



SHIZUOKA BANK

Annual Report 2000
Year ended March 31, 2000

The Shizuoka Bank Group is committed to a broad range of reforms that are to be implemented utilizing all the Group's resources. These reforms are designed to ensure that the Group can respond swiftly to changes in its operating environment and welcome the new century, having made significant improvements to its operating structure.

In line with these reforms, the Group is aiming to boost corporate value by conducting its business with greater attention to issues of profitability and strategy while at the same time maintaining its commitment to financial health.

All Shizuoka Bank Group employees are striving to retain the unswerving trust of its stockholders. As we work toward our objectives, we look forward to getting support and advice from our stockholders as well as business associates.

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Cautionary Statements with Respect to Forward-Looking Statements

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

Shizuoka Bank at a Glance

Nurturing the Vision of a Prosperous Community

A FIRST-CLASS REGIONAL BANK

The Shizuoka Bank, Ltd., is one of Japan's largest regional banks, with 186 domestic branches (including 15 subbranches) as of June 30, 2000. These branches serve customers in and near Shizuoka Prefecture, the Bank's home territory, as well as customers in Japan's three major business centers—Tokyo, Osaka, and Nagoya. Outside Japan, the Bank's overseas network consists of operations in New York, Los Angeles, Brussels, Hong Kong, Shanghai, and Singapore.

A SOLID FINANCIAL STRUCTURE

On March 31, 2000, Shizuoka Bank had non-consolidated total assets of ¥7,763.5 billion, deposits of ¥6,692.6 billion, and total stockholders' equity of ¥509.8 billion. The Bank's capital adequacy ratio, measured in accordance with Bank for International Settlements (BIS) standards, stood at 13.90%, one of the highest such ratios among Japanese banks. The Tier I ratio, which does not encompass unrealized gains on securities, was also high, at 11.00%.

INTERNATIONAL CONFIDENCE

Shizuoka Bank has the strongest financial position among Japanese banks, earning excellent ratings from international credit rating agencies: AA- (long-term) and A-1+ (short-term) ratings from Standard & Poor's; Aa3 (long-term), P-1 (short-term), and B (financial strength) ratings from Moody's; AA- (long-term), TBW-1 (short-term), and B (global issuer) ratings from Thomson BankWatch; and F1 (short-term) and B/C (individual) ratings from Fitch.

	Long-Term	Short-Term	Financial Strength	Global Issuer	Individual
Standard & Poor's	AA-	A-1+	—	—	—
Moody's	Aa3	P-1	B	—	—
Thomson BankWatch	AA-	TBW-1	—	B	—
Fitch	—	F1	—	—	B/C

(As of July 2000)

RIGOROUS RISK MANAGEMENT AND LEGAL COMPLIANCE

Shizuoka Bank's ratio of risk management loans is a remarkably low 3.37%. In view of the increasing complexity of risks it faces, the Bank has steadily upgraded its comprehensive risk management systems, with particular emphasis on credit risk, administrative risk, electronic data processing (EDP) risk, and market risk.

Shizuoka Bank gives top priority to conforming to a strict corporate ethics code that emphasizes the Bank's responsibility to society and corporate mission of maximizing the benefits it generates for all its stakeholders as well as its region. Accordingly, the Bank has established and maintained an uncompromising compliance system.

A DYNAMIC REGION

Shizuoka Bank is committed to promoting the continued prosperity of its home territory, Shizuoka Prefecture, which is centrally located on the Pacific coast between Japan's economic centers of Tokyo and Yokohama to the east and Nagoya and Osaka to the west. Ranking 10th among Japan's 47 prefectures in many economic indexes, the prefecture has a particularly robust manufacturing sector and is the base of many prominent producers of pulp and paper, electrical machinery, motorcycles, musical instruments, automobile parts, and machine tools. The prefecture also boasts strong agricultural and tourism sectors.

CONSOLIDATED FINANCIAL HIGHLIGHTS

THE SHIZUOKA BANK, LTD. and Subsidiaries

Years ended March 31	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2000	1999	2000
Income before income taxes and minority interests	¥ 44,050	¥ 31,867	\$ 414,986
Net income	26,329	16,539	248,036
Operating profit (Non-consolidated)	48,323	42,251	455,241

	Yen		U.S. Dollars (Note 1)
	2000	1999	2000
Net income per share	¥ 33.36	¥ 20.84	\$ 0.31
PER (Times, Non-consolidated)	25.49	71.10	
PBR (Times, Non-consolidated)	1.33	2.27	

March 31	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2000	1999	2000
Total assets	¥7,831,200	¥7,771,217	\$73,774,851
Deposits	6,705,135	6,758,147	63,166,609
Loans and bills discounted	5,133,248	5,150,726	48,358,441
Securities	1,384,489	1,256,695	13,042,768
Common stock	90,845	90,845	855,824
Total stockholders' equity	511,272	498,621	4,816,513
ROE (%)	5.21		
Capital adequacy ratio (BIS) (%)	13.94	13.69	
Tier I ratio (%)	11.05	11.14	

Notes: 1. Translation into U.S. dollars has been made solely for the convenience of readers outside Japan at the exchange rate of ¥106.15 to \$1, the approximate rate of exchange at March 31, 2000.

2. In this annual report, dollar figures are rounded off, but Japanese yen figures have been truncated in the process of calculation.

The Structure of the Shizuoka Bank Group

(As of June 30, 2000)



A Message from the Management

A BANK FOR THE 21ST CENTURY—STRIKING A BALANCE BETWEEN PROFITABILITY AND FINANCIAL HEALTH

On the threshold of the 21st century, the world of finance is caught up in a vortex of change, the likes of which it has never experienced before.

The succession of “megabanks” that have come into being, the formation of financial groupings across sectors, and the wave of mergers, alliances, and tie-ups that have torn up the traditional rule book—all these developments bear witness to the fact that financial institutions have set their sights on survival through the pursuit of profitability and potential for growth as their post-Big Bang financial deregulation strategy.

To respond swiftly and appropriately to this changing environment, the Bank began the implementation of its seventh medium-term management plan, TINA 21, in April 1999. TINA 21 calls for reforms to be implemented to create a bank with abundant potential for future growth, equipped with both trustworthiness and a palpable presence in the areas in which it operates, so that it can better meet the challenges of this new era. The creation of this new Bank will be engendered by combining Shizuoka Bank’s top-drawer financial soundness with the rapid raising of corporate profitability, which will be imperative in the 21st century.

TINA 21 lays out two goals for profitability in fiscal 2001: attain net operating profit in excess of ¥60 billion and a return on equity (ROE) of 6% or greater.

In fiscal 1999, ended March 31, 2000, non-consolidated net operating profit jumped to ¥48.3 billion, compared with ¥6.0 billion in the previous fiscal period, and ROE improved 2.03 percentage points, to 5.48%. We are continuing to devote all our efforts in attaining the demanding targets laid out in TINA 21.

BECOMING A BANK WITH THE CAPACITY TO GROW

Shizuoka Prefecture has an economy comparable in scale to that of all four Shikoku prefectures, or all three Hokuriku prefectures combined. Given that Shizuoka Bank operates in such a relatively prosperous corner of Japan, management feels that there exists plenty of opportunity to raise its corporate growth potential.

The Bank considers that the greatest wellspring of growth is to be found in securing a greater share of business in its home territories. To do so, the Bank has established four regional companies to strengthen its operating system and ensure that it provides truly high-quality services and financial products. Teams specializing in e-banking, foreign exchange transactions, and in dispensing advice on management issues and other crucial areas have been posted at each of these companies. We anticipate this will assist us in expanding our customer base by enabling us to respond more quickly and effectively to the needs of our customers in each region.

The Bank is making the greatest possible effort to increase its share of loans made in Shizuoka Prefecture, which currently stands at approximately 25%, by offering high-value-added products and services.

We regard our asset management operations as having high growth potential and, consequently, are in the process of equipping all our branches with the facilities and personnel necessary to handle investment trust business and foreign currency denominated deposits. In our investment trust operations, we are working hard to strengthen our fee business through the provision of highly satisfying products and the assembly of a lineup of high-quality services through alliances with investment trust companies that have proven track records of success both in Japan and abroad. In the private-banking sector, Shizuoka Bank has formed a working alliance with Citibank, part of Citigroup Inc., of the United States, and, in doing so, strengthened its business dealings with major asset holders by the deployment

of selected Citibank products and their advanced financial know-how in such areas as foreign currency options.

Japan is gearing up for the introduction of 401(k) pension plans and the liberalization of rules restricting sales of insurance products at bank counters. In these areas as well, Shizuoka Bank is determined to continue bringing to its customers the very best products and services through the formation of alliances with both Japanese and foreign top-ranked corporations.

We are also pressing along with the diversification of products and services in our asset management operations to better meet the growing expectations of our customers.

ADDING CORPORATE VALUE FOR ALL OF OUR STOCKHOLDERS

Shizuoka Bank is set on returning profits to its stockholders through continuous and sustained stock buy-backs and through strengthening its earnings profile.

We are also taking such initiatives to improve corporate governance as introducing an executive officer system to separate executive and directional functions as well as reducing the number of executive directors to invigorate the Bank's board meetings. Moreover, in June 2000 we introduced a stock option scheme as an incentive for management to amplify stockholder value. Shizuoka Bank will continue to foster a more democratic and participatory form of corporate governance through reforms to its management similar to the ones it has already introduced.

Shizuoka Bank has taken a pioneering role in investor relations (IR) activities and plans to continue developing its strategic IR activities both in Japan and abroad through a proactive approach to information disclosure.

THE ARRIVAL OF FAIR-VALUE ACCOUNTING

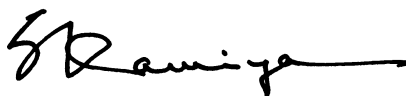
In April 2000, as part of major reforms to accounting procedures, fair-value accounting for financial products was introduced, as were new standards for accounting for post-retirement benefits. With

the introduction of consolidated reporting and tax-benefit accounting in April 1999, Japan's accounting system is now closer than ever to prevailing global standards.

The move to fair-value accounting for financial products means that such financial products as derivatives and securities must be assessed at fair value, and the balance sheets of a corporation must be made to reflect this assessment, leading to new levels of transparency in corporate accounting. Shizuoka Bank completed the introduction of fair-value accounting in its trading operations as of fiscal 1997 and began voluntarily to apply fair-value accounting to "Other investment securities" in its banking operations in April 2000, a year in advance of the compulsory introduction scheduled at the beginning of fiscal 2001.

Under new accounting standards for retirement allowances, the difference between pension liabilities and pension assets on a market value basis must be shown on the balance sheet. This difference may be amortized within a 15-year period from the time the new accounting standards are introduced, and, as an interim measure, the difference is shown among liabilities. When calculated at a discounted rate of 3%, there is a shortfall in Shizuoka Bank's asset reserves of ¥34.2 billion as of April 1, 2000. The Bank plans to write off this shortfall by means of utilizing an unrealized gain of investment stock in the course of fiscal 2000 in the interest of preserving financial stability.

August 25, 2000



Soichiro Kamiya

Chairman



Yasuo Matsuura

President

Corporate Strategies

CAPITAL POLICIES

Shizuoka Bank bases its policies concerning capital on the desire to expand profitability for all its stockholders while continuing to maintain its financial soundness. Specifically, the Bank is striving to hold fast to its current, excellent credit rating by securing a capital adequacy ratio sufficient to protect itself adequately against risk and through buybacks of its own stock to increase stock values over the medium and long terms to raise the efficiency of its capital.

