



SHIZUOKA BANK

Shizuoka Bank

ANNUAL REPORT 2003

Year ended March 31, 2003

Shizuoka Bank at a Glance

Nurturing the Vision of a Prosperous Community

A FIRST-CLASS REGIONAL BANK

The Shizuoka Bank is one of Japan's largest regional banks, with 162 branches, 18 sub-branches, and 1 agency in Japan as of July 1, 2003. This domestic network serves the needs of customers not only within Shizuoka Prefecture, the Bank's home region, but also in Japan's three most important business centers of Tokyo, Osaka, and Nagoya, which are comparatively close to the prefecture. Outside Japan, the Bank's international network comprises operations in New York, Los Angeles, Brussels, Hong Kong, Shanghai, and Singapore.

A SOLID FINANCIAL STRUCTURE

As of March 31, 2003, Shizuoka Bank had total assets of ¥8,209.5 billion (US\$68,299 million) on a consolidated basis, loans of ¥4,881.0 billion (US\$40,608 million), and deposits of ¥7,109.0 billion (US\$59,143 million). The Bank's capital ratio on a consolidated basis stood at 12.42%, one of the highest ratios among Japanese banks, and well above the BIS standard of 8% for banks engaged in overseas operations. The Tier I capital ratio was also at the high level of 11.01%.

INTERNATIONAL CONFIDENCE

Shizuoka Bank has one of the strongest financial positions of any Japanese bank, gaining some of the highest credit ratings for a Japanese financial institution from four rating agencies.

(As of June 30, 2003)

	Long-Term	Short-Term	Financial Strength
Standard & Poor's	A+	A-1	—
Moody's	A1	P-1	C+
Fitch	—	F1	B/C
Rating and Investment Information, Inc.	AA	—	—

REGIONAL CONTRIBUTIONS

Shizuoka Bank makes an ongoing contribution to the development of Shizuoka Prefecture, its principal base of operations, guided by its corporate mission of helping to create a prosperous community. Moreover, as we believe it to be our duty to bequeath an unspoiled environment to future generations, we have drafted a set of guidelines for our environmental preservation initiatives, and in May 2002 we acquired the ISO 14001 certification, the international standard for environmental management systems. Through its environmental preservation activities, Shizuoka Bank is fulfilling its responsibility to society.

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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 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.

Consolidated Financial Highlights

THE SHIZUOKA BANK, LTD. and Subsidiaries

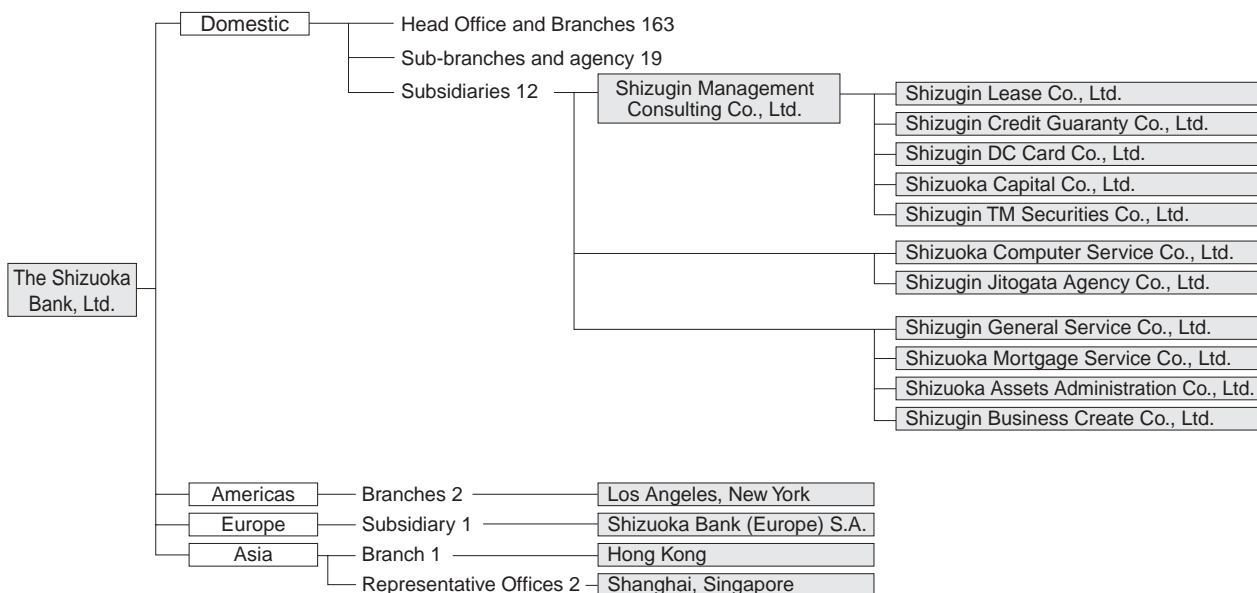
Years ended March 31	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Income before income taxes and minority interests	¥ 25,281	¥ 12,725	\$ 210,330
Net income	12,693	7,486	105,605

	Yen		U.S. Dollars
	2003	2002	2003
Net income per share	¥ 17.07	¥ 9.88	\$ 0.142
PER (Times, Non-consolidated)	46.22	83.15	
PBR (Times, Non-consolidated)	1.06	1.14	

March 31	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Total assets	¥8,209,577	¥8,178,065	\$68,299,315
Deposits	7,109,018	7,018,560	59,143,246
Loans and bills discounted	4,881,086	5,064,236	40,608,041
Securities	1,991,242	1,935,428	16,566,077
Common stock	90,845	90,845	755,788
Total stockholders' equity	519,690	556,633	4,323,545
ROE (%)	2.35	1.29	
Capital adequacy ratio (BIS) (%)	12.42	12.51	
Tier I ratio (%)	11.01	10.85	

Notes: 1. Translation into U.S. dollars has been made solely for the convenience of readers outside Japan at the exchange rate of ¥120.20 to \$1, the approximate rate of exchange at March 31, 2003.
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 July 1, 2003)



To Our Stockholders



Soichiro Kamiya, *Chairman*

Yasuo Matsuura, *President*

Amid increasing uncertainty regarding the international situation and the prolonged stagnation of the Japanese economy, the operating environment for the country's financial institutions is becoming more and more difficult. Against this background, the Shizuoka Bank Group will continue to fulfill its role as a comprehensive provider of financial services to the regional community, centered on the smooth supply of funds, by harnessing the operational strengths of all group members. For this purpose, we plan to put greater emphasis on profitability and growth, while maintaining a healthy financial position.

March 1, 2003 was the 60th anniversary of the establishment of Shizuoka Bank. Whatever business environment faces us in the future, we will never lose our focus on continual self-renewal, and will remain devoted to meeting the expectations of all our stakeholders, including not only our stockholders but also our business partners and the local community in general. We will exert

our full efforts to build a still higher reputation for the Shizuoka Bank Group, and we look forward to your continued support and encouragement.

July 2003

Soichiro Kamiya
Chairman

Yasuo Matsuura
President

Message from the President

Helping solve the community's problems to achieve mutual growth



Playing the part expected of a local financial institution—pursuing prosperity together

The Japanese economy remains in the grip of severe deflation, and no immediate way out of the persistent stagnation is apparent. In these circumstances, regional financial institutions are being increasingly urged to do more to rehabilitate fragile small and medium-sized enterprises, and thereby revitalize the economies of our regions.

Not only in response to these calls, but also out of our own sense of responsibility for the health of the local economy, we plan to strengthen our comprehensive Groupwide efforts in the areas of assistance for local companies in improving their business management, support for companies requiring rehabilitation, and help in nurturing the growth of new industries in the regional economy. By so doing, we hope to give concrete form to the economic potential of the regional community.

Pursuing still higher service quality

In today's world, consumers are focusing more than ever before on the quality of goods and services, without which

companies can no longer expect customers' support. In line with this trend, in fiscal 2001 the Shizuoka Bank adopted a five-year business plan, the Bank's 8th medium-term business plan, dubbed "TINA prime" (see note below). Under this business plan, we are pursuing our management vision of fashioning Shizuoka Bank into a truly "quality bank" noted for the high level of its services, through continuous improvements in our business model, with the ultimate aim of surviving and prospering amid the present period of intense competition.

By raising the level of our financial services through the implementation of the "TINA prime" plan, we are confident not only of strengthening our customers' trust in us, but also of elevating our corporate image and reputation for trustworthiness among the society as a whole. In this way, we will pave the way to the provision of completely new financial services, enhancing the prosperity of the region and helping all local citizens realize their dreams.

Note: "TINA" is an acronym for "There is no alternative," the phrase made famous by Margaret Thatcher, and indicates the Bank's determination to follow through with its plans. Meanwhile, "prime" is formed from the initial letters of "passion," "rationality," "idea," and "maximum effort," which together sum up the key concepts behind our management vision of achieving true excellence within the banking industry.

Progress under the TINA prime medium-term management plan (FY2001-2002)

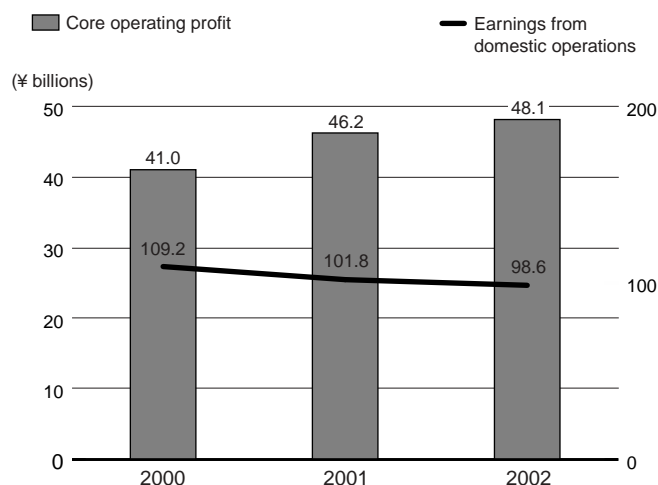
To achieve continued growth, in spite of difficult operating conditions, we tackled the task of reforming our earnings structure on a Group-wide basis during the first two years of the TINA prime plan, focusing on the three concepts of cultivating new income opportunities, reengineering the business process, and strengthening our financial structure.

Thanks to our efforts in this direction, we achieved a business performance that surpassed our targets under the plan, as shown overleaf.

Earnings Structure Reform

Cultivating new income opportunities	Introducing more sophisticated concept of credit cost; establishing profitability-focused business evaluation system; making maximal use of risk management techniques; setting up CRM-based marketing system; expanding fee-based business
Reengineering the business process	Reform of operational systems; redesigning transportation system for cash and checks
Reforming the balance sheet structure	Strengthening marketing of investment products other than deposits; establishment of Shizugin TM Securities Co., Ltd.

