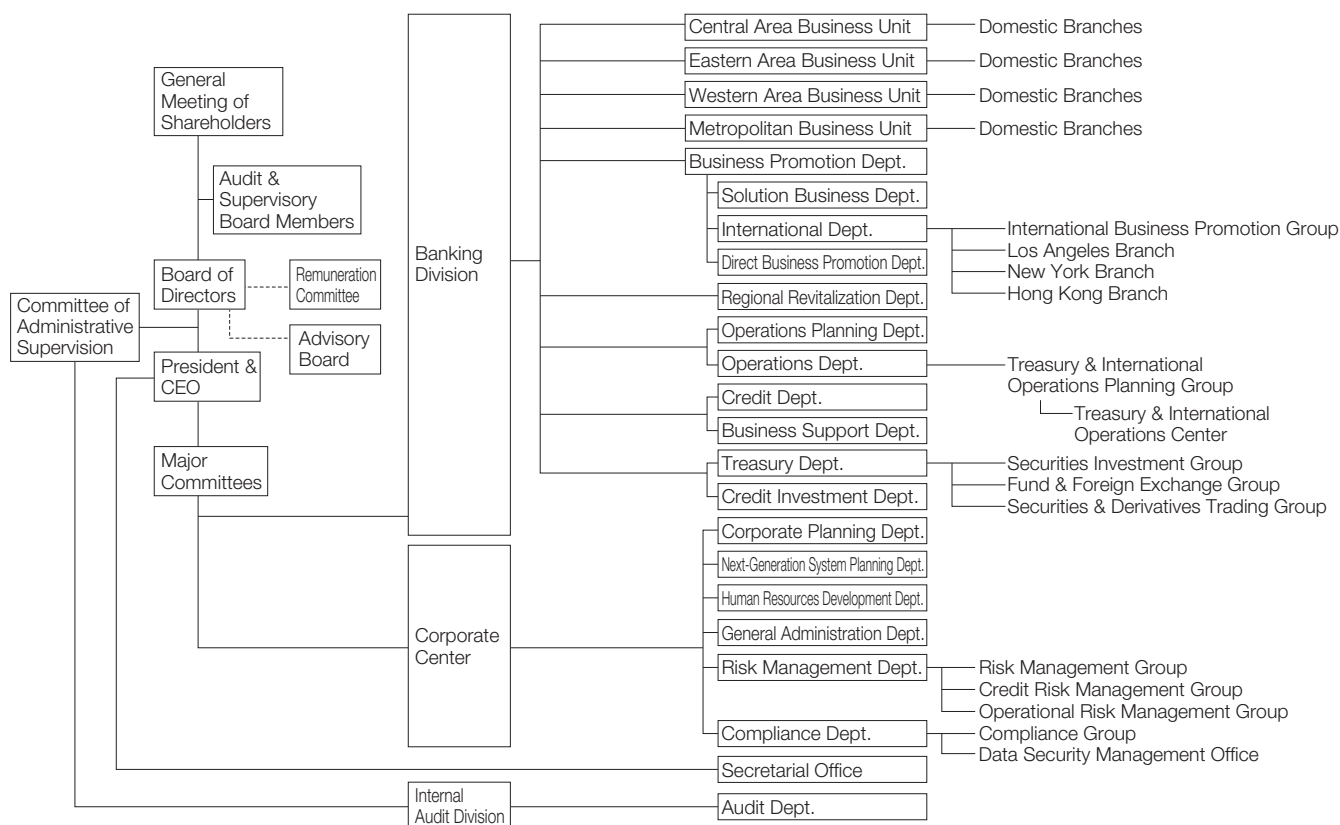
Shanghai Representative Office

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

Chairman & CEO

Katsunori Nakanishi

President

Hisashi Shibata

Director & Senior Managing Executive Officers

Hiroto Sugimoto

Minoru Yagi

Director & Senior Executive Officers

Yoshihiro Nagasawa

Hidehito Iio

Mitsuru Kobayashi

Directors

Masahiro Goto

Kumi Fujisawa

Kazuyasu Kato

Audit & Supervisory Board Members

Hiroki Saito

Yutaka Okoshi

Mitsuhiro Ishibashi

Kazuo Kouduki

Yoshihiro Yamashita

CEO=Chief Executive Officer

(As of July 1, 2017)

Investor Information

CAPITAL STOCK (As of March 31, 2017)

Common stock..... ¥90,845 million

NUMBER OF SHARES (As of March 31, 2017)

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

Issued and outstanding 645,129,069 shares

NUMBER OF SHAREHOLDERS (As of March 31, 2017)

21,169

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	2013	2014	2015	2016	2017
High	1,078	1,310	1,292	1,519	1,055
Low	752	926	938	768	655

Monthly high/low stock price (six months)

(Yen)

Month	Oct. 2016	Nov. 2016	Dec. 2016	Jan. 2017	Feb. 2017	Mar. 2017
High	899	943	1,055	1,035	1,027	994
Low	801	796	932	956	949	906

PRINCIPAL SHAREHOLDERS

The 10 largest shareholders of the Bank and their respective shareholdings at March 31, 2017, were as follows:

	Number of Shares in Thousands	Percentage of Total Shares Outstanding
The Master Trust Bank of Japan, Ltd. (trust account)	32,354	5.01%
Nippon Life Insurance Company	29,745	4.61
Meiji Yasuda Life Insurance Company	29,117	4.51
Japan Trustee Services Bank, Ltd. (trust account)	26,234	4.06
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	21,884	3.39
Sumitomo Life Insurance Company	13,070	2.02
Tokio Marine & Nichido Fire Insurance Co., Ltd.	11,608	1.79
The Dai-ichi Life Insurance Company, Limited	11,546	1.78
Japan Trustee Services Bank, Ltd. (trust account 5)	9,862	1.52
Daiichi Sankyo Company, Limited	9,343	1.44
Total	194,766	30.19%

The Shizuoka Bank Group

Consolidated Subsidiaries

SHIZUGIN MANAGEMENT CONSULTING CO., LTD.

Corporate and financial management
advisory services
Bill collection services

SHIZUGIN LEASE CO., LTD.

Leasing

SHIZUGIN COMPUTER SERVICE CO., LTD.

Computer system development and operation

SHIZUGIN CREDIT GUARANTY CO., LTD.

Guarantee of housing loans, etc.

SHIZUGIN DC CARD CO., LTD.

Credit card and guarantee of consumer loans

SHIZUOKA CAPITAL CO., LTD.

Public-offering assistance
Support for corporate rehabilitation

SHIZUGIN TM SECURITIES CO., LTD.

Securities

SHIZUGIN GENERAL SERVICE CO., LTD.

Fee-based job placement services
General administration

SHIZUGIN MORTGAGE SERVICE CO., LTD.

Appraisal of real estate for loan collateral
Operation center for loans

SHIZUGIN BUSINESS CREATE CO., LTD.

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

SHIZUOKA BANK (EUROPE) S.A.

Finance and securities-related services

SHIZUOKA LIQUIDITY RESERVE LIMITED

Purchases of monetary receivables

Affiliates under Equity Method

SHIZUGIN SAISON CARD CO., LTD.

Credit card and prepaid card
Guarantee of consumer loans

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

THE SHIZUOKA BANK, LTD.