Wishing to return profit to all its stockholders, Shizuoka Bank decided at a 1997 meeting of its Board of Directors that it would institute a stock buyback program of up to 80 million shares and, as of April 2000, had repurchased a total of 24,095 thousand shares. In fiscal 2000, the Bank established a stock buyback reserve of ¥20 billion as a voluntary reserve, making flexible stock repurchases possible.

The Introduction of a Stock Option Scheme

Shizuoka Bank started a stock option scheme from July 2000. This scheme gives beneficiaries of the scheme the right to request to be assigned Shizuoka Bank stock at a predetermined price, which will better align the interests of stockholders and management and should increase the value of the Bank's stock. The first beneficiaries of this stock option scheme are the directors and executive officers with the future possible expansion of this scheme.

APPROACHES TO INFORMATION TECHNOLOGY (IT) INVESTMENT

Developments in recent years in the fields of IT and communications technology have had a powerful influence on how financial institutions are managed, not least because they are very much information-centered industries. IT investments, with their dramatic consequences for office automation, led first to the rationalization and streamlining of the workplace and then, as technology progressed, to infrastructure investments in the cause of operational diversification. This ultimately led to the diversification of products and services themselves, and the means by which they are delivered to the customer rapidly—technologies deployed in the world of finance—are changing enormously. Well-made IT investments are more crucial than ever before to provide the necessary environment for highly productive management and operational activities.

Shizuoka Bank has determined that a strategic program of IT investment is indispensable to its operations and, in fiscal 1998 and fiscal 1999, undertook a complete overhaul of its backbone systems; immediate IT investment plans are set out in the table on page 7. The Bank is also actively considering plans for joint developments or alliances in the IT field and plans to seek out still greater efficiencies through the intelligent use of IT.

Principal IT Investments

Area	Details
Productivity improvements	Sales force support system; Loan business support system
Diversification of delivery channels	Internet banking, Mobile Internet banking, High-quality telephone banking
Database marketing	Marketing customer information file (MCIF ¹) Customer relationship management (CRM ²)
Realization of operational efficiency	Optical character recognition (OCR) systems, Intranet servers, Personal seal reference system

Notes: 1. MCIFs are information management systems that build profiles of customer groups by significant attributes for use in planning and marketing research.
2. CRM uses IT to analyze past business transactions with a given customer so that the institution can thus supply the most appropriate products and services to the customer concerned in the way and at the time the customer desires, generating maximized income.

STRATEGIC ALLIANCES

As Japan's Big Bang financial deregulation program advances, Shizuoka Bank has made the following strategic alliances with the aims of realizing greater efficiencies through economies of scale and offering to its customers advanced and diversified products and services.

Asset Management Products

The Bank has formed an alliance with a group of 17 prominent investment trust companies—eight Japanese and nine foreign—including Fidelity Investments, and is bringing together an impressive lineup of high-quality sales products.

In the private-banking field, Shizuoka Bank formed a product-development alliance with Citibank in fiscal 1999. Through this alliance, the Bank can now make good use of the advanced product-development know-how of a foreign financial institution, thereby allowing the Bank to dedicate its undivided attention to sales as well as absorb some of Citibank's know-how. This will strengthen the Bank's operational capabilities in an efficient manner.

Cash Dispenser (CD) and Automatic Teller Machine (ATM) Network

The Bank has always put customer convenience first, and has placed many of its CDs and ATMs in such ideal locations as hospitals, municipal offices, supermarkets, and department stores. Through an alliance with Circle K Japan Co., Ltd.—a major convenience store operator—the Bank has installed 24-hour ATMs in a number of their convenience stores. The Bank is currently planning further tie-ups with other convenience store operators as well as a new alliance involving the Postal Savings Deposit Account System.

System Infrastructure

Shizuoka Bank has enrolled as a participant in a joint systems backup center that is scheduled for completion in September 2000 and operated by Fujitsu Ltd. Participation will reduce operational costs and ensure that in the event of a major disaster, its backup systems will keep the Bank's operations running smoothly.

Shizuoka Bank plans to aggressively seek out other strategic alliances with companies in banking and other fields. We regard alliance formation as an important management strategy as the pace of mergers and restructuring in the banking world shows no signs of letting up.

Legal Compliance and Risk Management Systems

LEGAL COMPLIANCE—BANK POLICIES AND SYSTEMS

To give its fullest definition, legal compliance involves not merely the observance of prevailing laws but also abidance by the ethical and moral rules of society as a whole. Banks have a grave social responsibility and a highly public role, and society at large expects that their officers and staff will, without exception, obey all relevant legislation and that, in the execution of their duties, the bank's officers and staff will act according to the highest ethical standards.

Fully aware of these matters, Shizuoka Bank has positioned the establishment of a corporate ethics system—based on the twin pillars of social responsibility and public duty—as the most important management issue it faces and is working hard to establish a reputable compliance system.

Specifically, the Bank has formulated the Shizuoka Bank Ethical Charter and prescribed clear guidelines for its employees. Additionally, the Bank formulates an annual Compliance Program full of concrete proposals on how to strengthen the Bank's compliance systems and subsequently examines how well the program has achieved its goals. In terms of structural reforms, we have set up a Compliance Committee, at which Bank officers and department heads deliberate over and promote Bankwide compliance-related initiatives. The Bank has designated the Legal Affairs Group within its Audit Department as the body with overall coordinating responsibility for compliance issues and has appointed Compliance Officers at all of its branches and within every department at its Headquarters. Structures are thus in place to check whether rules and laws are being obeyed and help to prevent legal infringements in the course of the Bank's everyday operational activities.

As one aspect of employee education, the Bank distributes to all employees a booklet explaining laws and ethical principles that are to be observed. The Bank is tireless in its fostering of high ethical standards as well as a deep knowledge of compliance issues among its staff and incorporates lessons on compliance issues into the curriculum at all its regular staff training sessions. We are striving to build a climate in the workplace where compliance is taken with the utmost seriousness. We also press our sales force to fully explain how financial products work and what the risks associated with them are when they are selling risk-bearing products to our customers.

Shizuoka Bank will continue to refine and perfect its compliance system to secure the trust of its customers, stockholders, and the communities in which it operates.

RISK MANAGEMENT—BANK POLICIES AND SYSTEMS

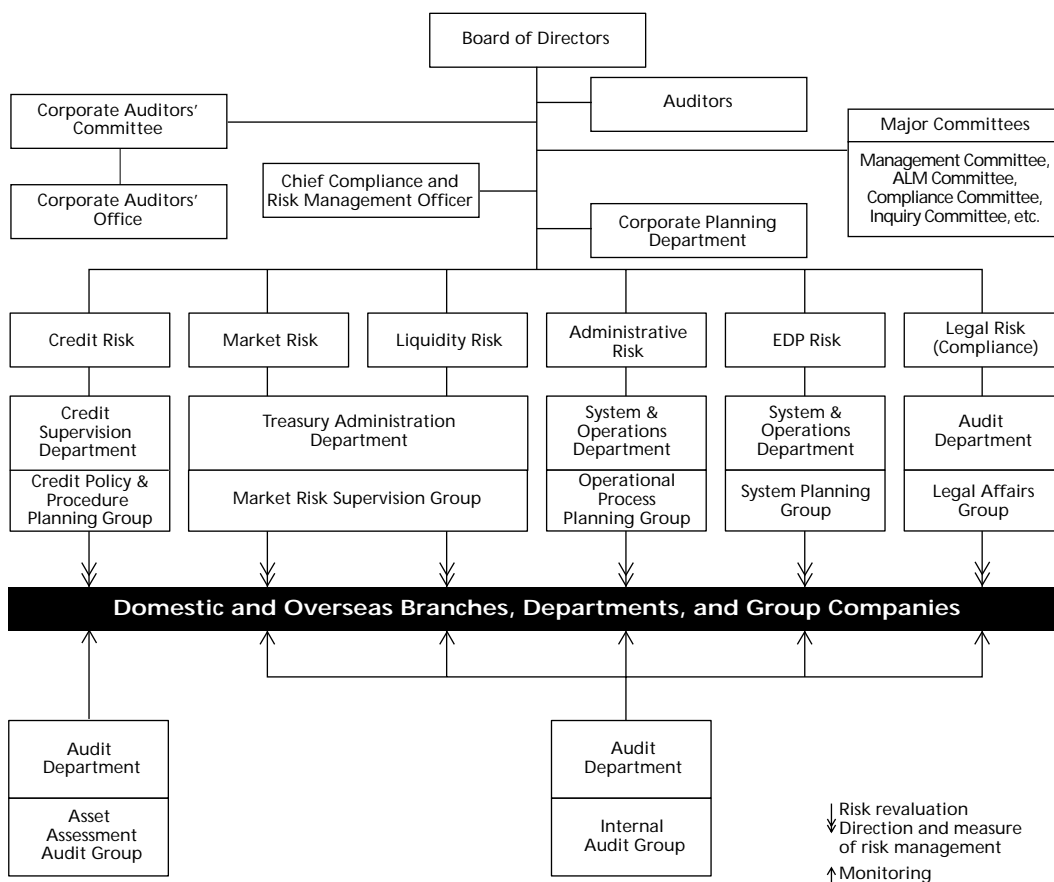
In the course of conducting its business, a bank comes across an array of risks—credit, market, liquidity, administrative, and EDP risks. Risk is expanding dramatically and becoming much more varied as financial technology evolves and financial systems become more liberalized and global. As this happens, the importance of banks grasping and analyzing the locus and quantity of risk of their own accord grows, as does the need for them to properly manage that risk in their operations.

Shizuoka Bank aims to raise its profitability while preserving its financial soundness by obtaining a complete picture of all the types of risks it faces Groupwide and then taking the appropriate steps to control overall risk to the full extent of the Bank's management powers.

Specifically, we have codified lines of authority, organizational structures, and various fundamental procedures for dealing with risk management and set in place an internal risk management system. In this system, each department at Headquarters in charge of specific risk has a mandate to monitor risks to which the Group is exposed, cutting across other organizational structures, and formulate specific measures to deal with the risks it uncovers. The Bank monitors the effectiveness of its internal risk management systems through the Audit Department, which is responsible for internal audits and carries out inspections to check whether risk management is being undertaken in accordance with the measures it has prescribed. Moreover, the Bank has appointed a managing director as Chief Compliance and Risk Management Officer, who is continually keeping track of the risk situation across the entire organization and thus acts as part of the Bank's system of checks and balances pertaining to risk management.

To further examine the effectiveness of the Bank's risk management system, from fiscal 2000 the Bank is making itself voluntarily subject to periodic audits by a team of external auditors.

Shizuoka Bank's Management System



Dealing with Non-Performing Loans

STATUS OF NON-PERFORMING LOANS

Up to now, Shizuoka Bank has been able to minimize the occurrence of non-performing loans, assisted by the highly diversified industrial base of Shizuoka Prefecture and surrounding areas and the fact that most local companies are competently managed.

The Bank's operating environment remains adverse as economic growth rates remain low and the structure of the industry continues to change. However, the Bank will continue to do its utmost to maintain the financial soundness of its assets by preventing non-performing loans from arising through the deployment of appropriate credit risk management systems and expediting the disposal of existing non-performing loans.

To preserve and, as much as possible, improve the composition of Shizuoka Bank's asset portfolio, in fiscal 1999, as it had in fiscal 1998, the Bank wrote off and provided reserves for 100% of its Type III and Type IV loans to borrowers under bankruptcy proceedings and to substantially bankrupt borrowers. The Bank wrote off and provided reserves for 70% of the unsecured portion of loans to borrowers with possible bankruptcy and wrote off and provided reserves for 15% of the unsecured portion of that subcategory of loans that require attention within the category of loans to borrowers under close observation. In these and other ways, the Bank has been and remains committed to appropriately managing and disposing of its non-performing loans.