Earnings

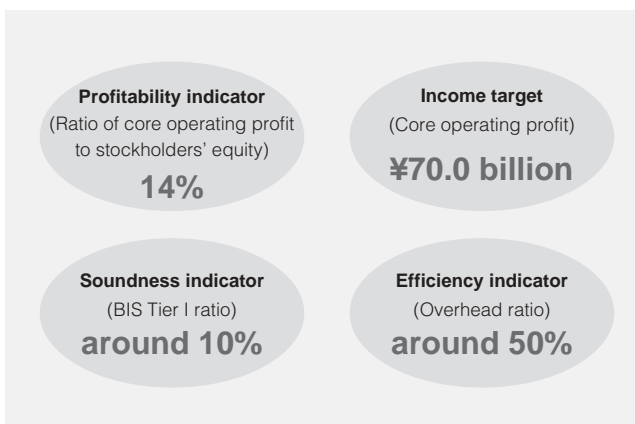


On the other hand, weak demand for loans from corporate customers led to a decline in interest income on our core banking business. Measures to revive this earnings source will be the focus of our efforts for some time to come.

Last three years of TINA prime (FY2003-2005) ① : Basic Policies

While continuing the process of earnings structure reform that we have pursued up to now, from fiscal 2003 on we will also be embarking on reforms of our marketing system. This will include the expansion of marketing channels to meet customers' demands for a wider range of more sophisticated financial solutions, streamlining support divisions with the aim of increasing the number of staff directly engaged in marketing, and providing increased training to marketing staff at all Group companies to enable us more fully to meet diversifying users needs. These reforms will help us raise our ability to cultivate new revenue sources by expanding our sales force with the focus on corporate customers. With this enhanced ability, we intend to reach our quantitative targets and realize our management vision.

Business Performance Targets (FY2005)



Note: Core operating profit = Net operating profit + Provision for possible loan losses (general reserve) – Profit / loss on sales of bonds

Last three years of TINA prime (FY2003-2005) ② : Reorganization of Marketing System

We aim to boost the earnings capability and productivity of our marketing system by means of a strategy based on a reevaluation of the functions of all marketing channels, including both head office departments and the Bank's branches, the reassignment of staff to optimal positions, and the upgrading

of our staff training system. Additionally, we aim to improve profitability by further striving for low-cost operation without prejudice to the provision of high-quality services that meet with full customer satisfaction.

Earnings Structure Reform + Marketing System Reform

Revising marketing channels and upgrading entire sales promotion system	Provision of high value-added services at core branches; enhancement of products and services provided through direct channels; establishment of system for revitalization of corporate customers
Optimizing personnel allocation	Reducing headquarters staff and increasing marketing staff based at branches; employing more temporary staff to maximize workforce flexibility
Staff training initiatives	Training staff in state-of-the-art, high-level skills to enable them to meet customers' needs for a diverse range of sophisticated financial services

Last three years of TINA prime (FY2003-2005) ③ : Business Segment Strategies

In the corporate banking business, we aim to increase our lending in terms both of absolute scale and market share. This will be achieved primarily through the strategic allocation of management resources to promising areas. We also plan to more precisely quantify credit costs through the more rigorous application of risk management at the credit screening level, thus allowing the setting of interest rates on loans to more accurately reflect the risk involved. Through the optimal leveraging of the improved marketing capability that we will realize as a result of the reorganization of our marketing system, as well as the high-level ability of Shizuoka Bank

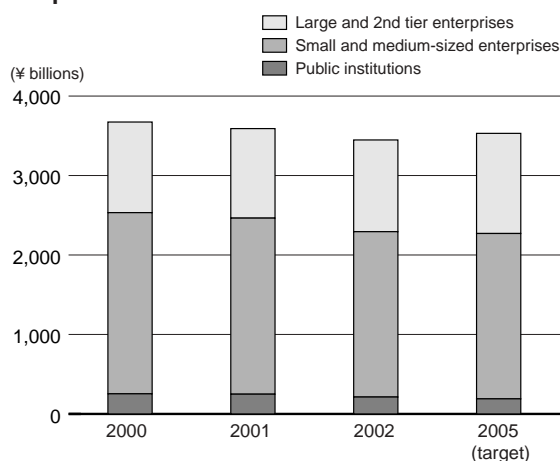
Group companies to devise and propose solutions, we are confident of being able to significantly bolster our competitiveness.

In retail banking, we aim to push up the volume of consumer loans to well above the original target for fiscal 2005. We will be acquiring new customers for mortgage loans for newly-built housing, mainly through our Loan Centers, and expanding the volume of unsecured loans by making optimal use of our CRM system.

In the field of fee-based business, we plan to put effort into expanding our activities in marketing investment products such as investment trusts, government bonds and insurance, as well as into increasing revenue from fees and commissions on our services. By so doing, we will raise income from fee-based business as a percentage of gross operating profit, thereby giving us a more stable earnings base that is more resistant to fluctuations in interest rates.

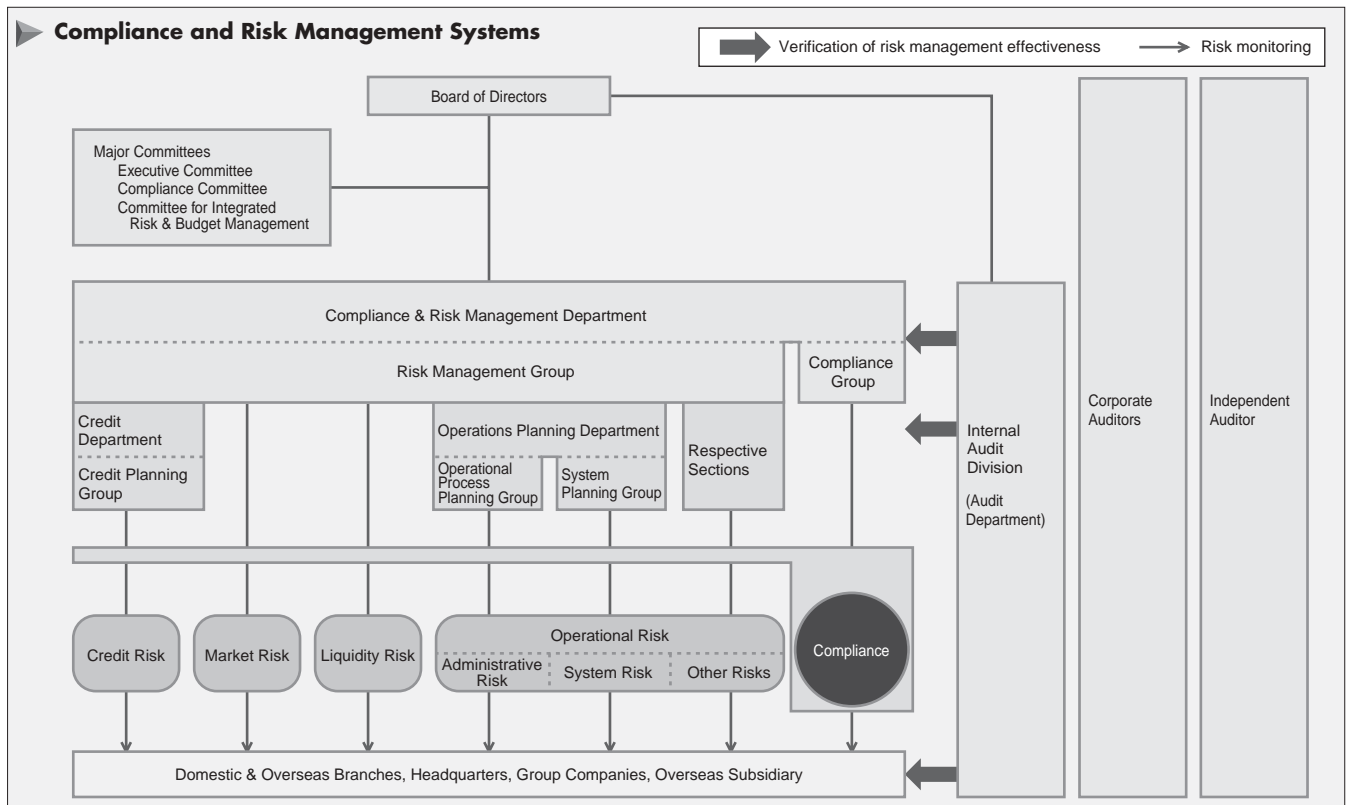
In addition to the above, we will also be reengineering our business processes to raise the efficiency and accuracy of clerical work. Through these and other measures, we will transform the Bank's management to assure us of survival and prosperity amid an increasingly difficult operating environment.

Corporate loans



*Excluding amounts under loan participation program

Compliance and Risk Management Systems



Basic Compliance Policy and Organizational Structure

In fiscal 1998 we drew up the Shizuoka Bank Ethical Charter in recognition of the key importance of corporate compliance. Since then, we have been establishing a framework for the supervision of compliance activities across the whole range of our operations, including a Compliance Committee and a compliance supervisory department. In addition, compliance officers have been appointed in all head office departments as well as all our branches and Group companies. All these organizational units are working to ensure thorough legal and ethical compliance.

Steps to Inculcate a Thorough Understanding of Compliance among All Staff

As well as distributing a compliance handbook to all staff, which provides a full explanation of laws and regulations to be

observed, compliance information updates are frequently issued via an intranet. The degree of compliance is monitored by each section using a checklist. The results of these checks are then assessed by the compliance supervisory department, and further training is given as required. In these ways, we ensure a high level of compliance throughout the whole Shizuoka Bank Group.

Further Measures to Strengthen Compliance System

A new compliance program is drafted and implemented each business year. In fiscal 2002, courses were offered by outside lecturers, and a survey was conducted into compliance awareness among the Group's staff. We have also set up a reporting system utilizing an intranet, which enables staff to report compliance violations by other staff members or warn of situations in which compliance violations could occur. This

system acts as self-activating method for preventing compliance-related problems.

Basic Risk Management Policy and Organizational Structure

Financial institutions are now being exposed to a wider variety of increasingly complex risk factors as a result of the globalization of financial operations, and the constant evolution of information technology.

At Shizuoka Bank, in June 2003 we established the Compliance and Risk Management Department as a single supervisory section to take overall charge of compliance and risk management. The department comprehensively monitors all varieties of risk across the Group using risk quantification techniques, to restrain risk within acceptable levels. At the same time, risk information analysis is employed as a valuable management tool to improve profitability by raising operational efficiency through integrated risk management.

The functions of the Audit Department have also been expanded to realize a more effective overall risk management system.

Integrated Risk Management System

The Bank has introduced a system of risk management through appropriate allocation of risk capital. Core capital (Tier I capital minus an amount equivalent to net deferred tax assets) is utilized as a buffer to enable us to deal with losses in the event of unforeseen contingencies, and the maximum level of risk is regulated to keep it within this scope.

Twice each year, a management committee sets the various risk capital limits — on the basis of VaR (Value-at-Risk) — for credit risk, market risk, and operational risk. After allocation of risk capital, the remaining amount of core capital is set aside as a buffer to cover unquantifiable risk and unforeseeable event risk.

The Bank's operating divisions are responsible for keeping the level of risk within the allocated risk capital limits while simultaneously working to achieve earnings targets. The risk management sections in each risk category monitor the levels of risk capital utilized by the operating divisions.

Each month, a high-level committee for integrated risk and budget management sets risk management and investment guidelines for the whole Bank based on an analysis of risk-return operations. This allows appropriate control of risk levels and ensures a steady stream of earnings.