Shizuoka Bank holds fast to its policy of disposing of non-performing loans as soon as they occur and, to expedite their actual disposal, is actively working to increase the liquidity of its non-performing loans. To this end, a specialist team at Headquarters is working in close conjunction with the Bank's branches and is striving to reduce the Bank's non-performing loans by responding swiftly to problems as they arise.

Loan Loss Experience

The following table shows an analysis of the Bank's loan loss experience for each of the periods indicated:

Years ended March 31	Millions of Yen, %				
	2000	1999	1998	1997	1996
Net addition to specific reserve	¥ 16,524	¥ 15,093	¥ 25,339	¥ 6,704	¥ 7,530
Direct write-offs	169	296	294	252	504
Losses on sales of loans to CCPC*			28	158	
Losses on sales of loans to others			304	906	476
Total loan losses	¥ 16,693	¥ 15,390	¥ 25,967	¥ 8,021	¥ 8,511
Loans and bills discounted (period-end)	¥5,141,923	¥5,158,751	¥5,004,120	¥ 4,774,728	¥ 4,768,987
Total loan losses, as a percentage of loans and bills discounted (%)	0.32	0.29	0.51	0.16	0.17

*Includes "primary" and "secondary" losses

Financial Section

FINANCIAL REVIEW

AN OVERVIEW OF THE BANK'S PERFORMANCE DURING FISCAL 1999

The following is an analysis of the profits of Shizuoka Bank for the period under review and movements in the Bank's principal accounts on a non-consolidated basis.

Profits

The spread between deposit and loan rates widened, but interest income contracted, principally due to the redemption of high coupon rate bonds.

Recurring profits increased ¥12.2 billion, or 39.7% in comparison with the previous fiscal year-end, to ¥42.9 billion. Net income rose ¥10.9 billion, or 68.1%, to ¥26.9 billion. As a result of the Bank's commitment to dispose of its non-performing loans on the basis of strict self-assessment criteria to further improve its fiscal soundness, there was a reduction in income caused in part by an increase in provisions for the specific reserve for possible loan losses from the previous fiscal period. However, this was outweighed by three factors that contributed to increased net income during the period under review—a reduction in the general reserve for possible loan losses; an improvement in the Bank's income from equities, bonds, and government bonds; and increased earnings on fees and commissions.

Movements in Principal Accounts

• Loans

As a bank dedicated to prospering together with the region in which it operates, Shizuoka Bank worked to provide high-quality financial services and extend loans that accurately meet the diverse funding needs of local individuals, enterprises, and regional public entities.

Consequently, loans to individuals, principally mortgages, rose ¥45.1 billion, and loans to small and medium-sized businesses, mainly within Shizuoka Prefecture, rose ¥62.6 billion. However, due to a slump in demand for funds on

the part of larger enterprises, total loans at the end of the period under review declined ¥16.8 billion compared with the previous year-end, to ¥5,141.9 billion.

• Securities

In June 1999, market dealing divisions were consolidated as the Treasury Division, and Shizuoka Bank is striving to expand its asset management targets as well as raise investment yields by a flexible allocation of funds to both foreign currency and yen-denominated short- and long-term assets. Although domestic interest rates are currently stable, they are low, and the Bank—while acknowledging the risk of rate rises in the future—has increased investments in yen-denominated short- and medium-term bonds. As a result, the balance of securities, principally yen-denominated, at the end of the fiscal year under review rose ¥131.7 billion, to ¥1,359.5 billion.

• Reserve for Possible Loan Losses

Breaking down the reserve for possible loan losses by type, there was ¥21.1 billion in the general reserve, ¥60.2 billion in the specific reserve, and ¥0.1 billion in the specific reserve for loans to certain refinancing countries.

According to the amendment of "Regulations Concerning the Implementation of the Banking Act," the reserve for possible loan losses is stated using a method which deducts them in a lump sum from the relevant items listed under assets from the fiscal year under review.

• Deposits

As a full-service financial institution in close touch with the region it serves, Shizuoka Bank worked hard in the period under review to steadily increase deposits, especially those of individual customers.

As a result, individual deposits increased ¥117.2 billion compared with the previous fiscal year, principally because of a substantial rise in liquid

deposits as ordinary deposits. However, corporate deposits at Bank branches in Japan fell ¥22.6 billion, due to continuing efforts to reduce deposits in foreign currencies that offer poor earnings potential. As a result of the Bank's efforts to discourage the taking of low-profit deposits at its international branches and Tokyo offshore markets, total deposits at the end of the fiscal year under review fell ¥58.5 billion, to ¥6,692.6 billion.

• Call Money

The Bank was of the opinion that it was likely that it would be difficult to procure funds and interest rates would increase at term-end due to the Y2K issue and, as a result of prior fund-raising activities, call money increased ¥230.6 billion in comparison with the previous year-end.

Cash Flows

The Bank's operating, investing, and financing activities during the fiscal year resulted in cash and cash equivalents increasing on a consolidated basis ¥63.9 billion over the previous fiscal period, to ¥147.1 billion. Net cash provided by operating activities rose to ¥236.8 billion mainly as a result of the increase in call money. On the other hand, net cash used in investing activities rose to ¥158.9 billion, due principally to the acquisition of securities, and net cash used in financing activities amounted to ¥13.9 billion, due primarily to the buy-back and retirement of Bank stock.

For the fiscal year under review, the Bank prepared a Consolidated Statement of Cash Flows. Therefore, the Bank is only listing cash flows for the period under review and not undertaking comparisons with cash flows in the previous period, except in the case of transfers of cash and cash equivalents.

INDEPENDENT AUDITORS' REPORT

**Deloitte Touche
Tohmatsu**



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

We have examined the consolidated balance sheet of The Shizuoka Bank, Ltd. and subsidiaries as of March 31, 2000 and 1999, and the related consolidated statements of income and stockholders' equity for the years then ended, and cash flows for the year ended March 31, 2000, all expressed in Japanese yen. Our examinations were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the financial position of The Shizuoka Bank, Ltd. and subsidiaries as of March 31, 2000 and 1999, and the results of their operations for the years then ended and their cash flows for the year ended March 31, 2000, in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis.

As described in Note 3, effective April 1, 1999, the consolidated financial statements have been prepared in accordance with new accounting standards for research and development costs.

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

Deloitte Touche Tohmatsu

June 28, 2000

CONSOLIDATED BALANCE SHEET

THE SHIZUOKA BANK, LTD. and Subsidiaries March 31, 2000 and 1999

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2000	1999	2000
Assets:			
Cash and due from banks	¥ 616,724	¥ 599,014	\$ 5,809,929
Call loans and bills bought	232,896	108,938	2,194,028
Monetary claims bought	83,502	120,162	786,645
Trading assets	121,807	155,032	1,147,504
Money held in trust	32,500	61,008	306,171
Securities	1,384,489	1,256,695	13,042,768
Loans and bills discounted (Note 6)	5,133,248	5,150,726	48,358,441
Foreign exchanges	7,032	5,577	66,246
Other assets	45,218	43,963	425,990
Premises and equipment	134,811	141,968	1,270,005
Deferred tax assets	42,923	36,147	404,366
Customers' liabilities for acceptances and guarantees	87,488	91,980	824,192
Reserve for possible loan losses	(91,430)		(861,337)
Reserve for investment losses	(10)		(97)
Total Assets	¥7,831,200	¥7,771,217	\$73,774,851
Liabilities, Minority Interests and Stockholders' Equity:			
Liabilities:			
Deposits	¥6,705,135	¥6,758,147	\$63,166,609
Call money and bills sold	354,634	69,896	3,340,878
Trading liabilities	3,826	5,354	36,053
Borrowed money	39,714	42,396	374,140
Foreign exchanges	222	254	2,101
Other liabilities	106,185	203,192	1,000,331
Reserve for possible loan losses		73,788	
Reserve for retirement allowances	14,908	14,724	140,448
Acceptances and guarantees	87,488	91,980	824,192
Total Liabilities	7,312,116	7,259,737	68,884,752
Minority Interests	7,811	12,858	73,586
Stockholders' Equity:			
Common stock	90,845	90,845	855,824
Capital surplus	54,884	54,884	517,043
Retained earnings	365,585	353,575	3,444,049
Treasury stock	4	11	39
Shares of parent company held by subsidiaries	38	671	364
Total Stockholders' Equity	511,272	498,621	4,816,513
Total Liabilities, Minority Interests and Stockholders' Equity	¥7,831,200	¥7,771,217	\$73,774,851

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

THE SHIZUOKA BANK, LTD. and Subsidiaries Years ended March 31, 2000 and 1999

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2000	1999	2000
Income:			
Interest Income:			
Interest on loans and discounts	¥118,941	¥126,628	\$1,120,505
Interest and dividends on securities	46,471	57,822	437,792
Other interest income	20,587	32,978	193,942
Subtotal	186,000	217,429	1,752,239
Fees and Commissions	37,131	37,114	349,798
Trading Income	397	1,204	3,742
Other Operating Income	12,500	9,223	117,760
Other Income	28,568	15,506	269,133
Total Income	264,597	280,478	2,492,673
Expenses:			
Interest Expenses:			
Interest on deposits	36,704	52,608	345,781
Interest on borrowings and rediscounts	5,404	8,793	50,914
Other interest expenses	24,194	34,098	227,930
Subtotal	66,303	95,500	624,625
Fees and Commissions	20,988	21,763	197,727
Trading Losses	42		399
Other Operating Expenses	6,672	7,633	62,857
General and Administrative Expenses	92,871	90,753	874,910
Other Expenses	33,667	32,960	317,169
Total Expenses	220,546	248,611	2,077,687
Income before Income Taxes and Minority Interests	44,050	31,867	414,986
Income Taxes:			
Current	24,819	21,721	233,814
Deferred	(6,923)	(7,016)	(65,225)
Minority Interests in Net Income of Consolidated Subsidiaries	(173)	622	(1,639)
Net Income	¥ 26,329	¥ 16,539	\$ 248,036
Per Share:			
Net income	¥ 33.36	¥ 20.84	\$ 0.31

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

THE SHIZUOKA BANK, LTD. and Subsidiaries Years ended March 31, 2000 and 1999

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2000	1999	2000
Common Stock:			
Balance at beginning of year	¥ 90,845	¥ 90,845	\$ 855,824
Balance at End of Year	¥ 90,845	¥ 90,845	\$ 855,824
Capital Surplus:			
Balance at beginning of year	¥ 54,884	¥ 54,884	\$ 517,043
Balance at End of Year	¥ 54,884	¥ 54,884	\$ 517,043
Retained Earnings:			
Balance at beginning of year	¥353,575	¥324,837	\$3,330,904
Increase in consolidated retained earnings	1	26,162	12
Previous fiscal year tax-effect adjustment		26,162	
Increase due to merger of consolidated subsidiaries	1		12
Decrease in consolidated retained earnings	(14,320)	(13,964)	(134,903)
Decrease due to sale of shares in consolidated subsidiaries	(383)		(3,613)
Cash dividends	(4,742)	(4,764)	(44,673)
Bonuses to directors and corporate auditors	(51)	(57)	(484)
Value of shares retired	(9,143)	(9,142)	(86,133)
Net income for the fiscal year	26,329	16,539	248,036
Balance at End of Year	¥365,585	¥353,575	\$3,444,049
Treasury Stock and Shares of Parent Company Held by Subsidiaries:			
Treasury stock at end of year	¥ 4	¥ 11	\$ 39
Shares of parent company held by subsidiaries at end of year	38	671	364
Balance at End of Year	¥ 42	¥ 683	\$ 403
Total Stockholders' Equity:			
Balance at beginning of year	¥498,621	¥470,566	\$4,697,329
Changes during the year, net	12,651	28,054	119,184
Balance at End of Year	¥511,272	¥498,621	\$4,816,513