Credit Risk Management

Entirely independent of all operating sections, the Credit Department is mainly responsible for managing credit risk to ensure the soundness of the Bank's loan asset portfolio. The department is charged with the management of all credit risk, in both domestic and overseas operations.

The Credit Department is divided into Credit Group I and Credit Group II, which are responsible for screening loan applications; the Credit Assessment Group, which assesses the creditworthiness of borrowers; and the Credit Planning Group, charged with overall supervision of credit risk.

In addition, the Asset Assessment Audit Group in Audit Department, which functions separately from the operating and credit supervision departments, monitors credit risk management.

Borrowers' Credit Rating System

The Bank employs a borrower's credit rating system to ensure an accurate grasp of the creditworthiness of corporate borrowers and ensure meticulous credit risk management. Borrowers are rated on a scale of 1 to 12 according to financial indicators, including the asset portfolio and cash flows. To make the ratings objective, quantitative information is given more weight in this system.

These borrowers' credit ratings form the basis of the asset self-assessment, which is preparatory to the calculation of capital ratios. They are also used in calculating the general reserve for possible loan losses, and serve as criteria for determining credit-approval limits and determining interest rates for borrowers. They are thus fundamental to credit risk management.

Market Risk Management

In order to ensure an effective system of checks and balances, market risk management (middle office) departments and administrative (back office) departments are kept strictly separate from departments involved in market transactions (front office). In addition, the Audit Department monitors the system of mutual checking among the front, middle, and back offices.

We have introduced stress tests, in which abnormal market fluctuations are simulated to prepare for situations in which the VaR model is ineffective. We also make use of back-testing, in which VaR figures are compared with actual

profit and loss figures, to verify the accuracy of our VaR models.

Liquidity Risk Management

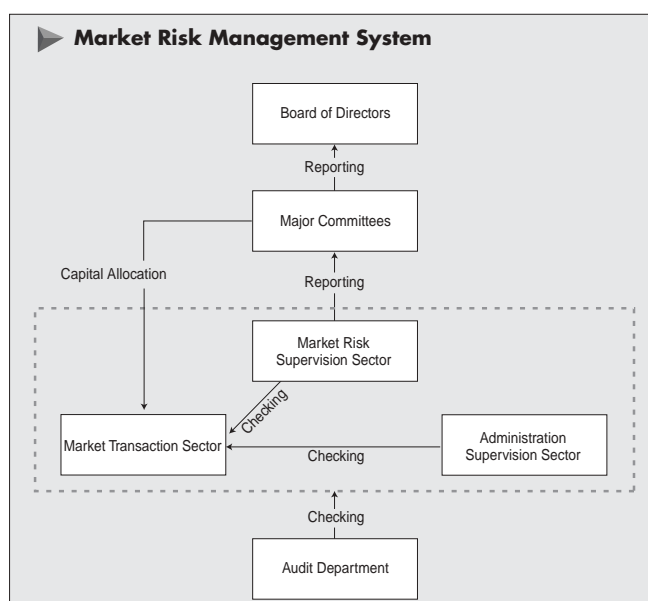
Units have been designated as responsible for cash flow on a daily, weekly, and monthly basis across the whole Bank, including overseas branches. Four levels of emergency scenario have been established to help us formulate rapid and appropriate responses to unforeseeable events. Position limits are set for each financial product and maturity period to control market liquidity risk.

Operational Risk Management

Operational risk refers to risks other than credit, market and liquidity risk. Shizuoka Bank aims to apply the most appropriate management methods to all kinds of operational risk, principally administrative risk and system risk. We are also pushing ahead with surveys and research paving the way for the quantification of operational risk management.

To lower administrative risk, the Bank is upgrading its administrative infrastructure through active investment in computerization. We are also promoting greater efficiency through the concentration of branch back-office work at business centers. To raise the quality of work performed at our branches, we are making policies and procedures for administrative work available to staff online, simplifying work flow, and providing a system of continuous staff training.

For system risk, we have clarified our organizational policy through the codification of our security policy and standards. While strengthening our risk management system, we are further enhancing the reliability of our computer systems through the implementation of safety-check programs.



Shizuoka Bank's Corporate Governance System

Shizuoka Bank's corporate mission of helping to create a prosperous community informs all our operational policies. We have also drawn up an Ethical Charter to serve as a model for all our corporate activities. The Bank's Board of Directors formulates strategic management policies, determines policies on risk management and basic compliance, and supervises day-to-day operations. To ensure management transparency and accurately reflect the view of the regional community in our management decisions, we include executives of other companies, as well as lawyers, as members of the Bank's Board of Directors or the Bank's Corporate Auditors.

In June 2003, we established a Compensation Committee, composed principally of outside directors, as an advisory body to the Bank's president. This is part of the Bank's broader initiatives aimed at raising the level of fairness and transparency of its systems and decision-making processes relating to directors' salaries and bonuses, and lump-sum payment at retirement.

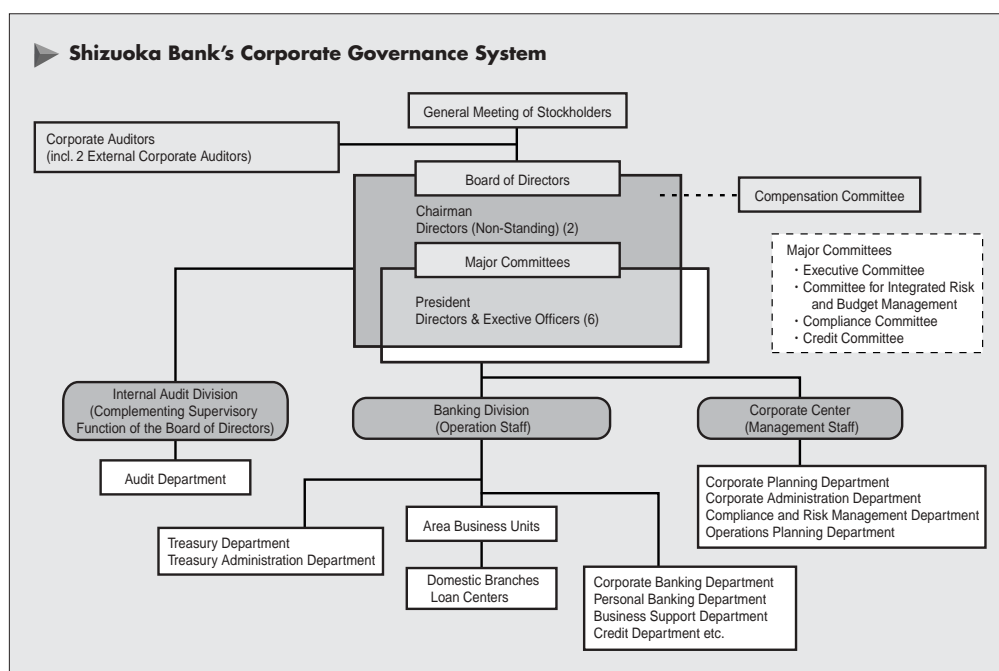
To create a system enabling flexible and precise response to the changing business environment, the management of day-to-day operations is carried out by executive officers appointed by the Bank's Board of Directors. Decisions on important matters that arise in the course of these day-to-day operations are taken by Major Committees specifically appointed by the Board, each committee being dedicated to dealing with a particular field of operation.

Enhancement of Internal Auditing System

The Bank's Audit Department has been made completely independent of all other departments subject to its audits and placed under the direct control of the Board of Directors, thus ensuring more objective internal auditing and strengthening checks on the Bank's operational divisions.

Corporate Center

In June 2003, the Corporate Center was set up to integrate the activities of the Corporate Planning Department, the Corporate Administration Department, the Compliance and Risk Management Department, and the Operations Planning Department. This move was aimed at centralizing risk management and raising the level of the Bank's risk management know-how.



Financial Position and Business Operations

Ensuring a Sound Financial Position

Reflecting the sound management policy of Shizuoka Bank, its capital ratio according to the BIS criteria, and its credit ratings, which are the foremost indicators of a bank's financial soundness and creditworthiness, have long been among the highest in Japan. We are committed to the ongoing enhancement of the Bank's financial position so as to raise customer confidence in the Bank still further.

Capital Ratios

As of the end of March 2003, the Bank's capital ratio stood at 12.42% on a consolidated basis, without implementation of land revaluation or issuance of subordinated debt. This figure ranks among the highest in Japan. The Tier I capital ratio (principally consisting of capital stock, capital surplus, and retained earnings), a basic ratio that is not affected by such factors as fluctuations in unrealized gains/losses on securities, stood at 11.01%, which was well above the BIS capital ratio criterion of 8%. One of the Bank's management goals is to maintain a Tier I capital ratio of at least 10%.

Credit Ratings

Credit ratings awarded to banks are indicators of their ability to repay the principal of and interest on deposits, and are therefore widely accepted as reliable indicators of creditworthiness and financial safety. Shizuoka Bank has received credit ratings from four ratings agencies, and these ratings are among the highest of any Japanese financial institution.

Non-Performing Loans

Shizuoka Bank has maintained a sound loan asset portfolio, keeping its non-performing loans to a minimum, owing to the rich diversity of local industry and to the large proportion of its corporate customers that are soundly managed.

In response to worsening corporate performances caused by the prolonged economic stagnation, as well as the application of more rigorous standards for the Bank's asset self-assessment, risk managed loans subject to disclosure under the Banking Law came to ¥287.5 billion (US\$2,392 million) on a consolidated basis as of the end of March 2003, representing 5.89% of the total balance of loans. However, 87.2% of them are covered by collateral or guarantees. The Bank's total credit costs thus continue to be held down to a low level (*Note).

Shizuoka Bank will continue to apply strict standards in its credit risk management, and will put considerable effort into preventing the occurrence of new bad debt and reducing the level of existing bad debt. We will also redouble our management support efforts to assist beleaguered corporate customers in the rehabilitation of their operations. In these ways, we are simultaneously revitalizing the local economy and improving the soundness of our loan asset portfolio.

*Note: Shizuoka Bank has set as management goals the lowering of the ratio of risk-management assets taking into account collateral and guarantees to total loans (on a non-consolidated basis) to 3.0% or less and the lowering of the ratio of total credit cost to average balance of loans to 0.3% or less, both by fiscal 2004.

Business Performance in Fiscal 2002

Earnings

The total income of the Shizuoka Bank on a consolidated basis for fiscal 2002 declined by ¥33.3 billion from the previous business term, to ¥192.0 billion (US\$1,598 million). This is attributable to a decline in earnings on the operation of funds owing to the prolonged ultra-low level of interest rates, as well as a decrease in gain on the sale of equity shares as a result of the decline in stock prices.

Total expenses also decreased, by ¥45.9 billion from the previous term, to ¥166.8 billion (US\$1,387 million) due to lower costs of fund procurement and a smaller amount of provisions for possible loan losses. Consequently, net income increased by ¥5.2 billion to ¥12.6 billion (US\$105 million) on a consolidated basis.

Loans

As our prosperity is inseparable from that of our home region as a whole, we strove to maintain a positive stance on the loan business to appropriately meet the diverse funding needs of our customers. However, in spite of an increase in mortgages and other housing-related loans, fund demand from corporations—notably from small and medium-sized enterprises—declined against the backdrop of the prolonged stagnation of business conditions. As a result, the term-end balance of loans and bills discounted declined ¥183.1 billion from the previous term-end, to ¥4,881.0 billion (US\$40,608 million).

Deposits and Straight Bonds

Total deposits including NCDs at term end rose ¥90.4 billion to ¥7,109.0 billion (US\$59,143 million). The Bank worked to increase sales to individual customers of Japanese

government bonds, investment trusts, and insurance products, aimed at meeting today's more diverse needs for investment targets.

With the aim of diversifying its fund-procurement sources and assuring itself of a stable, long-term supply of funds, the Bank took advantage of its high credit ratings to issue straight bonds both in Japanese yen and U.S. dollars. As a result, the total of issued bonds outstanding as of the end of March 2003 stood at ¥182.1 billion (US\$1,515 million).

Securities

The Bank worked to design a securities portfolio that will yield steady earnings by increasing investments in Japanese government bonds and foreign bonds, taking into account the risk of a rise in interest rates, as well as credit risk. As a result, the term-end balance of securities came to ¥1,991.2 billion (US\$16,566 million), an increase of ¥55.8 billion over the previous term-end.

Consolidated Cash Flow

Net cash provided by operating activities amounted to ¥233.8 billion, mainly as a result of an improvement in the net balance of interest received on fund operations and interest paid on fund procurement, as well as an increase in NCDs.

Net cash used in investing activities came to ¥128.6 billion as a result of the purchase of securities. Meanwhile, net cash used in financing activities came to ¥27.7 billion as a result of such activities as the acquisition of own shares. The net result of the foregoing was that the total of cash and cash equivalents at term-end increased by ¥77.4 billion to ¥194.7 billion (US\$1,620 million) during the term.

INDEPENDENT AUDITORS' REPORT

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**Deloitte
Touche
Tohmatsu**

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

We have audited the accompanying consolidated balance sheets of The Shizuoka Bank, Ltd. and subsidiaries as of March 31, 2003 and 2002, and the related consolidated statements of income, stockholders' equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Shizuoka Bank, Ltd. and subsidiaries as of March 31, 2003 and 2002, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan.

As discussed in Note 28 to the consolidated financial statements, the Bank obtained an approval of exemption from future pension obligation of the governmental program by the Ministry of Health, Labor and Welfare on May 30, 2003. As a result of this exemption, the Bank will recognize a gain on such exemption in the amount of approximately ¥3,600 million for the year ending March 31, 2004.

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

Deloitte Touche Tohmatsu

June 27, 2003

Consolidated Balance Sheets

THE SHIZUOKA BANK, LTD. and Subsidiaries March 31, 2003 and 2002

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2003	2002	2003
Assets:			
Cash and due from banks	¥ 622,018	¥ 511,244	\$ 5,174,864
Call loans and bills bought	107,312	147,643	892,780
Monetary claims bought	200,641	111,758	1,669,227
Trading assets (Notes 4, 5)	181,825	175,236	1,512,695
Money held in trust		30,007	
Securities (Notes 5, 11)	1,991,242	1,935,428	16,566,077
Loans and bills discounted (Notes 6, 11, 12)	4,881,086	5,064,236	40,608,041
Foreign exchanges (Note 7)	2,726	4,799	22,679
Other assets (Note 8)	53,636	66,352	446,228
Premises and equipment (Note 9)	109,995	119,335	915,104
Deferred tax assets (Note 22)	41,799	24,480	347,750
Customers' liabilities for acceptances and guarantees (Note 10)	119,962	101,997	998,023
Reserve for possible loan losses	(102,341)	(114,105)	(851,428)
Reserve for possible investment losses	(327)	(348)	(2,725)
Total Assets	¥8,209,577	¥8,178,065	\$68,299,315
Liabilities, Minority Interests and Stockholders' Equity:			
Liabilities:			
Deposits (Notes 11, 13)	¥7,109,018	¥7,018,560	\$59,143,246
Call money and bills sold (Note 11)	85,032	128,022	707,428
Collateral money for securities lending / borrowing transactions (Note 11)	32,095		267,018
Trading liabilities (Note 4)	3,895	4,786	32,410
Borrowed money (Note 11)	29,436	33,565	244,900
Foreign exchanges (Note 7)	212	360	1,770
Corporate bonds	182,120	189,950	1,515,141
Other liabilities (Notes 11, 14)	91,281	108,827	759,411
Reserve for employees' retirement benefits (Note 15)	28,023	27,310	233,139
Reserve under specific law	1	0	12
Deferred tax liabilities (Note 22)	56		470
Acceptances and guarantees (Note 10)	119,962	101,997	998,023
Total Liabilities	7,681,136	7,613,380	63,902,968
Minority Interests	8,750	8,051	72,802
Stockholders' Equity (Notes 16 and 17)			
Common stock			
Authorized, 2,444,596 thousand shares:			
issued, 750,129 thousand shares	90,845	90,845	755,788
Capital surplus	54,884	54,884	456,606
Retained earnings	358,869	350,693	2,985,607
Net unrealized gain on available-for-sale securities	39,906	62,032	332,001
Foreign currency translation adjustments	(1,028)	(1,459)	(8,554)
Treasury stock—at cost			
30,734 thousand shares in 2003 and 353 thousand shares in 2002	(23,787)	(362)	(197,903)
Total Stockholders' Equity	519,690	556,633	4,323,545
Total Liabilities, Minority Interests and Stockholders' Equity	¥8,209,577	¥8,178,065	\$68,299,315

See notes to consolidated financial statements.

Consolidated Statements of Income

THE SHIZUOKA BANK, LTD. and Subsidiaries Years ended March 31, 2003 and 2002

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2003	2002	2003
Income:			
Interest Income:			
Interest on loans and discounts	¥ 97,195	¥107,235	\$ 808,618
Interest and dividends on securities	31,415	39,305	261,358
Other interest income	3,478	11,854	28,936
Subtotal	132,089	158,396	1,098,912
Fees and Commissions	40,920	37,590	340,433
Trading Income	1,385	1,643	11,527
Other Operating Income (Note 18)	1,799	3,105	14,971
Other Income (Note 19)	15,894	24,701	132,232
Total Income	192,088	225,437	1,598,075
Expenses:			
Interest Expenses:			
Interest on deposits	11,844	26,681	98,544
Interest on borrowings and rediscounts	2,474	6,620	20,585
Other interest expenses	7,572	11,061	62,997
Subtotal	21,891	44,363	182,126
Fees and Commissions	20,874	21,083	173,664
Other Operating Expenses (Note 20)	1,659	2,136	13,807
General and Administrative Expenses	84,979	88,292	706,982
Other Expenses (Note 21)	37,402	56,834	311,166
Total Expenses	166,806	212,711	1,387,745
Income before Income Taxes and Minority Interests	25,281	12,725	210,330
Income Taxes: (Note 22)			
Current	12,181	18,223	101,344
Deferred	(547)	(13,538)	(4,556)
Minority Interests in Net Income of Consolidated Subsidiaries	954	553	7,937
Net Income	¥ 12,693	¥ 7,486	\$ 105,605
	Yen		U.S. Dollars (Note 2)
Per Share: (Note 27)			
Net income	¥ 17.07	¥ 9.88	\$ 0.142
Cash dividends applicable to the year	7.00	6.00	0.058

See notes to consolidated financial statements.

Consolidated Statements of Stockholders' Equity

THE SHIZUOKA BANK, LTD. and Subsidiaries Years ended March 31, 2003 and 2002

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2003	2002	2003
Common Stock: (Note 16)			
Balance at beginning of year	¥ 90,845	¥ 90,845	\$ 755,788
Balance at End of Year	¥ 90,845	¥ 90,845	\$ 755,788
Capital Surplus: (Note 16)			
Balance at beginning of year	¥ 54,884	¥ 54,884	\$ 456,606
Balance at End of Year	¥ 54,884	¥ 54,884	\$ 456,606
Retained Earnings: (Note 16)			
Balance at beginning of year	¥350,693	¥356,060	\$2,917,580
Increase in retained earnings:	12,693	7,486	105,605
Net income for the fiscal years	12,693	7,486	105,605
Decrease in retained earnings:	(4,516)	(12,854)	(37,578)
Cash dividends	(4,464)	(4,526)	(37,144)
Bonuses to directors and corporate auditors	(52)	(60)	(434)
Value of shares retired		(8,267)	
Balance at End of Year	¥358,869	¥350,693	\$2,985,607
Net unrealized gains on available for sale securities (Note 17)	39,906	62,032	332,001
Foreign currency translation adjustment	(1,028)	(1,459)	(8,554)
Treasury Stock			
Treasury stock at end of year	¥ (23,779)	¥ (324)	\$ (197,829)
Shares of parent company held by subsidiaries at end of year	(8)	(38)	(74)
Balance at End of Year	¥ (23,787)	¥ (362)	\$ (197,903)
Total Stockholders' Equity:			
Balance at beginning of year	¥556,633	¥600,363	\$4,630,893
Changes during the year, net	(36,943)	(43,730)	(307,348)
Balance at End of Year	¥519,690	¥556,633	\$4,323,545