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

THE SHIZUOKA BANK, LTD. and Subsidiaries Year ended March 31, 2000

	Millions of Yen	Thousands of U.S. Dollars (Note 2)
	2000	2000
I. Operating Activities:		
Income before income taxes and minority interests	¥ 44,050	\$ 414,986
Adjustments for:		
Income taxes paid	(26,020)	(245,130)
Depreciation and amortization	24,753	233,192
Equity in earnings of investments accounted for by the equity method	(29)	(279)
Increase in reserve for possible loan losses	17,642	166,203
Increase in reserve for investment losses	10	97
Increase in reserve for retirement allowances	207	1,951
Bonuses to directors and corporate auditors	(83)	(783)
Gains on securities	(16,330)	(153,845)
Gains on money held in trust	(488)	(4,605)
Gains on sale of premises and equipment	(1,837)	(17,306)
Changes in assets and liabilities:		
Decrease in trading assets	33,225	313,004
Decrease in trading liabilities	(1,527)	(14,394)
Increase in loans and bills discounted	(8,505)	(80,131)
Increase in deposits	44,584	420,015
Decrease in borrowed money	(2,681)	(25,266)
Increase in due from banks (excluding demand deposits with the Bank of Japan)	(633)	(5,967)
Increase in call loans	(133,386)	(1,256,586)
Decrease in monetary claims bought	36,659	345,358
Increase in call money	293,318	2,763,247
Decrease in deposits collateralized for securities lent	(60,754)	(572,347)
Increase in foreign exchanges (assets)	(1,684)	(15,869)
Increase in foreign exchanges (liabilities)	(31)	(301)
Increase in interest and dividends receivable	(192)	(1,816)
Decrease in interest payable	(7,091)	(66,805)
Other net	3,655	34,436
Total Adjustments	192,776	1,816,073
Net Cash Provided by Operating Activities	236,826	2,231,059
II. Investing Activities:		
Purchase of securities	(838,623)	(7,900,360)
Purchase of shares in consolidated subsidiaries	(63)	(598)
Proceeds from sale of securities	456,001	4,295,825
Proceeds from redemption of securities	215,965	2,034,533
Increase in money held in trust	(23,987)	(225,980)
Decrease in money held in trust	53,015	499,435
Purchase of premises and equipment	(26,122)	(246,092)
Proceeds from sale of premises and equipment	4,821	45,424
Proceeds from sales of shares in subsidiaries with changes in consolidation scope	111	1,052
Net Cash Used in Investing Activities	(158,881)	(1,496,761)
III. Financing Activities:		
Dividends paid	(4,742)	(44,673)
Dividends paid to minority interests	(25)	(242)
Buyback and retirement of outstanding common stock using retained earnings	(9,143)	(86,133)
Net Cash Used in Financing Activities	(13,910)	(131,048)
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents		
	(76)	(724)
V. Net Increase in Cash and Cash Equivalents		
	63,958	602,526
VI. Cash and Cash Equivalents, Beginning of Year		
	83,214	783,933
VII. Decrease in Cash and Cash Equivalents Due to Exclusion of Certain Subsidiaries from Consolidation		
	(4)	(46)
VIII. Cash and Cash Equivalents, End of Year		
	¥147,167	\$1,386,413

See notes to consolidated financial statements.

Note: For the purpose of the consolidated statement of cash flows, cash and cash equivalents consists of cash and demand deposits with the Bank of Japan. Cash and due from banks on the consolidated balance sheet at March 31, 2000 consisted of the following:

	Millions of Yen	Thousands of U.S. Dollars (Note 2)
Cash and cash due from banks	¥616,724	\$5,809,929
Other due from banks	469,556	4,423,516
Cash and cash equivalents in the consolidated balance sheet	¥147,167	\$1,386,413

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

THE SHIZUOKA BANK, LTD. and Subsidiaries

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 in accordance with the provisions set forth in the Japanese Commercial Code (the "Code"), the Securities and Exchange Law of Japan, the Bank Law of Japan and the Uniform Accounting Standards for Banks in Japan stated by the Japanese Bankers' Association and accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Accounting Standards. The consolidated financial statements are not intended to present the consolidated financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

Effective April 1, 1999, consolidated statement of cash flows is required to be prepared under Japanese accounting standards. The statement of cash flows for the year ended March 31, 2000 is presented herein. Such statement for the year ended March 31, 1999 is not presented as Japanese accounting standards do not require retroactive preparation or presentation for prior years' financial statements.

In order to facilitate an understanding by readers outside Japan, certain reclassifications and rearrangements have been made to the financial statements submitted to the stockholders in Japan.

② YEN AND U.S. DOLLAR AMOUNTS

In accordance with the Bank Law of Japan and the Uniform Accounting Standards for Banks in Japan, yen amounts less than one million have been omitted. As a result, the totals in yen shown in the accompanying consolidated financial statements and the notes thereto do not necessarily agree with the sum of the individual account balances.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥106.15 to \$1, the approximate rate of exchange at March 31, 2000. Such translations should not be construed as representations that Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

③ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation:

The accompanying consolidated financial statements as of March 31, 2000 include the accounts of the Bank and 15 (20 in 1999) subsidiaries.

SHIZUGIN BUSINESS CREATE CO., LTD. was newly consolidated this fiscal year because of its foundation. SHIZUOKA REAL ESTATE CO., LTD., SHIZUOKA INSURANCE SERVICES CO., LTD., SHIZUOKA LIFE INSURANCE CO., LTD. and SHIZUOKA RIX CO., LTD. were

excluded from consolidation and accounted for by the equity method because they were no longer subsidiaries as a result of the disposal of a certain portion of the Bank's interests in their shares. SHIZUGIN BUILDING MAINTENANCE CO., LTD. and SHIZUGIN INFORMATION SYSTEM CO., LTD. were not consolidated because they were dissolved due to a merger. The respective surviving companies were SHIZUGIN GENERAL SERVICE CO., LTD. and SHIZUOKA COMPUTER SERVICE CO., LTD.

The fiscal periods of all consolidated subsidiaries end on March 31. Investments in four associated companies are accounted for by the equity method.

The excess of the cost of the Bank's investments in consolidated subsidiaries over its equity in net assets at the respective dates of acquisition until March 31, 1999 is charged to income when incurred.

Effective April 1, 1999, the excess of the cost of an acquisition over 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.

Trading account securities:

Trading account securities are included in trading assets and stated at year-end market values (see "Implementation of mark-to-market accounting for trading purpose transactions").

Implementation of mark-to-market accounting for trading purpose transactions:

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

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

Securities:

Securities quoted on stock exchanges (except foreign currency bonds) are valued at the lower of cost or market value. Securities other than for trading purposes are valued at cost. The cost of securities is computed by the weighted moving average method.

For securities included in "Money held in trust," the same method as mentioned above was applied in accordance with the Uniform Accounting Standards for Banks in Japan.

Premises and equipment:

Premises and equipment are carried at cost or cost less deferred gain on sales of certain fixed assets permitted under the Corporation Tax Law. Depreciation of premises and equipment is computed using the declining-balance method over the estimated useful lives.

The carrying values of premises and equipment are stated net of advanced depreciation of premises and equipment of ¥13,303 million.

Advanced depreciation of premises and equipment was formerly carried out using a method which directly deducted the advanced depreciation limit from the acquisition costs in accordance with Japanese taxation laws. However, for the current fiscal year, it has also become possible to utilize a method by which a premises and equipment reserve fund is set aside through the appropriation of earnings for this purpose, based on the Japanese Institute of Certified Public Accountants (JICPA) First Auditing Committee Report No. 43, "Auditing Treatment of Advanced Depreciation Entries." In comparison with the method previously used, premises and equipment increased by ¥2,331 million and income before income taxes and minority interests increased by ¥2,229 million.

Other assets:

Effective April 1, 1999, the Bank and its subsidiaries in Japan amortize internal-use software development costs by the straight-line method over the useful life (five years), in accordance with the new accounting standard for research and development costs, while costs incurred before April 1, 1999 were charged to income as incurred. This adoption increased other assets by ¥1,663 million and increased income before income taxes and minority interests by ¥1,620 million.

Reserve for possible loan losses:

The amount of the reserve for possible loan losses is determined based on management's judgement and assessment of future losses based on the self-assessment system. This system reflects past experience of credit losses, possible 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 for its asset quality. The quality of all loans is assessed by branches and the Credit Supervision Department with a subsequent audit by the Credit Examination Department, in accordance with the Bank's policy and rules for self-assessment of asset quality.

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

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

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

Until the previous fiscal year, the reserve for possible loan losses was stated under liabilities. However, rules regarding the statement of reserves for possible loan losses in a separate document format—as set out in the Ministry of Finance's Ministerial Ordinance No. 10 of 1982, "Regulations Concerning the Implementation of the Banking Act"—have been amended and, for the current fiscal year, are shown using a method which deducts them in a lump sum from the appropriate asset items listed under assets. In comparison with the method previously used, assets and liabilities both decreased by ¥91,430 million.

Reserve for investment losses:

The reserve for investment losses is provided at a necessary amount based on the assessment of financial conditions of companies in which the Bank has an interest and other factors.

Reserve for retirement allowance and pension plans:

The Bank and its subsidiaries in Japan established an unfunded lump-sum retirement allowance plan on which an accrual has been recorded annually to reflect the retirement allowance that would become payable should all employees retire on a voluntary basis at each balance sheet date.

In addition, the Bank and its subsidiaries in Japan have a contributory funded pension plan and a non-contributory funded pension plan covering substantially all of their employees, which generally provide for an annuity payable for life upon retirement.

Leases:

All leases are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that do not transfer ownership of the leased property to the lessee are permitted to be accounted for as rental transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements.

Foreign currency items:

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, except for investment in overseas subsidiaries, which is translated at the historical exchange rates.

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

Income taxes:

The Bank and its subsidiaries in Japan allocated 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 difference.

Statement of cash flows:

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

Certain qualified capital gains:

Certain qualified capital gains on sales of premises and equipment had previously been deducted from the acquisition costs of the related assets in accordance with Japanese tax regulations. However, effective April 1, 1999, such capital gains were provided as a reserve for deferred gains on sales of premises and equipment by means of appropriation of retained earnings in accordance with the JICPA First Auditing Committee Report No. 43, "Audit Treatment for Accounting for Reduction of Book Value of Assets." The effect of this method was to increase premises and equipment by ¥2,331 million and increase income before income taxes and other adjustments by ¥2,229 million.

Per share information:

Net income per share is computed based on the weighted average number of shares outstanding during each year.

Cash dividends per share represent actual dividends applicable to earnings for each period.