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

THE SHIZUOKA BANK, LTD. and Subsidiaries Years ended March 31, 2003 and 2002

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2003	2002	2003
I. Operating Activities:			
Income before income taxes and minority interests	¥ 25,281	¥ 12,725	\$ 210,330
Adjustments for:			
Income taxes paid	(10,367)	(22,435)	(86,249)
Depreciation and amortization	21,512	23,227	178,976
Increase in reserve for possible loan losses	(11,763)	14,846	(97,870)
Increase in reserve for possible investment losses	(20)	315	(173)
Increase in reserve for employees' retirement benefits	713	720	5,934
Bonuses to directors and corporate auditors	(68)	(79)	(571)
Gains on securities	16,465	(3,748)	136,987
Gains on money held in trust	19	34	164
Gains on sale of premises and equipment	(3,088)	(275)	(25,694)
Changes in assets and liabilities			
Increase in trading assets	(6,589)	(4,102)	(54,819)
Decrease in trading liabilities	(890)	(500)	(7,409)
Decrease in loans and bills discounted	159,700	96,093	1,328,623
Increase in deposits	136,067	74,046	1,132,007
Decrease in borrowed money	(4,128)	(3,948)	(34,350)
Decrease (increase) in due from banks (excluding demand deposits with the Bank of Japan)	(49,626)	221,407	(412,867)
Decrease (increase) in call loans	34,369	(76,460)	285,936
Increase in monetary claims bought	(88,882)	(16,124)	(739,456)
Decrease in call money	(37,426)	(213,879)	(311,369)
Increase in deposits collateralized for securities lent		7,635	
Decrease in Collateral money for securities lending / borrowing transactions	(2,050)		(17,060)
Decrease (increase) in foreign exchanges (assets)	2,074	(1,282)	17,255
Increase (decrease) in foreign exchanges (liabilities)	(147)	180	(1,227)
Net increase from corporate bonds		29,874	
Increase in interest and dividends receivable	5,372	7,329	44,699
Decrease in interest payable	(3,089)	(6,456)	(25,701)
Other net	50,453	(7,792)	419,743
Total Adjustments	208,608	118,624	1,735,509
Net Cash Provided by Operating Activities	233,889	131,350	1,945,839
II. Investing Activities:			
Purchase of securities	(672,018)	(722,505)	(5,590,833)
Purchase of shares in consolidated subsidiaries		(13)	
Proceeds from sale of securities	174,705	313,742	1,453,453
Proceeds from redemption of securities	350,699	304,308	2,917,634
Increase in money held in trust		(8,628)	
Decrease in money held in trust	29,987	8,957	249,483
Purchase of premises and equipment	(19,081)	(18,417)	(158,751)
Proceeds from sale of premises and equipment	7,074	2,519	58,854
Net Cash Used in Investing Activities	(128,633)	(120,036)	(1,070,160)
III. Financing Activities:			
Increase of capital in subsidiaries	195		1,622
Dividends paid	(4,464)	(4,526)	(37,144)
Dividends paid to minority interests	(20)	(20)	(171)
Buyback and retirement of outstanding common stock using retained earnings	(23,454)	(8,320)	(195,132)
Net Cash Used in Financing Activities	(27,745)	(12,867)	(230,825)
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	(56)	54	(471)
V. Net Increase in Cash and Cash Equivalents	77,454	(1,499)	644,383
VI. Cash and Cash Equivalents, Beginning of Year	117,337	118,836	976,187
VII. Cash and Cash Equivalents, End of Year	¥194,792	¥117,337	\$1,620,570

See notes to consolidated financial statements.

Note: For the purpose of the consolidated statements of cash flows, cash and cash equivalents consist of cash and demand deposits with the Bank of Japan.

Cash and due from banks on the consolidated balance sheets at March 31, 2003 and 2002 are reconciled with cash and cash equivalents on the consolidated statements of cash flows as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2003	2002	2003
Cash and due from banks	¥622,018	¥511,244	\$5,174,864
Other due from banks	(427,226)	(393,906)	(3,554,294)
Cash and cash equivalents, end of year	¥194,792	¥117,337	\$1,620,570

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 (the "Group") 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 Financial Reporting Standards. The consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

In order to facilitate an understanding by readers outside Japan, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically.

In addition, certain reclassifications and rearrangements have been made in the 2002 financial statements to conform to classifications and presentations used in 2003.

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 ¥120.20 to \$1, the approximate rate of exchange at March 31, 2003. 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, 2003 and 2002 include the accounts of the Bank and 14 subsidiaries.

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

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 purpose transactions:

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

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

Securities:

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

For securities included in "Money held in trust," the same method as mentioned above was applied.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average method.

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

Premises and equipment:

Premises and equipment are stated at cost less accumulated depreciation. Depreciation of premises and equipment owned by the Bank is computed using the declining-balance method over the estimated useful lives.

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

Depreciation of premises and equipment owned by consolidated subsidiaries is principally computed using the declining-balance method over the estimated useful lives of the assets. Depreciation of leased property and equipment is provided on the straight-line method over lease periods.

Software:

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

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.

Reserve for possible investment losses:

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

Reserve for employees' retirement benefits:

The Bank and domestic consolidated subsidiaries have lump-sum retirement benefit plans, a contributory funded pension plan and a non-contributory funded pension plan.

Effective April 1, 2000, the Bank and its subsidiaries adopted a new accounting standard for employees' retirement benefits and accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date.

Treasury stock:

Prior to April 1, 2002, treasury stock held by the Bank and that held by subsidiary were separately presented in stockholders' equity. Effective April 1, 2002, such stock is presented together as treasury stock in the stockholders' equity in accordance with the new disclosure requirement for treasury stock.

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.

Translation of foreign currencies:

Assets and liabilities which are payable or receivable in foreign currencies are converted into Japanese yen at the rates prevailing at each balance sheet date, except for investments in overseas associated companies, which are translated at the historical exchange rates.

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

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

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.

Derivatives and hedging activities:

The Bank's hedge accounting method is used to manage interest-rate risk arising on numerous financial assets and liabilities such as loans and deposits, by aggregating them using derivative transactions and carrying out a “macro hedge.” This method is applied on the basis of the accrual method stipulated in Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in the Banking Industry (Japanese Institute of Certified Public Accountants (“JICPA”) Industry Audit Committee Report No. 24). This constitutes risk management by the risk-adjustment approach as laid down in report No. 15 — on accounting and auditing practice in regard to the application of accounting standards for financial instruments in the banking business — of the industry Audit Committee of the JICPA. In addition, upon ascertaining the level of risk associated with the derivatives used as the means for risk adjustment within the upper limit of risk permissible under risk management policy, the effectiveness of hedging is evaluated by verifying whether or not the hedged interest-rate risk is reduced.

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

With regard to certain assets and liabilities, individual deferral hedges and special treatment hedges to interest-rate swaps are utilized.

The method of hedge accounting for consolidated subsidiaries corresponds with the Bank's method.

Statement of cash flows:

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

Per share information:

Basic net income per share is computed by dividing net income available to common stockholders, by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits. The average number of common shares used in the computation was 740,557,343 shares for 2003 and 752,373,963 shares for 2002.

Diluted net income per share reflect the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants. However, diluted net income per share is not disclosed because it is not anti-dilutive.

4. TRADING ASSETS AND LIABILITIES

Trading assets and liabilities at March 31, 2003 and 2002 consisted of the following:

(a) Trading assets

	Millions of Yen		Thousands of
	2003	2002	U.S. Dollars 2003
Trading securities:			
National government bonds	¥ 23,895	¥ 32,616	\$ 198,797
Local government bonds	1,411	1,817	11,740
Government-guaranteed bonds	2,654	799	22,087
Subtotal	27,961	35,232	232,624
Financial derivatives:			
Option premium	10	6	90
Other (Note)	4,403	5,151	36,637
Subtotal	4,414	5,158	36,727
Other trading assets:			
Commercial paper	149,417	134,804	1,243,072
Other (Note)	32	40	272
Subtotal	149,450	134,845	1,243,344
Total	¥181,825	¥175,236	\$1,512,695

(b) Trading liabilities

	Millions of Yen		Thousands of
	2003	2002	U.S. Dollars 2003
Derivative trading securities		¥ 4	
Financial derivatives:			
Option premium	¥ 34	18	\$ 286
Other (Note)	3,861	4,764	32,124
Total	¥3,895	¥4,786	\$32,410

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

5. SECURITIES

Securities at March 31, 2003 and 2002 consisted of the following:

	Millions of Yen		Thousands of
	2003	2002	U.S. Dollars 2003
National government bonds	¥ 673,089	¥ 528,120	\$ 5,599,750
Local government bonds	76,103	66,066	633,142
Corporate debentures	360,974	413,050	3,003,117
Corporate stocks	209,043	255,539	1,739,132
Other securities	672,030	672,650	5,590,936
Total	¥1,991,242	¥1,935,428	\$16,566,077

In the following description, in addition to "Securities" in the consolidated balance sheet, also presented are trading account securities and commercial paper within the item "Trading assets," negotiable certificates of deposit within the item "Cash and due from banks," and miscellaneous monetary claims purchased within the item "Monetary claims bought."

Information regarding each category of the securities classified as trading, available-for-sale and held-to-maturity at March 31, 2003 and 2002 were as follows:

March 31, 2003	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				¥ 177,411
Available-for-sale:				
Equity securities	¥ 153,724	¥59,721	¥11,403	202,042
Debt securities	1,076,536	14,700	2,897	1,088,339
Others	662,973	9,606	3,635	668,943
Held-to-maturity	8,175	410	1	8,584

March 31, 2002	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				¥ 170,078
Available-for-sale:				
Equity securities	¥ 155,495	¥92,971	¥2,320	246,146
Debt securities	979,560	17,493	420	996,633
Others	668,415	3,358	6,163	665,610
Held-to-maturity	4,382	12	2	4,392

March 31, 2003	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				\$1,475,968
Available-for-sale:				
Equity securities	\$1,278,905	\$496,850	\$94,872	1,680,883
Debt securities	8,956,208	122,297	24,103	9,054,402
Others	5,515,583	79,918	30,247	5,565,254
Held-to-maturity	68,018	3,413	14	71,417

Available-for-sale securities and held-to-maturity securities whose fair value is not readily determinable as of March 31, 2003 and 2002 were as follows:

	Carrying amount		
	Millions of Yen 2003	2002	Thousands of U.S. Dollars 2003
Available-for-sale:			
Equity securities	¥ 7,001	¥ 9,385	\$ 58,248
Debt securities	16,740	9,059	139,269
Held-to-maturity	192,117	117,298	1,598,312
Total	¥215,858	¥135,743	\$1,795,829

Proceeds from sales of available-for-sale securities for the years ended March 31, 2003 and 2002 were ¥131,096 million (\$1,090 million), and ¥308,099 million, respectively. Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥5,495 million (\$45,723 thousand) and ¥3,205 million (\$26,672 thousand), respectively for the year ended March 31, 2003 and ¥19,346 million and ¥4,819 million, respectively, for the year ended March 31, 2002.

The carrying values of debt securities by contractual maturities for securities classified as available-for-sale and held-to-maturity at March 31, 2003 and 2002 are as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	Available-for-sale	Held-to-maturity	Available-for-sale	Held-to-maturity
2003				
Due in one year or less	¥ 264,767	¥188,997	\$ 2,202,724	\$1,572,359
Due after one year				
through five years	843,665	9,006	7,018,851	74,933
Due after five years				
through ten years	183,526	1,988	1,526,842	16,539
Due after ten years	430,788		3,583,928	
No maturity period		300		2,499
Total	¥1,722,747	¥200,292	\$14,332,345	\$1,666,330

	Millions of Yen		Thousands of U.S. Dollars	
	Available-for-sale	Held-to-maturity	Available-for-sale	Held-to-maturity
2002				
Due in one year or less	¥ 191,494	¥111,629	\$ 1,437,109	\$837,745
Due after one year				
through five years	1,002,067	7,316	7,520,204	54,909
Due after five years				
through ten years	179,965	2,435	1,350,589	18,274
Due after ten years	216,186		1,622,412	
Total	¥1,589,714	¥121,381	\$11,930,314	\$910,928

6. LOANS AND BILLS DISCOUNTED

Loans and bills discounted at March 31, 2003 and 2002 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars	
	2003	2002	2003	2002
Bills discounted	¥ 96,797	¥ 126,252	\$ 805,301	
Loans on bills	404,639	517,188	3,366,384	
Loans on deeds	3,292,689	3,314,707	27,393,421	
Overdrafts	1,086,960	1,106,088	9,042,935	
Total	¥4,881,086	¥5,064,236	\$40,608,041	

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, 2003 and 2002 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars	
	2003	2002	2003	2002
Loans under bankruptcy proceedings	¥ 20,342	¥ 19,348	\$ 169,236	
Past due loans	200,301	197,971	1,666,401	
Loans past due for three months or more	661	1,302	5,499	
Loans with relaxed conditions	66,214	41,639	550,870	
Total	¥287,519	¥260,262	\$2,392,006	

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.

7. FOREIGN EXCHANGES

Foreign exchange assets and liabilities at March 31, 2003 and 2002 consisted of the following:

(a) Assets

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Due from foreign banks	¥ 988	¥ 457	\$ 8,225
Foreign exchange bills bought	1,108	657	9,225
Foreign exchange bills receivable	628	3,684	5,229
Total	¥2,726	¥4,799	\$22,679

(b) Liabilities

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Due to foreign banks	¥ 0	¥	\$ 0
Foreign exchange bills sold	171	337	1,423
Foreign exchange bills payable	41	23	347
Total	¥212	¥360	\$1,770

8. OTHER ASSETS

Other assets at March 31, 2003 and 2002 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Accrued income	¥12,265	¥15,132	\$102,046
Deferral hedging loss	6,150	8,978	51,169
Derivative products	1,929	3,555	16,054
Bond issue cost	41	496	347
Prepaid expenses	254	250	2,121
Others	32,993	37,939	274,491
Total	¥53,636	¥66,352	\$446,228

9. PREMISES AND EQUIPMENT

Premises and equipment at March 31, 2003 and 2002 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Land, buildings and equipment	¥107,526	¥116,856	\$894,561
Construction in progress	494	247	4,111
Guarantee deposits on office space	1,975	2,230	16,432
Total	¥109,995	¥119,335	\$915,104

Premises and equipment are stated at cost less accumulated depreciation of ¥166,893 million (\$1,388,465 thousand) and ¥164,760 million in 2003 and 2002, respectively.

10. CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

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

11. ASSETS PLEDGED

Assets pledged as collateral and their relevant liabilities at March 31, 2003 and 2002 were as follows:

	Millions of Yen		Thousands of
	2003	2002	U.S. Dollars
			2003
Assets pledged as collateral:			
Securities	¥ 478,099	¥437,924	\$3,977,533
Loans and bills discounted	94	11,418	789
Unearned lease	19,321	16,256	160,745
Relevant liabilities to above assets:			
Deposits	¥ 171,400	¥199,893	\$1,425,959
Call money and bills sold	67,603	80,296	562,428
Collateral money for securities			
ending borrowing transactions	32,095		267,018
Borrowed money	10,142	12,366	84,380
Other liabilities	7,464	3,217	62,097

In addition to the above, the Bank has provided ¥185,264 million in securities and ¥4,447 million in Negotiable Certificates of Deposit and ¥11,310 million in loans as collateral for foreign exchange settlements and certain other transactions and as security for futures transactions.

12. LOAN COMMITMENTS

Loan commitments at March 31, 2003 and 2002 were as follows:

	Millions of Yen		Thousands of
	2003	2002	U.S. Dollars
			2003
Unexecuted loan commitments			
outstanding			
Loans due within one year	¥1,344,104	¥1,474,944	\$11,182,235
Loans due over one year	32,765	27,222	272,596
Total	¥1,376,870	¥1,502,166	\$11,454,831

Overdraft agreements and agreements for loan commitments are agreements under which the Bank pledges to lend funds up to a certain limit when applications for advances of loans are received from customers, provided there are no violations of the terms laid down in the agreements. The balance of loans as yet undisbursed under these agreements stands at ¥1,376,870 million (\$11,454,831 million). Of this total, ¥1,344,104 million (\$11,182,235 million) relates to agreements under which the period remaining is no more than one year.

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

13. DEPOSITS

Deposits at March 31, 2003 and 2002 consisted of the following:

	Millions of Yen		Thousands of
	2003	2002	U.S. Dollars
			2003
Current deposits	¥ 277,223	¥ 282,618	\$ 2,306,353
Savings deposits	3,015,594	2,654,435	25,088,144
Deposits at notice	23,509	39,880	195,587
Time deposits	2,995,106	3,247,061	24,917,689
Negotiable certificates of deposit	227,990	106,300	1,896,755
Other	569,593	688,264	4,738,718
Total	¥7,109,018	¥7,018,560	\$59,143,246

14. OTHER LIABILITIES

Other liabilities at March 31, 2003 and 2002 consisted of the following:

	Millions of Yen		Thousands of
	2003	2002	U.S. Dollars
			2003
Income taxes payable	¥ 8,099	¥ 6,285	\$ 67,388
Accrued expenses	9,661	13,029	80,380
Deposits from employees	3,832	4,073	31,887
Unearned income	11,183	11,083	93,037
Derivative products	8,128	11,792	67,625
Other	50,375	62,562	419,094
Total	¥91,281	¥108,827	\$759,411

15. RETIREMENT AND PENSION PLANS

The Bank and its subsidiaries in Japan have severance payment plans for employees.

Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Bank or from subsidiaries in Japan and annuity payments from a trustee.

Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death, or voluntary retirement at certain specific ages prior to the mandatory retirement age.

The reserve (asset) for employees' retirement benefits at March 31, 2003 and 2002 consisted of the following:

	Millions of Yen		Thousands of
	2003	2002	U.S. Dollars
			2003
Projected benefit obligation	¥124,063	¥119,918	\$1,032,141
Fair value of plan assets	(61,938)	(66,624)	(515,294)
Unrecognized actuarial loss	(34,101)	(25,983)	(283,707)
Net reserve	¥ 28,023	¥ 27,310	\$ 233,139

The components of net periodic benefit costs for the year ended March 31, 2003 and 2002 are as follows:

	Millions of Yen		Thousands of
	2003	2002	U.S. Dollars
			2003
Service cost	¥3,250	¥2,774	\$27,046
Interest cost	2,989	3,235	24,870
Expected return on plan assets	(1,983)	(2,047)	(16,498)
Amortization of prior service cost		58	
Recognized actuarial losses	2,707	1,090	22,524
Other	1,057	845	8,797
Net periodic benefit costs	¥8,022	¥5,957	\$66,739

Assumptions used for the year ended March 31, 2003 and 2002 are set forth as follows:

	2003	2002
Discount rate	2.5%	2.5%
Expected rate of return on plan assets	3.5%	3.5%
Amortization period of prior service cost	1 year	1 year
Recognition period of actuarial gain/loss	10 years	10 years

16. STOCKHOLDERS' EQUITY

Japanese companies are subject to the Japanese Commercial Code (the "Code") to which certain amendments became effective from October 1, 2001.

The Code was revised whereby common stock par value was eliminated resulting in all shares being recorded with no par value and at least 50% of the issue price of new shares is required to be recorded as common stock and the remaining net proceeds as additional paid-in capital, which is included in capital surplus. The Code permits Japanese companies, upon approval of the Board of Directors, to issue shares to existing stockholders without consideration as a stock split. Such issuance of shares generally does not give rise to changes within the stockholders' accounts.

The revised Bank Law of Japan also provides that an amount at least equal to 20% of the aggregate amount of cash dividends and certain other appropriations of retained earnings associated with cash outlays applicable to each period shall be appropriated as a legal reserve (a component of retained earnings) until such reserve and additional paid-in capital equals 100% of common stock. The amount of total additional paid-in capital and legal reserve that exceeds 100% of the common stock may be available for dividends by resolution of the stockholders. In addition, the Code permits the transfer of a portion of additional paid-in capital and legal reserve to the common stock by resolution of the Board of Directors.

The revised Code eliminated restrictions on the repurchase and use of treasury stock allowing Japanese companies to repurchase treasury stock by a resolution of the stockholders at the general shareholders meeting and dispose of such treasury stock by resolution of the Board of Directors beginning April 1, 2002. The repurchased amount of treasury stock cannot exceed the amount available for future dividend plus amount of common stock, additional paid-in capital or legal reserve to be reduced in the case where such reduction was resolved at the general stockholders meeting.

The amount of retained earnings available for dividends under the Bank law of Japan was ¥242,197 million (\$2,014,956 thousand) as of March 31, 2003, based on the amount recorded in the parent company's general books of account. In addition to the provision that requires an appropriation for a legal reserve in connection with the cash payment, the Code imposes certain limitations on the amount of retained earnings available for dividends.

Dividends are approved by the stockholders at a meeting held subsequent to the fiscal year to which the dividends are applicable. Semiannual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitations imposed by the Code.

17. NET UNREALIZED GAIN ON AVAILABLE-FOR-SALE SECURITIES

Breakdown of "Net unrealized gain on available-for-sale securities" posted in Balance Sheets is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
End of the term under review (As of March 31, 2003 and 2002)			
Valuation difference	¥66,091	¥104,919	\$549,844
Available-for-sale securities	66,091	104,919	549,844
Available-for-sale money held in trusts			
Differed tax liabilities	(26,134)	(42,849)	(217,425)
Amounts equivalent to difference on valuation on available-for-sale securities (before deduction of a portion of minority interests)	¥39,956	¥ 62,069	\$332,419
Minority interests adjustment	¥ (50)	¥ (37)	\$ (418)
Amounts equivalent to a portion belonging to the parent company of difference on valuation on available-for-sale securities held by equity-method subsidiaries			
Net unrealized gain on available-for-sale securities	¥39,906	¥ 62,032	\$332,001

18. OTHER OPERATING INCOME

Other operating income for the years ended March 31, 2003 and 2002 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Gains on foreign exchange transactions	¥1,662	¥1,835	\$13,829
Gains on sales of bonds	135	1,258	1,123
Other	2	12	19
Total	¥1,799	¥3,105	\$14,971

19. OTHER INCOME

Other income for the years ended March 31, 2003 and 2002 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Gains on sales of stocks and other securities	¥ 5,031	¥17,547	\$ 41,857
Gains on money held in trust	16	9	136
Other	10,846	7,144	90,239
Total	¥15,894	¥24,701	\$132,232

20. OTHER OPERATING EXPENSES

Other operating expenses for the years ended March 31, 2003 and 2002 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Losses on sales of bonds	¥ 379	¥1,183	\$ 3,155
Losses on redemption of bonds		54	
Losses on devaluation of bonds	40		336
Expenses for derivatives transactions	785	443	6,533
Amortized bond issue cost	454	454	3,783
Total	¥1,659	¥2,136	\$13,807

21. OTHER EXPENSES

Other expenses for the years ended March 31, 2003 and 2002 consisted of the following:

	Millions of Yen		Thousands of
	2003	2002	U.S. Dollars
			2003
Provision for reserve for possible loan losses	¥ 7,803	¥31,885	\$ 64,925
Loans on written-off claims	324	202	2,697
Losses on sales of stocks and other securities	2,306	2,763	19,185
Losses on devaluation of stocks and other securities	18,898	11,054	157,228
Losses on money held in trust	36	44	300
Losses on disposition of premises and equipment	958	495	7,976
Other	7,074	10,388	58,855
Total	¥37,402	¥56,834	\$311,166

22. INCOME TAXES

The Bank and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.8% for the years ended March 31, 2003 and 2002, respectively.