④ TRADING ASSETS AND LIABILITIES

Trading assets and liabilities at March 31, 2000 and 1999 consisted of the following:

(a) Trading assets

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Trading securities:			
National government bonds	¥ 19,430	¥ 7,775	\$ 183,051
Local government bonds	31	31	298
Government-guaranteed bonds	131	0	1,238
Subtotal	19,593	7,806	184,587
Financial derivatives:			
Option premium	344	396	3,242
Other (Note)	3,388	4,854	31,918
Subtotal	3,732	5,251	35,160
Other trading assets:			
Commercial paper	98,470	141,915	927,655
Other (Note)	10	60	102
Subtotal	98,481	141,975	927,757
Total	¥121,807	¥155,032	\$1,147,504

(b) Trading liabilities

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Derivative trading securities	¥ 2	¥ 29	\$ 26
Financial derivatives:			
Option premium	360	408	3,393
Other (Note)	3,464	4,916	32,634
Total	¥3,826	¥5,354	\$36,053

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

5 SECURITIES

Securities at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
National government bonds	¥ 178,677	¥ 124,996	\$ 1,683,257
Local government bonds	63,737	106,308	600,452
Corporate debentures	432,526	487,921	4,074,668
Corporate stocks	161,345	149,477	1,519,976
Other securities	548,202	387,992	5,164,415
Total	¥1,384,489	¥1,256,695	\$13,042,768

Note: Corporate stocks and other securities include shares in associated companies of ¥506 million and ¥2,893 million at March 31, 2000 and 1999, respectively.

The carrying and aggregate market values of the securities, which are listed on stock exchanges or over-the-counter markets, at March 31, 2000 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2000		2000
Securities:			
Carrying value	¥ 880,122		\$ 8,291,307
Aggregate market value	1,152,576		10,858,000
Securities excluded from above are principally unlisted securities:			
Securities	504,367		4,751,461

6 LOANS AND BILLS DISCOUNTED

Loans and bills discounted at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Bills discounted	¥ 148,608	¥ 162,519	\$ 1,399,982
Loans on bills	553,324	572,714	5,212,666
Loans on deeds	3,247,740	3,182,049	30,595,763
Overdrafts	1,183,575	1,233,443	11,150,030
Total	¥5,133,248	¥5,150,726	\$48,358,441

In accordance with the Uniform Accounting Standards for Banks in Japan, loans under bankruptcy proceedings, past due loans on which interest payment is waived to borrowers who are financially assisted by the Bank, loans past due for three months or more (except for loans under bankruptcy proceedings and past due loans) and loans with relaxed conditions at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Loans under bankruptcy proceedings	¥ 34,181	¥ 26,462	\$ 322,009
Past due loans	133,499	31,320	1,257,649
Loans past due for three months or more	363	4,368	3,425
Loans with relaxed conditions	18,866	103,945	177,731
Total	¥186,910	¥166,096	\$1,760,814

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

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

For the current fiscal year, accrued interest receivable on loans to bankrupt borrowers and borrowers bankrupt in effect and borrowers in danger of bankruptcy are not recorded as assets. Consequently, each account calculated as past due loans includes ¥6,719 million of loans

past due for three months or more, ¥47,894 million of loans with relaxed conditions and ¥54,594 million of loans which are neither loans with relaxed conditions nor past due loans.

7 FOREIGN EXCHANGES

Foreign exchange assets and liabilities at March 31, 2000 and 1999 consisted of the following:

(a) Assets

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Due from foreign banks	¥ 512	¥ 843	\$ 4,830
Foreign exchange bills bought	1,026	1,527	9,674
Foreign exchange bills receivable	5,492	3,206	51,742
Total	¥7,032	¥5,577	\$66,246

(b) Liabilities

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Due to foreign banks		¥ 0	
Foreign exchange bills sold	¥211	253	\$1,994
Foreign exchange bills payable	11	1	107
Total	¥222	¥254	\$2,101

8 OTHER ASSETS

Other assets at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Accrued income	¥20,187	¥20,861	\$190,176
Prepaid expenses	299	317	2,826
Others	24,731	22,784	232,988
Total	¥45,218	¥43,963	\$425,990

9 PREMISES AND EQUIPMENT

Premises and equipment at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Land, buildings and equipment	¥131,867	¥136,074	\$1,242,275
Construction in progress	540	3,642	5,088
Guarantee deposits on office space	2,403	2,252	22,642
Total	¥134,811	¥141,968	\$1,270,005

Premises and equipment are stated at cost less accumulated depreciation of ¥152,369 million (\$1,435,414 thousand) and ¥150,160 million in 2000 and 1999, respectively.

⑩ CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

All contingent liabilities for acceptances and guarantees are recorded and reflected in acceptances and guarantees. Correspondingly, 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.

⑪ ASSETS PLEDGED

Assets pledged as collateral and their relevant liabilities at March 31, 2000 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2000		2000
Assets pledged as collateral:			
Investment securities	¥298,308		\$2,810,251
Loans and bills discounted	14,327		134,978
Unearned lease	21,070		198,496
Relevant liabilities to above assets:			
Deposits	¥208,420		\$1,963,448
Call money and bills sold	93,826		883,909
Borrowed money	14,709		138,569
Other liabilities	3,000		28,262

In addition to the above, the Bank has provided ¥144,055 million in securities and ¥6,581 million in NCDs as collateral for foreign exchange settlements and certain other transactions and as security for futures transactions.

⑫ DEPOSITS

Deposits at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Current deposits	¥ 233,666	¥ 232,605	\$ 2,201,282
Savings deposits	1,895,222	1,617,441	17,854,188
Deposits at notice	66,638	56,751	627,778
Time deposits	3,934,889	4,085,163	37,069,144
Negotiable certificates of deposit	111,396	664,314	1,049,421
Other	463,323	101,872	4,364,796
Total	¥6,705,135	¥6,758,147	\$63,166,609

⑬ OTHER LIABILITIES

Other liabilities at March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Income taxes payable	¥ 13,614	¥ 14,938	\$ 128,258
Accrued expenses	22,424	29,344	211,256
Deposits from employees	4,243	4,353	39,979
Unearned income	12,261	11,787	115,513
Other	53,640	142,769	505,325
Total	¥106,185	¥203,192	\$1,000,331

14 COMMON STOCK

(a) Common stock is represented as follows:

- (i) Par value: ¥50 per share
- (ii) Authorized: 2,447,784,000 shares in 2000
2,486,141,000 shares in 1999
- (iii) Issued and outstanding: 783,317,069 shares in 2000
791,674,069 shares in 1999

(b) 8,357,000 shares (¥9,143 million) of common stock have been retired in the fiscal year ended March 31, 2000.

In accordance with provisions of the Code, at least 50 percent of the issue price of new shares, with a minimum of the par value, is to be designated as stated capital. The portion which is to be designated as

stated capital is determined by resolution of the Board of Directors. Proceeds in excess of amounts designated as stated capital are credited to capital surplus.

The Code permits, upon approval of the Board of Directors, the transfer of amounts from capital surplus to the common stock account.

The Code permits, upon approval of the stockholders, the transfer of a portion of unappropriated retained earnings available for dividends to the common stock account.

The Code permits the amount available for dividends to be appropriated for retirement of stock on condition that it is stated in the Articles of Incorporation of the Bank.

15 LEGAL RESERVE

Under the Bank Law of Japan, the Bank is required to appropriate as a legal reserve a portion of retained earnings in an amount equal to at least 20 percent of cash payments, including dividends and officers' bonuses, in each financial period until the reserve equals 100 percent of the Bank's common stock. This reserve amount, which is included in retained earnings, totals ¥90,845 million (\$855,824 thousand) and ¥90,845 million as of March 31, 2000 and 1999, respectively, and is not available for dividends but may be used to reduce a deficit by resolution of the stockholders or transferred to the stated capital by resolution of the Board of Directors.

Cash dividends for a fiscal year-end must be approved by the stockholders at an annual meeting to be held subsequent to the fiscal year-end, while interim dividends may be paid after the interim period upon resolution of the Board of Directors, subject to limitations imposed by the Code.

Under the Code, the amount available for dividends is based on retained earnings as recorded on the Bank's books. At March 31, 2000, retained earnings recorded on the Bank's books were ¥273,322 million (\$2,574,874 thousand), which is available for future dividends subject to the approval of the stockholders and legal reserve requirements.

16 OTHER OPERATING INCOME

Other operating income for the years ended March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Gains on foreign exchange transactions	¥ 1,463	¥1,017	\$ 13,791
Gains on sales of bonds	10,782	7,871	101,580
Gains on redemption of bonds	251	332	2,372
Other	1	1	17
Total	¥12,500	¥9,223	\$117,760

17 OTHER INCOME

Other income for the years ended March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Gains on sales of stocks and other securities	¥19,781	¥ 8,361	\$186,351
Gains on money held in trust	508	432	4,791
Other	8,278	6,712	77,991
Total	¥28,568	¥15,506	\$269,133

18 OTHER OPERATING EXPENSES

Other operating expenses for the years ended March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Losses on sales of bonds	¥2,965	¥3,085	\$27,936
Losses on redemption of bonds	3,681	4,513	34,683
Losses on devaluation of bonds	1	34	12
Transfer to reserve for investment losses	10		97
Other	13	0	129
Total	¥6,672	¥7,633	\$62,857

19 OTHER EXPENSES

Other expenses for the years ended March 31, 2000 and 1999 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Provision for reserve for possible loan losses	¥19,829	¥20,950	\$186,809
Loans on written-off claims	418	363	3,944
Losses on sales of stocks and other securities	133	3,805	1,254
Losses on devaluation of stocks and other securities	7,703	1,698	72,574
Losses on money held in trust	19	2	186
Losses on disposition of premises and equipment	1,392	1,805	13,121
Other	4,169	4,335	39,281
Total	¥33,667	¥32,960	\$317,169

20 INCOME TAXES

The Bank and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 40.9% and 41.1% for the years ended March 31, 2000 and 1999, respectively.

The tax effects of significant temporary differences, which resulted in deferred tax assets and liabilities, at March 31, 2000 and 1999 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Deferred tax assets:			
Reserve for possible loan losses	¥28,852	¥21,472	\$271,813
Depreciation	3,896	3,993	36,705
Reserve for retirement allowances	4,089	3,804	38,522
Other	7,104	6,876	66,926
Deferred tax assets	43,942	36,147	413,966
Deferred tax liabilities:			
Revaluation reserve for premises and equipment	(939)		(8,852)
Other	(79)		(748)
Deferred tax liabilities	(1,019)		(9,600)
Net deferred tax assets	¥42,923	¥36,147	\$404,366

On March 31, 2000, the "Ordinance Relating to the Special Case for Tax Standards Regarding the Business Tax on Banking Businesses Operating in the Tokyo Metropolis" (Ordinance 145 of the Tokyo Metropolis of April 1, 2000) was approved and enacted in Japan, which decreased the normal effective statutory tax rate by 0.2%, effective from the year beginning April 1, 2000. The effect of this change on deferred taxes in the consolidated statements of income for the year ended March 31, 2000 is approximately ¥207 million (\$1,950 thousand).

On June 9, 2000, the "Ordinance Relating to the Special Case for Tax Standards Regarding the Business Tax on Banking Businesses Operating in Osaka Prefecture" (Ordinance 131 of the Osaka Prefecture of July 9, 2000) was promulgated in Japan, which decreased the normal effective statutory tax rate by 0.1%, effective from the year beginning April 1, 2000. The effect of this change is immaterial.

21 LEASES

(a) Lessee

Lease payments under finance leases for the year ended March 31, 2000 were ¥15 million (\$142 thousand).

Pro forma information of leased property, such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation

expense and interest expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2000 and 1999 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Equipment			
Acquisition cost	¥71	¥71	\$669
Accumulated depreciation	36	21	339
Net leased property	¥35	¥49	\$330

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Equipment			
Due within one year	¥ 59	¥ 77	\$ 565
Due after one year	86	106	811
Total	¥146	¥184	\$1,376

(b) Lessor

Lease revenue under finance leases for the year ended March 31, 2000 was ¥16,661 million (\$156,961 thousand).

Pro forma information of leased property, such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation

revenue and interest expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2000 and 1999 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Equipment			
Acquisition cost	¥104,766	¥105,468	\$986,964
Accumulated depreciation	63,835	62,624	601,367
Net leased property	¥ 40,931	¥ 42,844	\$385,597

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2000	1999	2000
Equipment			
Due within one year	¥16,414	¥17,229	\$154,632
Due after one year	33,988	37,472	320,196
Total	¥50,402	¥54,701	\$474,828

22 SEGMENT INFORMATION

Information regarding business segments and recurring income derived overseas by the Bank and its subsidiaries for the years ended March 31, 1999 and 2000 were as follows:

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

(a) Business segment information

Year ended March 31, 2000	Millions of Yen				
	Bank Operations	Other Operations	Total	Eliminations	Consolidated
Total income and recurring profits:					
Total income from outside customers	¥ 240,474	¥ 24,122	¥ 264,597		¥ 264,597
Total income from intersegment transactions	565	11,775	12,341	¥(12,341)	
Total	241,040	35,898	276,938	(12,341)	264,597
Total expenses	196,465	35,701	232,166	(11,620)	220,546
Income before income taxes and minority interests	44,574	196	44,771	(721)	44,050
Total assets, depreciation and amortization and capital expenditure:					
Total assets	7,787,214	101,395	7,888,609	(57,409)	7,831,200
Depreciation and amortization	9,793	14,959	24,753	(0)	24,753
Capital expenditure	13,259	12,918	26,178	(56)	26,122

Year ended March 31, 2000	Thousands of U.S. dollars				
	Bank Operations	Other Operations	Total	Eliminations	Consolidated
Total income and recurring profits:					
Total income from outside customers	\$ 2,265,424	\$227,249	\$ 2,492,673		\$ 2,492,673
Total income from intersegment transactions	5,325	110,937	116,262	\$(116,262)	
Total	2,270,749	338,186	2,608,935	(116,262)	2,492,673
Total expenses	1,850,829	336,330	2,187,159	(109,469)	2,077,690
Income before income taxes and minority interests	419,921	1,856	421,777	(6,793)	414,983
Total assets, depreciation and amortization and capital expenditure:					
Total assets	\$73,360,472	955,213	74,315,685	(540,834)	73,774,851
Depreciation and amortization	92,262	140,931	233,193	(1)	233,192
Capital expenditure	124,917	121,705	246,622	(530)	246,092

Year ended March 31, 1999	Millions of Yen				
	Bank Operations	Other Operations	Total	Eliminations	Consolidated
Total income and recurring profits:					
Total income from outside customers	¥ 254,710	¥ 25,767	¥ 280,478		¥ 280,478
Total income from intersegment transactions	753	10,410	11,164	¥(11,164)	
Total	255,464	36,177	291,642	(11,164)	280,478
Total expenses	225,172	35,007	260,180	(11,568)	248,611
Income before income taxes and minority interests	30,292	1,170	31,463	403	31,867
Total assets, depreciation and amortization and capital expenditure:					
Total assets	7,709,986	118,364	7,828,351	(57,134)	7,771,217
Depreciation and amortization	8,509	14,357	22,866		22,866
Capital expenditure	13,775	15,675	29,450		29,450

Notes: 1. Business segments:

- (1) Bank Operations
- (2) Other Operations—Leasing operations, commissioned computer processing operations, etc.
2. The changes of indicating items: The presentation method of reserve for possible loan losses was changed as stated in Note 3. As a result of this change, assets decreased by ¥81,620 million in bank operations, and ¥9,833 million lower than in other operations compared with the assets calculated under the previous method.
3. Software purchased for Bank use is recorded under other assets, and the average useful life has been changed to five years. As a result, had the previous method been applied, recurring expenses for the year ended March 31, 2000 would have been ¥1,620 million lower for bank operations. Furthermore, recurring profit and total assets would have increased by ¥1,620 million and ¥1,663 million, respectively, for bank operations. The effect of this change on depreciation expenses was negligible.
4. Regarding the reduction entry cost of the premises account, previously this account was calculated by subtracting the maximum amount allowable under tax law criteria directly from the acquisition cost. Beginning with the current fiscal year, Shizuoka Bank has applied a different method based on the JIPCA First Auditing Committee Report No. 43, "Treatment of the Reduction Entry Cost of Premises Account in Audits." Under the new method applied for the current fiscal year, Shizuoka Bank has set aside an allowance for the reduction entry cost of premises through the appropriation of profit. Accompanying this change, ordinary expenses of the bank operations segment were ¥107 million higher than under the previous method of accounting. As a consequence, ordinary profits of the bank operations segment were ¥107 million lower. Moreover, assets of the bank operations segment were ¥2,331 million higher. Depreciation of the bank operations segment increased by ¥107 million. The impact of this change on other operations was immaterial.

(b) Recurring income derived overseas

The figures for the fiscal year for recurring income derived overseas are shown in place of figures for total income from international operations. Because income derived from overseas comprises less than 10% of consolidated recurring income, the statement of this income has not been prepared.

For the fiscal year ended March 31, 1999, figures for total income from international operations are as follows:

Period	Millions of Yen, %		
	Total Income from International Operations	Consolidated Total Income Excluding Certain Other Income	Total Income from International Operations as a Percentage of Consolidated Total Income (%)
The current fiscal year (from April 1, 1999, to March 31, 2000)	¥76,517	¥279,203	27.4%

Notes: 1. Figures for total income from international operations are shown in place of the overseas sales figures shown by ordinary companies.
2. Total income from international operations includes total income from domestic foreign currency transactions, yen-denominated trade bill transactions, yen-denominated transactions with non-residents, transactions accounted for in the special international finance transaction account, transactions by overseas branches of the parent company and transactions of overseas consolidated subsidiaries (excluding total income from internal transactions among consolidated companies). Because the Bank does not classify this large amount of transactions based on the type of counterpart, segment information by country or region has not been included.

23 DERIVATIVES

Transactions handled:

The Bank engages in various types of derivatives transactions. Interest rate-related transactions cover interest rate futures, swaps, options, floors and caps. Currency-related transactions cover currency swaps, futures, options and forward exchange contracts. Stock-related transactions cover stock index futures. Bond-related transactions cover bond futures, futures options and over-the-counter options.

Transaction policy:

The Bank engages in derivatives transactions to meet the currency and interest rate-related risk-hedging needs of customers and also to follow asset liability management (ALM) designed to ensure effective management of its own market risk. In addition, the Bank maintains set positions, losses and other limits covering its own short-term derivatives trading.

It is the Bank's policy not to engage in highly complex or speculative transactions.

Objective:

Responding to the risk-hedging needs of customers, the Bank engages in currency swaps and options transactions as hedges against currency movement risks and handles the interest rate swaps, futures and other transactions as hedges against interest rate fluctuations.

To hedge against asset liability risk, the Bank engages in interest rate swaps transactions, which protect against hikes in rates for fixed-rate loans and declines in rates for time deposits. The Bank also deals in caps transactions as hedges against increases in interest rates for its capped-rate housing loans and other products. Furthermore, to hedge against interest rate and currency fluctuations pertaining to its own securities investments, the Bank engages in interest rate and currency swaps transactions.

In relation to derivatives trading, the Bank engages in such transactions as interest rate futures and bond futures. Such transactions are conducted on a short-term basis and are intended to generate revenues.

Market Value of Derivatives

	Millions of Yen			
	Contract or Notional Amount		Market Value	Unrealized Losses
	Total	More than One Year		
	2000	2000	2000	2000
Listed:				
Interest rate futures	¥ 21,963		¥ 22,237	¥ (274)
Over-the-counter:				
Interest rate swaps	311,507	¥213,079	¥(10,538)	¥(10,538)
Currency swaps	233,799	11,058	(432)	(432)
Other	48,360	47,860	851	(429)

Notes: 1. Forward exchange and currency option contracted amounts are reflected in the non-consolidated statements of income and are not subject to the disclosure of the above information.
 2. 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.
 3. Credit risk equivalent amounts computed according to BIS standards were ¥15.5 billion by the current exposure method at fiscal year-end.
 4. Please refer to page 8 for information on the Bank's risk management policy.

24 SUBSEQUENT EVENT

(a) Appropriations of Retained Earnings

The following appropriations of retained earnings were authorized at the Ordinary General Stockholders' Meeting held on June 28, 2000:

	Millions of Yen	Thousands of U.S. Dollars
Cash dividends, ¥3 (\$0.02) per share	¥2,349	\$22,138
Bonuses to directors and corporate auditors	40	377
Total	¥2,389	\$22,515

(b) Stock Option Plan

At the Ordinary General Stockholders' Meeting held on June 28, 2000, the Bank's stockholders approved the following stock option plan for the Bank's directors and key employees and the purchase of treasury stock for retirement.

The plan provides for granting options to directors and key employees to purchase the Bank's common stock in an aggregate maximum of 225 thousand shares for 10 directors and an aggregate maximum of 70 thousand shares for seven key employees in the period from June 28, 2002 to June 27, 2004. The options will be granted at an exercise price of 105 percent of the fair market value of the Bank's common stock at the date of option grant. The Bank plans to issue acquired treasury stock upon exercise of the stock options.

(c) Stock Buyback

It was decided at a meeting of the Board of Directors of The Shizuoka Bank, Ltd. held on March 30, 2000, that the Bank would buy back and cancel up to 2,500,000 shares of its outstanding common stock at a sum not in excess of ¥2,500 million in the period prior to the day before its Ordinary General Stockholders' Meeting, in accordance with the provisions of the Bank's Articles of Incorporation and the "Law Relating to Exceptions from the Commercial Code Concerning Stock Cancellation Procedures."

As of the end of April 2000, the Bank had purchased and retired 1,879 thousand shares of its outstanding common stock at par value for a total cost of ¥1,681 million. The Bank made no purchases of its

stock between May 1 and the day prior to its Ordinary General Stockholders' Meeting.

(d) Issue of Unsecured Ordinary Corporate Bonds

Based on a decision made at the meeting of the Board of Directors of The Shizuoka Bank, Ltd. held on March 30, 2000, the Bank issued ¥40 billion of domestic unsecured ordinary corporate bonds on May 9, 2000, with the intention of securing long-term and stable funds and diversifying its fund procurement mechanisms.

	First Tranche	Second Tranche
Total amount issued	¥20 billion	¥20 billion
Issue price	¥100 per ¥100 of face value	¥100 per ¥100 of face value
Interest rate	1.67% p.a.	1.27% p.a.
Redemption method	Lump sum at end of period	Lump sum at end of period
Redemption date	May 9, 2007	May 9, 2005

(e) Issue of Euro- and Dollar-Denominated Unsecured Ordinary Corporate Bonds

Based on a decision made at a meeting of the Board of Directors of The Shizuoka Bank, Ltd. held on April 14, 2000, the Bank issued \$3 billion of euro- and dollar-denominated unsecured ordinary corporate bonds on May 9, 2000, with the intention of securing long-term and stable funds and diversifying its fund procurement mechanisms.