The tax effects of significant temporary differences, which resulted in deferred tax assets and liabilities, at March 31, 2003 and 2002 are as follows:

	Millions of Yen		Thousands of
	2003	2002	U.S. Dollars
			2003
Deferred tax assets:			
Reserve for possible loan losses	¥37,788	¥42,813	\$314,381
Depreciation	3,760	3,926	31,285
Reserve for employees' retirement benefits	18,017	17,664	149,895
Other	17,374	11,433	144,545
Deferred tax assets	76,940	75,838	640,106
Deferred tax liabilities:			
Net unrealized gain, net of taxes on available-for-sale securities	(26,134)	(42,849)	(217,425)
Gain on establishment of employee retirement benefit trust	(6,948)	(7,113)	(57,812)
Revaluation reserve for premises and equipment	(1,522)	(1,318)	(12,667)
Other	(591)	(76)	(4,922)
Deferred tax liabilities	(35,197)	(51,357)	(292,826)
Net deferred tax assets	¥41,743	¥24,480	\$347,280

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2003 and 2002 is as follows:

	2003	2002
Normal effective statutory tax rate	40.8%	40.8%
Reduction in deferred tax assets resulting from a change in effective tax rate	6.5	
Expenses not deductible for income tax purposes		0.7
Tax benefits not recognized on operating losses of subsidiaries	0.8	2.0
Non-taxable dividend incomes	(2.0)	(7.0)
Other – net	(0.1)	0.2
Actual effective tax rate	46.0%	36.8%

In accordance with enforcement of revisions on local taxes law (2003 March law number 9) on March 31, 2003, application of which is mandatory for the term beginning with April 1, 2004, under the new regulations, a part of income subject to the corporate enterprise tax will be excluded from the scope of earnings-based taxation, as a part of tax amounts are calculated on a basis of added value or capital stock. This change will cause the statutory effective tax rate to be reduced from 40.8% for the reporting term to 39.5% for the terms ending March 31, 2005 or after. As a result, deferred tax assets decreased by ¥792 million and deferred income taxes increased by ¥1,648 million in the consolidated financial statements for the year ended March 31, 2003. Unrealized gain on available-for-sale securities also increased by ¥856 million.

23. LEASES

(a) Lessee

Lease payments under finance leases for the years ended March 31, 2003 and 2002 were ¥28 million (\$239 thousand) and ¥22 million, respectively.

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, 2003 and 2002 was as follows:

	Millions of Yen		Thousands of
	2003	2002	U.S. Dollars
			2003
Equipment			
Acquisition cost	¥115	¥130	\$961
Accumulated depreciation	(61)	(76)	(515)
Net leased property	¥ 53	¥ 54	\$446

Obligations under finance leases:

	Millions of Yen		Thousands of
	2003	2002	U.S. Dollars
			2003
Equipment			
Due within one year	¥23	¥30	\$191
Due after one year	32	31	273
Total	¥55	¥61	\$464

Depreciation expense and interest expense under finance lease:

	Millions of Yen		Thousands of
	2003	2002	U.S. Dollars
			2003
Depreciation expense	¥26	¥22	\$221
Interest expense	1	1	9

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

(b) Lessor

Lease revenue under finance leases for the year ended March 31, 2003 and 2002 was ¥15,228 million (\$126,691 thousand) and ¥15,847 million, respectively.

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, 2003 and 2002 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Equipment			
Acquisition cost	¥105,009	¥105,048	\$873,621
Accumulated depreciation	(66,392)	(66,670)	(552,347)
Net leased property	¥ 38,617	¥ 38,377	\$321,274

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Equipment			
Due within one year	¥14,193	¥15,170	\$118,080
Due after one year	27,906	30,440	232,165
Total	¥42,099	¥45,611	\$350,245

Depreciation expense under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Depreciation expense	¥11,968	¥12,591	\$99,569

24. SEGMENT INFORMATION

Information regarding business segments of the Bank and its subsidiaries for the years ended March 31, 2003 and 2002 were as follows:

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

The domestic share of total income exceeds 90%; thus information on total income from overseas is not presented.

Year ended March 31, 2003	Millions of Yen					
	Bank operations	Leasing operations	Other operations	Total	Eliminations	Consolidated
Total income and income before income taxes and minority interests:						
Total income from outside customers	¥ 164,984	¥19,523	¥ 7,580	¥ 192,088		¥ 192,088
Total income from intersegment transactions	534	1,951	8,862	11,348	¥(11,348)	
Total	165,519	21,474	16,442	203,437	(11,348)	192,088
Total expenses	142,199	20,581	15,399	178,180	(11,373)	166,806
Income before income taxes and minority interests	23,320	893	1,042	25,256	25	25,281
Total assets, depreciation and amortization and capital expenditure:						
Total assets	8,171,267	65,245	29,926	8,266,438	(56,861)	8,209,577
Depreciation and amortization	7,789	13,756	98	21,643	(130)	21,512
Capital expenditure	5,418	13,644	47	19,110	(28)	19,081

Year ended March 31, 2002	Millions of Yen					
	Bank operations		Other operations	Total	Eliminations	Consolidated
Total income and income before income taxes and minority interests:						
Total income from outside customers	¥ 200,354		¥25,082	¥ 225,437		¥ 225,437
Total income from intersegment transactions	97		11,666	11,764	¥(11,764)	
Total	200,452		36,748	237,201	(11,764)	225,437
Total expenses	188,364		35,637	224,002	(11,290)	212,711
Income before income taxes and minority interests	12,088		1,111	13,199	(473)	12,725
Total assets, depreciation and amortization and capital expenditure:						
Total assets	8,138,095		97,093	8,235,189	(57,124)	8,178,065
Depreciation and amortization	8,870		14,426	23,296	(69)	23,227
Capital expenditure	4,671		13,798	18,469	(52)	18,417

Year ended March 31, 2003	Thousands of U.S. Dollars					Eliminations	Consolidated
	Bank operations	Leasing operations	Other operations	Total			
Total income and income before income taxes and minority interests:							
Total income from outside customers	\$ 1,372,583	\$162,428	\$ 63,064	\$ 1,598,075			\$ 1,598,075
Total income from intersegment transactions	4,451	16,233	73,731	94,415	\$ (94,415)		
Total	1,377,034	178,661	136,795	1,692,490	(94,415)		1,598,075
Total expenses	1,183,021	171,230	128,119	1,482,370	(94,625)		1,387,745
Income before income taxes and minority interests	194,013	7,431	8,676	210,120	210		210,330
Total assets, depreciation and amortization and capital expenditure:							
Total assets	67,980,592	542,809	248,970	68,772,371	(473,055)		68,299,315
Depreciation and amortization	64,801	114,446	818	180,065	(1,089)		178,976
Capital expenditure	45,076	113,512	398	158,987	(236)		158,751

Notes: 1. Business segments:

- (1) Bank Operations
- (2) Leasing Operations
- (3) Other Operations—commissioned computer processing operations, credit card operations, etc.

2. A Change in business segment:

A new column, "Leasing Operations," is added in fiscal 2002 due to an increase in its total income which exceeded 10% of consolidated total income before elimination ("Total" column).

The following table shows segment information for the previous fiscal year in current year format.

Year ended March 31, 2002	Millions of Yen					Eliminations	Consolidated
	Bank operations	Leasing operations	Other operations	Total			
Total income and income before income taxes and minority interests:							
Total income from outside customers	¥ 200,354	¥19,262	¥ 5,819	¥ 225,437			¥ 225,437
Total income from intersegment transactions	97	2,284	9,947	12,329	¥(12,329)		
Total	200,452	21,547	15,767	237,766	(12,329)		225,437
Total expenses	188,364	20,598	15,571	224,534	(11,822)		212,711
Income before income taxes and minority interests	12,088	949	195	13,232	(506)		12,725
Total assets, depreciation and amortization and amortization:							
Total assets	8,138,095	67,356	29,898	8,235,350	(57,285)		8,178,065
Depreciation and amortization	8,870	14,335	113	23,318	(90)		23,227
Capital expenditure	4,671	13,639	167	18,478	(61)		18,417

25. DERIVATIVES

Reporting fiscal year (April 1, 2002 to March 31, 2003)

(1) Nature of trading

The Bank and its consolidated subsidiaries use the following derivative transactions: Interest rate-related transactions using interest futures, interest rate swaps and interest rate caps; currency related transactions using currency swaps, currency options and forward exchange contracts; and bond-related transactions using bond futures and bond future options.

(2) Trading policy

In response to risk-hedging needs related to foreign exchange rates and interest rates for customers, the Bank and its consolidated subsidiaries use derivative transactions for hedging risk under asset/liability management ("ALM") and individual transactions with the aim of appropriate market risk management. In addition, they have set certain position limits and established loss-cutting rules for short-term transactions.

The Bank and its subsidiaries do not enter into derivative transactions for speculative purposes.

(3) Purpose

Derivative transactions are used on the basis of the trading policy indicated above.

Hedge accounting is applied to certain derivative transactions.

1) Accounting for hedging activities

The deferral method and exceptional interest rate swap handling method were adopted for hedging activities.

Periodic accounting of profit and loss is used for currency swaps, etc. that is considered similar in nature to hedge accounting.

2) Hedging policy (including hedging instruments and hedged items)

In accordance with the internal rules of the Bank that comply with the "accounting standard for derivative financial instruments" and other regulations, interest rate risk and risk from price fluctuations of bonds and equities are hedged.

Hedging instruments and hedged items to which a hedging account was applied for the fiscal year under review are as follows:

Hedging instruments: Interest rate swaps, interest rate caps

Hedged items: Yen denominated items; Deposits, loans, corporate bonds, etc. (so-called "macro hedged" items)

Foreign currency denominated items: Deposits, corporate bonds, securities (items subject to "individual hedging" method)

3) Assessment of the effectiveness of hedging instruments

For the fiscal year under review, so-called "macro hedged" items have been confirmed to meet the requirements of the "risk-adjusting approach" according to a preliminary test. Others have been confirmed to meet the requirements of the exceptional interest rate swap handling method.

Market Value of Derivatives

	Millions of Yen			
	Contract or notional amount		Market value	Unrealized gain (loss)
	Total	More than one year		
2003				
Listed:				
Interest rate futures				
Securities futures				
Over-the-counter:				
Interest rate swaps	¥362,460	¥257,435	¥187	¥187
Currency swaps	139,021	103,856	362	362
Other	125,894	124,710	(39)	(16)

Notes: 1. Forward exchange and currency option contracted amounts are reflected in the 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 ¥24.1 billion by the current exposure method at fiscal year-end.

	Millions of Yen			
	Contract or notional amount		Market value	Unrealized gain (loss)
	Total	More than one year		
2002				
Listed:				
Interest rate futures	¥ 3,744		¥ 0	¥ 0
Securities futures	1,927		(4)	(4)
Over-the-counter:				
Interest rate swaps	348,302	¥264,493	129	129
Currency swaps	103,580	103,580	268	268
Other	91,288	90,288	(21)	(9)

	Thousands of U.S. Dollars			
	Contract or notional amount		Market value	Unrealized gain (loss)
	Total	More than one year		
2003				
Listed:				
Interest rate futures				
Securities futures				
Over-the-counter:				
Interest rate swaps	\$3,015,478	\$2,141,727	\$1,557	\$1,557
Currency swaps	1,156,584	864,033	3,018	3,018
Other	1,047,371	1,037,521	(331)	(135)

26. 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.