Issue price	99.98% of face value
Interest rate	6.95% p.a.
Redemption method	Lump sum at end of period
Redemption date	May 21, 2004

NON-CONSOLIDATED BALANCE SHEET

THE SHIZUOKA BANK, LTD. March 31, 2000 and 1999

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2000	1999	2000
Assets:			
Cash and due from banks	¥ 617,128	¥ 599,741	\$ 5,813,736
Call loans	112,596	108,938	1,060,726
Bills bought	120,300		1,133,302
Monetary claims bought	83,502	120,162	786,645
Trading assets	121,807	155,032	1,147,504
Money held in trust	32,500	61,008	306,171
Securities	1,359,566	1,227,851	12,807,977
Loans and bills discounted	5,141,923	5,158,751	48,440,160
Foreign exchanges	7,021	5,546	66,151
Other assets	31,351	28,648	295,352
Premises and equipment	87,489	85,921	824,209
Deferred tax assets	38,734	32,474	364,901
Customers' liabilities for acceptances and guarantees	91,235	101,286	859,494
Reserve for possible loan losses	(81,620)		(768,918)
Reserve for investment losses	(10)		(97)
Total Assets	¥7,763,525	¥7,685,365	\$73,137,313
Liabilities and Stockholders' Equity:			
Liabilities:			
Deposits	¥6,692,637	¥6,751,147	\$63,048,871
Call money	285,912	55,292	2,693,473
Bills sold	63,400		597,268
Trading liabilities	3,826	5,354	36,053
Borrowed money	12,096	12,630	113,960
Foreign exchanges	223	258	2,109
Other liabilities	89,612	180,901	844,206
Reserve for possible loan losses		67,076	
Reserve for retirement allowances	14,681	14,532	138,314
Acceptances and guarantees	91,235	101,286	859,494
Total Liabilities	7,253,627	7,188,481	68,333,748
Stockholders' Equity:			
Common stock	90,845	90,845	855,824
Capital surplus	54,884	54,884	517,043
Legal reserve	90,845	90,845	855,824
Retained earnings	273,322	260,308	2,574,874
Total Stockholders' Equity	509,898	496,884	4,803,565
Total Liabilities and Stockholders' Equity	¥7,763,525	¥7,685,365	\$73,137,313

Notes: 1. Translation into U.S. dollars has been made solely for the convenience of readers outside Japan at the exchange rate of ¥106.15 to \$1, the approximate rate of exchange at March 31, 2000.

2. In this annual report, dollar figures are rounded off, but Japanese yen figures have been truncated in the process of calculation.

NON-CONSOLIDATED STATEMENTS OF INCOME

THE SHIZUOKA BANK, LTD. Years ended March 31, 2000 and 1999

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2000	1999	2000
Income:			
Interest Income:			
Interest on loans and discounts	¥118,608	¥126,274	\$1,117,366
Interest and dividends on securities	45,326	56,073	427,006
Other interest income	20,604	32,946	194,108
Subtotal	184,539	215,294	1,738,480
Fees and Commissions	16,929	16,316	159,488
Trading Income	397	1,204	3,742
Other Operating Income	12,402	8,742	116,835
Other Income	25,180	11,232	237,222
Total Income	239,449	252,791	2,255,767
Expenses:			
Interest Expenses:			
Interest on deposits	35,998	51,933	339,129
Interest on borrowings and rediscounts	4,263	7,380	40,165
Other interest expenses	24,097	33,803	227,011
Subtotal	64,359	93,117	606,305
Fees and Commissions	5,133	5,164	48,365
Trading Losses	42		399
Other Operating Expenses	6,245	7,261	58,835
General and Administrative Expenses	90,205	89,442	849,797
Other Expenses	28,617	27,722	269,593
Total Expenses	194,604	222,708	1,833,294
Income before Income Taxes	44,845	30,083	422,473
Income Taxes:			
Current	24,166	20,760	227,659
Deferred	(6,260)	(6,696)	(58,974)
Net Income	¥ 26,939	¥ 16,020	\$ 253,788
Per Share:			
Net income	¥ 34.13	¥ 20.11	\$ 0.32
Cash dividends applicable to the year	6.00	6.00	0.06

Notes: 1. Translation into U.S. dollars has been made solely for the convenience of readers outside Japan at the exchange rate of ¥106.15 to \$1, the approximate rate of exchange at March 31, 2000.

2. In this annual report, dollar figures are rounded off, but Japanese yen figures have been truncated in the process of calculation.

NON-CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

THE SHIZUOKA BANK, LTD. Years ended March 31, 2000 and 1999

	Number of Shares		
	2000	1999	
Number of Shares:			
Balance at beginning of year	791,674,069	798,307,069	
Shares retired	(8,357,000)	(6,633,000)	
Balance at End of Year	783,317,069	791,674,069	
		Thousands of U.S. Dollars (Note 1)	
	Millions of Yen	2000	
	2000	1999	
Common Stock:			
Balance at beginning of year	¥ 90,845	¥ 90,845	\$ 855,824
Balance at End of Year	¥ 90,845	¥ 90,845	\$ 855,824
Capital Surplus:			
Balance at beginning of year	¥ 54,884	¥ 54,884	\$ 517,043
Balance at End of Year	¥ 54,884	¥ 54,884	\$ 517,043
Legal Reserve:			
Balance at beginning of year	¥ 90,845	¥ 90,845	\$ 855,824
Balance at End of Year	¥ 90,845	¥ 90,845	\$ 855,824
Retained Earnings:			
Balance at beginning of year	¥260,308	¥232,480	\$2,452,271
Net income	26,939	16,020	253,788
Shares retired	(9,143)	(9,142)	(86,133)
Cash dividends	(4,742)	(4,782)	(44,675)
Bonuses to directors and corporate auditors	(40)	(45)	(377)
Adjustment of retained earnings for newly applied accounting for tax allocation		25,777	
Balance at End of Year	¥273,322	¥260,308	\$2,574,874
Total Stockholders' Equity:			
Balance at beginning of year	¥496,884	¥469,056	\$4,680,963
Changes during the year, net	13,014	27,828	122,602
Balance at End of Year	¥509,898	¥496,884	\$4,803,565

Notes: 1. Translation into U.S. dollars has been made solely for the convenience of readers outside Japan at the exchange rate of ¥106.15 to \$1, the approximate rate of exchange at March 31, 2000.

2. In this annual report, dollar figures are rounded off, but Japanese yen figures have been truncated in the process of calculation.

KEY CONSOLIDATED FINANCIAL INDICATORS

Summary of Profits (Losses)

Years ended March 31	Millions of Yen			Percentage Change
	2000	1999	Increase (Decrease)	
Net interest income	¥120,094	¥121,929	¥(1,834)	(1.50)%
Net fees and commissions	16,140	15,349	791	5.15
Trading income	354	1,204	(849)	(70.53)
Net other operating profits	5,827	1,589	4,238	266.66
General and administrative expenses	92,871	90,753	2,118	2.33
Net other recurring losses	(6,924)	(16,923)	9,999	59.08
Recurring profits	42,225	32,397	9,828	30.33
Income before income taxes and minority interests	44,050	31,867	12,183	38.23
Income taxes:				
Current	24,819	21,721	3,097	14.26
Deferred	(6,923)	(7,016)	92	1.32
Net income	26,329	16,539	9,789	59.18

Breakdown of Net Interest Margin

March 31	Billions of Yen
	2000
Interest income	¥ 186.0
Average interest-earning assets	7,008.3
Average interest rate of interest-earning assets (%)	2.7
Interest expenses (Note)	65.9
Average interest-bearing liabilities	6,802.3
Average interest rate of interest-bearing liabilities (%)	1.0
Net interest income	120.0

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

Net Other Operating Profits

Years ended March 31	Millions of Yen		
	2000	1999	Increase (Decrease)
Other operating profits:			
Gains on foreign exchange transactions	¥ 1,463	¥1,017	¥ 446
Net profits from bonds:	4,386	570	3,815
Gains on sales of bonds	10,782	7,871	2,910
Gains on redemption of bonds	251	332	(80)
Losses on sales of bonds	2,965	3,085	(120)
Losses on redemption of bonds	3,681	4,513	(831)
Losses on devaluation of bonds	1	34	(33)
Transfer to reserve for investment losses	(10)		(10)
Other	(11)	1	(12)
Net other operating profits	¥ 5,827	¥1,589	¥4,238

Loans Outstanding by Type of Borrower

March 31	Billions of Yen, % Share	
	2000	
Domestic branches:		
Manufacturing	¥1,116.5	22.1%
Agriculture	10.1	0.2
Forestry	0.8	0.0
Fishery	8.4	0.2
Mining	9.8	0.2
Construction	326.0	6.4
Utilities	65.1	1.3
Transportation and communication	224.3	4.4
Wholesaling and retailing	793.7	15.7
Finance and security	262.4	5.2
Real estate	320.8	6.3
Services	554.4	11.0
Local governments	151.3	3.0
Other	1,211.1	24.0
Subtotal	5,055.3	100.0
Overseas branches and offshore accounts:		
Governments and official institutions	0.3	0.4
Banks and other financial institutions	77.5	99.6
Subtotal	77.8	100.0
Total	¥5,133.2	

Risk Management Asset Information

March 31	Millions of Yen		
	2000	1999	Increase (Decrease)
Loans under bankruptcy proceedings A	¥ 34,181	¥ 26,462	¥ 7,718
% of loans and bills discounted	0.66	0.51	0.15
Past due loans B	133,499	31,320	102,178
% of loans and bills discounted	2.60	0.60	1.99
Loans past due for three months or more C	363	4,368	(4,004)
% of loans and bills discounted	0.00	0.08	(0.07)
Loans with relaxed conditions D (D=E+F+G+H)	18,866	103,945	(85,079)
% of loans and bills discounted	0.36	2.01	(1.65)
Restructured loans (Old category) E	1,186	11,071	(9,885)
% of loans and bills discounted	0.02	0.21	(0.19)
Claims for which interest payments have been deferred F	415		415
% of loans and bills discounted	0.00		0.00
Principal repayment postponed loans G	17,264	87,753	(70,488)
% of loans and bills discounted	0.33	1.70	(1.36)
Partially relinquished loans H		5,121	(5,121)
% of loans and discounted		0.09	(0.09)
Risk management loan total I (I=A+B+C+D)	186,910	166,096	20,813
% of loans and bills discounted	3.64	3.22	0.41
Value covered with collateral, guarantees, etc. J	164,774	137,017	27,757
Cover ratio (%) J/I	88.1	82.4	5.6

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

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

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

4. Value covered with collateral, guarantees, etc., includes provisions in the specific reserve for possible loan losses. The covered value was stated on a valuation basis through the end of September 30, 1998, but has been stated on a possible disposal basis at March 31, 1999.

Reserve for Possible Loan Losses

March 31	Millions of Yen	
	2000	1999
General reserve	¥22,198	¥19,940
Specific reserve	68,908	53,388
Reserve for specific foreign credit	323	458
Total	¥91,430	¥73,788
[Loans on written-off claims for the year]	¥ [418]	¥ [363]

Financial Index

Years ended March 31	Consolidated			Non-Consolidated		
	2000	1999	Increase (Decrease)	2000	1999	Increase (Decrease)
Per share (Yen):						
Net income	¥ 33.36	¥ 20.84	¥ 12.52	¥ 34.13	¥ 20.11	¥14.02
Net assets	652.75	632.18	20.57	650.94	627.63	23.31
Cash dividends	6.00	6.00		6.00	6.00	
Dividend payout ratio (%)				17.57	29.72	(12.15)
Return on equity (ROE) (%) (Note)	5.21			5.48	3.45	2.03
Price earnings ratio (PER) (%)	26.07			25.49	71.10	(45.61)

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

Capital Adequacy Ratio

March 31	Billions of Yen			
	Consolidated		Non-Consolidated	
	2000	1999	2000	1999
Tier I:				
Common stockholders' equity	¥ 516.6	¥ 508.9	¥ 507.5	¥ 494.4
Tier II capital included as Tier I				
Total adjusted Tier I capital	516.6	508.9	507.5	484.4
Tier II:				
Unrealized valuation gains on securities, after 55% discount	113.0	96.2	113.0	96.2
Reserve for possible loan losses, excluding specific reserve	22.1	19.9	21.1	19.9
Others				
Tier II capital included as Tier I				
Total adjusted Tier II capital	135.2	116.1	134.2	116.0
Tier II capital included as qualifying capital	135.2	116.1	134.2	116.0
Tier III (Note 1):				
Short-term subordinated debt (Capital for covering market risks)				
Total capital	651.9	625.1	641.7	610.4
Total risk-adjusted assets (Notes 1, 3)	4,673.9	4,566.5	4,613.5	4,508.7
Capital adequacy ratio (%) (Note 2)	13.94	13.69	13.90	13.53
Tier I ratio (%) (Note 2)	11.05	11.14	11.00	10.96

Notes: 1. The ratio of capital to risk-adjusted assets is based on Ministry of Finance guidelines formulated in accordance with the BIS agreement.

2. The capital adequacy ratio and the Tier I ratio were calculated on a consolidated basis. On a non-consolidated basis, based on Article 14-2 of the Bank Law, the capital adequacy ratio was 13.90% and the Tier I ratio was 11.00% at March 31, 2000.

3. Subordinated debt with two or more years remaining to redemption may be counted as Tier III capital for covering market risks. Accompanying the January 1, 1998 introduction of BIS market risk regulations, the Bank has recorded quasi-supplementary items and amounts corresponding to market risk beginning in the fiscal year ended March 31, 2000.

Credit-Related Financial Instruments

March 31	Billions of Yen	
	Contract Amount	
	2000	1999
Commitments to extend credit	¥2,448.7	¥2,286.4
Guarantees	87.4	91.9
Total	¥2,536.2	¥2,378.4

OVERSEAS SERVICE NETWORK

•Los Angeles Branch

801 South Figueroa Street, Suite 800,
Los Angeles, CA 90017, U.S.A.
Phone: (1) 213-622-3233
Telex: 182355 SHIZBK LSA

•New York Agency

One World Trade Center, Suite 8025,
New York, NY 10048, U.S.A.
Phone: (1) 212-466-0082
Telex: 408358 SHIZBK NY

•Hong Kong Branch

Room 3306, Gloucester Tower,
11 Pedder Street, Central, Hong Kong
Phone: (852) 2521-6547
Telex: 89566 SIZBK HX

•Singapore Representative Office

20, Collyer Quay, #10-03,
Tung Centre, Singapore 049319
Phone: (65) 225-3600
Telex: 26019 SHIZBK RS

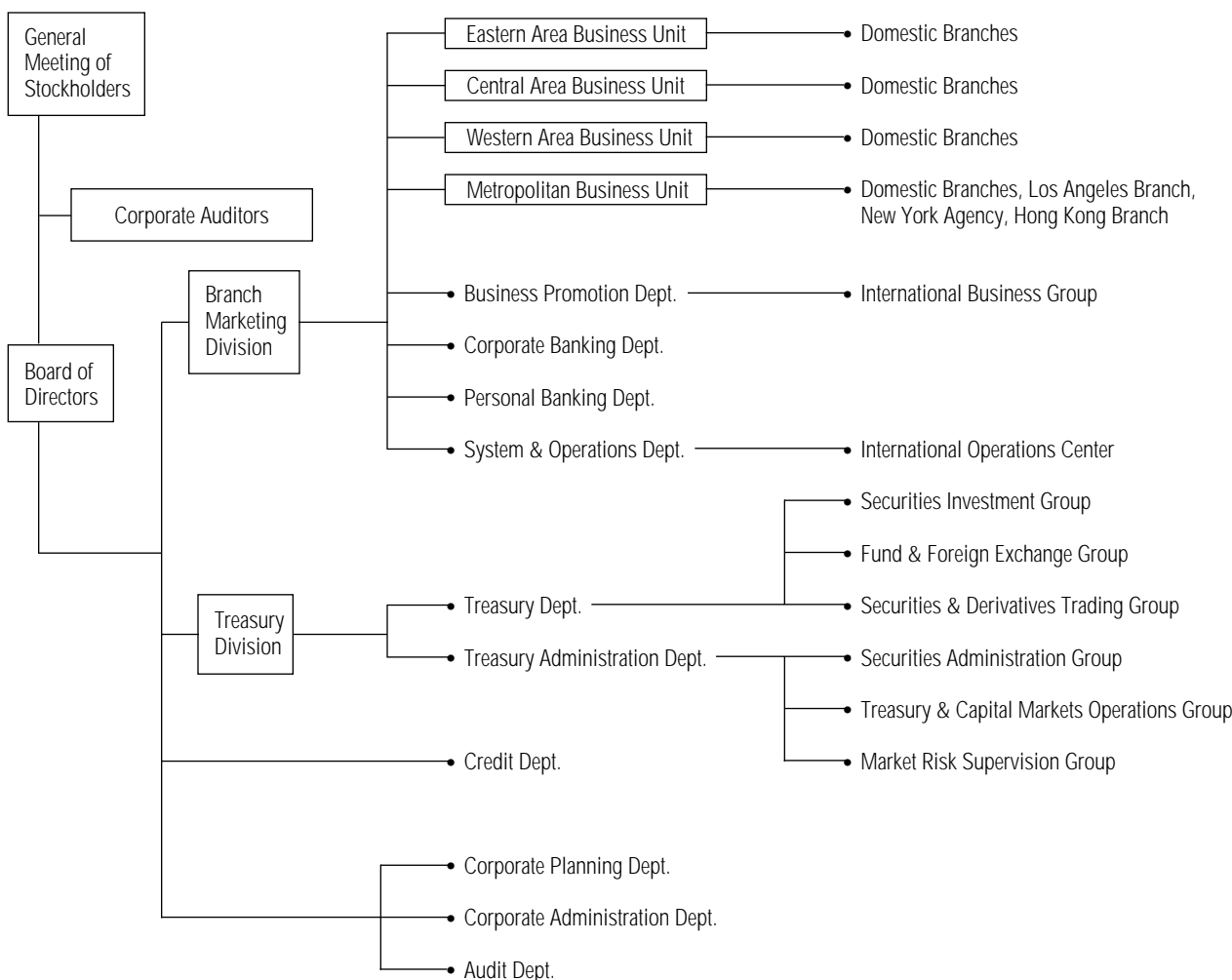
•Shanghai Representative Office

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

•Shizuoka Bank (Europe) S.A.

283 Avenue Louise, Bte. 13,
1050 Brussels, Belgium
Phone: (32) 2-646-0470
Telex: 23330 SHIZBR B

ORGANIZATION CHART



(As of June 30, 2000)

CORPORATE DATA

HEAD OFFICE

10, Gofukucho 1-chome, Shizuoka-shi,
Shizuoka 420-8760, Japan

HEADQUARTERS

2-1, Kusanagi-Kita, Shimizu-shi,
Shizuoka 424-8677, Japan
Phone: 0543-45-5411
URL: <http://www.shizuokabank.co.jp/>

BUSINESS PROMOTION DEPARTMENT INTERNATIONAL BUSINESS GROUP

Phone: 0543-45-5411
Fax: 0543-44-0090

SYSTEM & OPERATIONS DEPARTMENT INTERNATIONAL OPERATIONS CENTER

Phone: 0543-45-5700
Fax: 0543-49-5501
Telex: 3965603 SHIZBK J
SWIFT address: SHIZJPJT

NUMBER OF EMPLOYEES

(As of March 31, 2000)
4,509

DATE OF ESTABLISHMENT

March 1, 1943

DOMESTIC NETWORK

(As of June 30, 2000)
Head Office and 185 branches
(including 15 subbranches)

OVERSEAS NETWORK

(As of June 30, 2000)
3 branches, 2 representative offices

THE SHIZUOKA BANK GROUP

SHIZUGIN MANAGEMENT CONSULTING CO., LTD.

Corporate and financial management advisory services

SHIZUGIN LEASE CO., LTD.

Leasing; Factoring services

SHIZUOKA COMPUTER SERVICE CO., LTD.

Software development and sales

SHIZUGIN CREDIT GUARANTY CO., LTD.

Guarantee of housing loans, etc.

SHIZUGIN BUSINESS SERVICE CO., LTD.

Cash dispenser and ATM management
and settlement services

SHIZUGIN DC CARD CO., LTD.

Credit card and guarantee of consumer loans

SHIZUOKA CAPITAL CO., LTD.

Public-offering assistance

SHIZUGIN GENERAL SERVICE CO., LTD.

Part-time employee management; Inventory management

SHIZUGIN SHIZUURA AGENCY CO., LTD.

Banking services

SHIZUOKA MORTGAGE SERVICE CO., LTD.

Appraisal of real estate for loan collateral

SHIZUOKA ASSETS ADMINISTRATION CO., LTD.

Acquisition by auction of real estate held as collateral by
the Bank; Disposal, leasing, and sale of such assets

SHIZUGIN JITOGATA AGENCY CO., LTD.

Banking services

SHIZUGIN BUSINESS CREATE CO., LTD.

Operation center for remittance and bill collection

SHIZUOKA BANK (EUROPE) S.A.

Finance and securities-related services

BOARD OF DIRECTORS AND CORPORATE AUDITORS

Chairman

Soichiro Kamiya

President

Yasuo Matsuura

Senior Managing Director

Nobuo Ikeda

Managing Directors

Eiichi Ito

Masakazu Oishi

Yasuaki Noda

Noboru Ikeda

Hiroyasu Sugiyama

Shigeru Masugi

Hiroyuki Kochi

Corporate Auditors

Mitsuo Oishi

Hiroshi Okamoto

Hirokichi Hirai

Yasuhiko Saito

(As of June 28, 2000)

INVESTOR INFORMATION

THE SHIZUOKA BANK, LTD.

STOCKHOLDERS' EQUITY (As of March 31, 2000)

Common stock	¥ 90,845 million
Capital surplus	¥ 54,884 million
Legal reserve	¥ 90,845 million
Retained earnings	¥273,322 million
Total stockholders' equity	¥509,898 million

NUMBER OF SHARES (As of March 31, 2000)

Authorized	2,477,784,000 shares
Issued and outstanding	783,317,069 shares

NUMBER OF STOCKHOLDERS (As of March 31, 2000)

27,545

STOCK LISTING

First Section of the Tokyo Stock Exchange

PRINCIPAL STOCKHOLDERS

The 10 largest stockholders of the Bank and their respective stockholdings at March 31, 2000 were as follows:

	Number of Shares in Thousands	Percentage of Total Shares Outstanding
The Bank of Tokyo-Mitsubishi, Ltd.	31,584	4.03%
The Meiji Mutual Life Insurance Company	29,117	3.71
Sumitomo Life Insurance Company	27,392	3.49
Nippon Life Insurance Company	26,931	3.43
The Dai-ichi Mutual Life Insurance Company	23,546	3.00
The Yasuda Mutual Life Insurance Company	21,309	2.72
The Industrial Bank of Japan, Limited	16,604	2.11
The Tokio Marine & Fire Insurance Company, Limited	14,527	1.85
The Nisshin Fire and Marine Insurance Company, Limited	14,431	1.84
The Mitsubishi Trust & Banking Co., Ltd. (in trust account)	13,768	1.75
Total	219,215	27.98%

STOCK PRICE, TURNOVER

Annual high/low stock price (five years) (Yen)

Years ended March 31	1996	1997	1998	1999	2000
High	1,430	1,450	1,510	1,500	1,460
Low	989	985	1,030	1,075	830

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

Month	Oct. 1999	Nov. 1999	Dec. 1999	Jan. 2000	Feb. 2000	Mar. 2000
High	1,259	1,180	1,189	1,150	1,035	918
Low	1,131	1,050	1,020	980	830	840
Turnover (thousands of shares)	11,658	12,342	15,847	9,444	17,994	18,618

CONTACT

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