27. NET INCOME PER SHARE

Basic net income per share ("EPS") for the years ended March 31, 2003 and 2002 is computed as follows:

	Millions of Yen	Thousands of Stocks	Yen	Dollars
	Net income	Weighted average stocks	EPS	
For the year ended March 31, 2003				
Basic EPS				
Net income available to common stockholders	¥12,642	740,557	¥17.07	\$0.142

For the year ended March 31, 2002

Basic EPS				
Net income available to common stockholders	¥7,434	752,373	¥9.88	

28. SUBSEQUENT EVENT

(a) Appropriations of Retained Earnings

The following appropriations of retained earnings were authorized at the ordinary general stockholders' meeting held on June 26, 2003:

	Millions of Yen	Thousands of U.S. Dollars
Cash dividends, ¥4 (\$0.03) per share	¥2,877	\$23,940
Bonuses to directors and corporate auditors	30	250
Total	¥2,907	\$24,190

(b) Purchase of treasury stock

The Bank was authorized to repurchase up to 30 million shares of the Bank's common stock (aggregate amount of ¥30 billion) at the ordinary general stockholders' meeting held on June 26, 2003.

(c) Retirement and pension plans

The Bank and certain domestic subsidiaries have two types of pension plans for employees; a non-contributory and a contributory funded defined benefit pension plan. The contributory funded defined benefit pension plan, which is established under the Japanese Welfare Pension Insurance Law, covers a substitutional portion of the governmental pension program managed by the Bank on behalf of the government and a corporate portion established at the discretion of the Bank. According to the enactment of the Defined Benefit Pension Plan Law in April 2002, the Bank applied for an exemption from obligation to pay benefits for future employee services related to the substitutional portion which would result in the transfer of the pension obligations and related assets to the government by another subsequent application. The Bank obtained an approval of exemption from future obligation by the Ministry of Health, Labor and Welfare on May 30, 2003. As a result of this exemption, the Bank will recognize a gain on exemption from future pension obligation of the governmental program in the amount of approximately ¥3,600 million in accordance with general rules of the accounting standard for employees' retirement benefits for the year ending March 31, 2004.

Key Consolidated Financial Indicators

Summary of Profits (Losses)

Years ended March 31	Millions of Yen			Percentage change
	2003	2002	Increase (decrease)	
Net interest income	¥ 110,215	¥114,186	¥ (3,971)	(3.5)%
Net fees and commissions	20,043	16,505	3,538	21.4
Net trading income	1,385	1,643	(258)	(15.7)
Net other operating profits	139	969	(829)	(85.6)
General and administrative expenses	84,979	88,292	(3,313)	(3.8)
Net other recurring losses	(24,611)	(32,454)	7,842	(24.2)
Recurring profits	22,178	12,405	9,773	78.8
Income before income taxes and minority interests	25,281	12,725	12,555	98.7
Income taxes:				
Current	12,181	18,223	(6,042)	(33.2)
Deferred	(547)	(13,538)	12,990	(96.0)
Minority interest in net income of consolidated subsidiaries	954	553	400	72.3
Net income	12,693	7,486	5,206	69.5

Breakdown of Net Interest Margin

Year ended March 31	Billions of Yen
	2003
Interest income	¥132.0
Average interest-earning assets	7,465.7
Average interest rate of interest-earning assets (%)	1.76
Interest expenses (Note)	21.8
Average interest-bearing liabilities	7,785.6
Average interest rate of interest-bearing liabilities (%)	0.28
Net interest income	110.2

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

Net Other Operating Profits

Years ended March 31	Millions of Yen		
	2003	2002	Increase (decrease)
Gain on foreign exchange transactions	¥1,662	¥1,835	¥ (172)
Gain/loss on government bonds	(284)	19	(304)
Gain on sale	(135)	1,258	(1,122)
Loss on sale	(379)	(1,183)	804
Redemption loss		(54)	54
Amortization	(40)		(40)
Amortized bond issue cost	(454)	(454)	0
Provision for possible investment losses			
Gain/loss on derivatives transactions	(785)	(433)	(351)
Proceeds from derivatives transaction		9	(9)
Expenses for derivative products	(785)	(443)	(341)
Others	2	2	(0)
Gain/loss on other business	139	969	(829)
Other operating revenue	1,799	3,105	(1,305)
Other operating expenses	(1,659)	(2,136)	476

Loans Outstanding by Type of Borrower

March 31	Billions of Yen, % Share			
	2003		2002	
Domestic branches:				
Manufacturing		¥ 999.6		20.1%
Agriculture		7.6		0.2
Forestry		0.6		0.0
Fishery		6.7		0.1
Mining		8.1		0.2
Construction		304.1		6.1
Utilities		53.5		1.1
Transportation and communication		218.2		4.4
Wholesaling and retailing		741.2		14.9
Finance and security		276.6		5.6
Real estate		298.2		6.0
Services		563.3		11.4
Local governments		150.9		3.0
Other		1,334.2		26.9
Subtotal		4,963.5		100.0
Domestic branches:				
Manufacturing	¥ 930.9		19.4%	
Agriculture	7.6		0.2	
Forestry	0.2		0.0	
Fishery	5.5		0.1	
Mining	8.7		0.2	
Construction	279.4		5.8	
Utilities	90.1		1.9	
Telecommunications	32.3		0.7	
Transportation	183.7		3.8	
Wholesale and retailing	686.7		14.3	
Finance and security	240.6		5.0	
Real estate	261.9		5.4	
Other miscellaneous services	536.2		11.2	
Local governments	139.8		2.9	
Other	1,398.8		29.1	
Subtotal	4,802.8		100.0	
Overseas branches and offshore accounts:				
Governments and official institutions				
Banks and other financial institutions				
Other	78.1	100.0	100.7	100.0
Subtotal	78.1	100.0	100.7	100.0
Total	¥4,881.0		¥5,064.2	

Note: Loan balances for each industrial segment and their ratios as a percentage of the total loan amounts in Japan as of March 31, 2003 were stated in accordance with revisions to the Japan Industry Classification System, which took effect on October 1, 2002.

Risk Management Asset Information

March 31	Millions of Yen		
	2003	2002	Increase (decrease)
Loans under bankruptcy proceedings A	¥ 20,342	¥ 19,348	¥ 993
% of loans and bills discounted	0.42	0.38	0.03
Past due loans B	200,301	197,971	2,329
% of loans and bills discounted	4.10	3.90	0.19
Loans past due for three months or more C	661	1,302	(641)
% of loans and bills discounted	0.01	0.02	(0.01)
Loans with relaxed conditions D (D=E+F+G)	66,214	41,639	24,575
% of loans and bills discounted	1.35	0.82	0.53
Restructured loans (Old category) E	174	394	(220)
% of loans and bills discounted	0.00	0.00	(0.00)
Claims for which interest payments have been deferred F			
% of loans and bills discounted			
Principal repayment postponed loans G	66,040	41,244	24,795
% of loans and bills discounted	1.35	0.81	0.53
Risk management loan total H (H=A+B+C+D)	287,519	260,262	27,257
% of loans and bills discounted	5.89	5.13	0.75
Value covered with collateral, guarantees, etc. I	250,772	237,240	13,531
Cover ratio (%) I/H	87.2	91.1	(3.94)

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

Reserve for Possible Loan Losses

March 31	Millions of Yen	
	2003	2002
General reserve	¥ 33,305	¥ 29,974
Specific reserve	69,010	84,105
Reserve for specific foreign credit	26	26
Total	¥102,341	¥114,105
[Loans on written-off claims for the year]	¥ [324]	¥ [202]

Financial Index

Years ended March 31	Consolidated			Non-Consolidated		
	2003	2002	Increase (decrease)	2003	2002	Increase (decrease)
Per share (Yen):						
Net income	¥ 17.07	¥ 9.88	¥ 7.19	¥ 16.55	¥ 10.21	¥ 6.34
Net assets	722.34	742.34	(20.00)	721.33	742.69	(21.36)
Cash dividends	7.00	6.00	1.00	7.00	6.00	1.00
Dividend payout ratio (%)				42.29	58.76	(16.47)
Return on equity (ROE) (%) (Note)	2.35	1.29	1.06	2.53	1.56	0.97
Price earnings ratio (PER) (%)	44.81	85.91	(41.10)	46.22	83.15	(36.93)

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

Capital Adequacy Ratio

March 31	Billions of Yen			
	Consolidated		Non-Consolidated	
	2003	2002	2003	2002
Tier I:				
Common stockholders' equity	¥ 485.5	¥ 500.2	¥ 476.2	¥ 492.5
Tier II capital included as Tier I				
Total adjusted Tier I capital	485.5	500.2	476.2	492.5
Tier II:				
45% of an aggregate amount equivalent to the balance sheet value of available for sale securities with relevant aggregate book value deducted	29.7	47.2	29.6	47.2
Reserve for possible loan losses, excluding specific reserve	33.3	29.9	32.4	29.2
Others				
Tier II capital included as Tier I				
Total adjusted Tier II capital	63.0	77.1	62.0	76.4
Tier II capital included as qualifying capital	63.0	77.1	62.0	76.4
Tier III (Note 1):				
Short-term subordinated debt (Capital for covering market risks)				
Deduction items	0.8	0.8	0.8	0.8
Total capital	547.7	576.6	537.4	568.1
Total risk-adjusted assets (Notes 1, 3)	4,409.1	4,606.9	4,357.9	4,558.1
Capital adequacy ratio (%) (Note 2)	12.42	12.51	12.33	12.46
Tier I ratio (%) (Note 2)	11.01	10.85	10.92	10.80

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.
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	
	2003	2002
Commitments to extend credit	¥2,595.3	¥2,604.8
Guarantees	109.7	97.5
Total	¥2,705.0	¥2,702.3

Corporate Data

HEAD OFFICE

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

HEADQUARTERS

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

INTERNATIONAL BUSINESS GROUP

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

INTERNATIONAL OPERATIONS CENTER

Phone: 0543-45-5700
Fax: 0543-49-5501
SWIFT address: SHIZJPJT

NUMBER OF EMPLOYEES

(As of March 31, 2003)
3,900

DATE OF ESTABLISHMENT

March 1, 1943

DOMESTIC NETWORK

(As of July 1, 2003)
Head Office, 162 branches,
18 sub-branches and 1 agency

OVERSEAS NETWORK

(As of July 1, 2003)
3 branches, 2 representative offices

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

101 East 52nd Street,
4th Floor, New York,
NY 10022, U.S.A.
Phone: (1) 212-319-6260
Telex: 408358 SHIZBK NY

Hong Kong Branch

Room 3306, Gloucester Tower,
11 Pedder Street, Central, Hong Kong,
People's Republic of China
Phone: (852) 2521-6547
Telex: 89566 SIZBK HX

Singapore Representative Office

2 Shenton Way, #04-02 SGX Centre 1,
Singapore 068804
Phone: (65) 6225-3600
Telex: 26019 SHIZBK RS

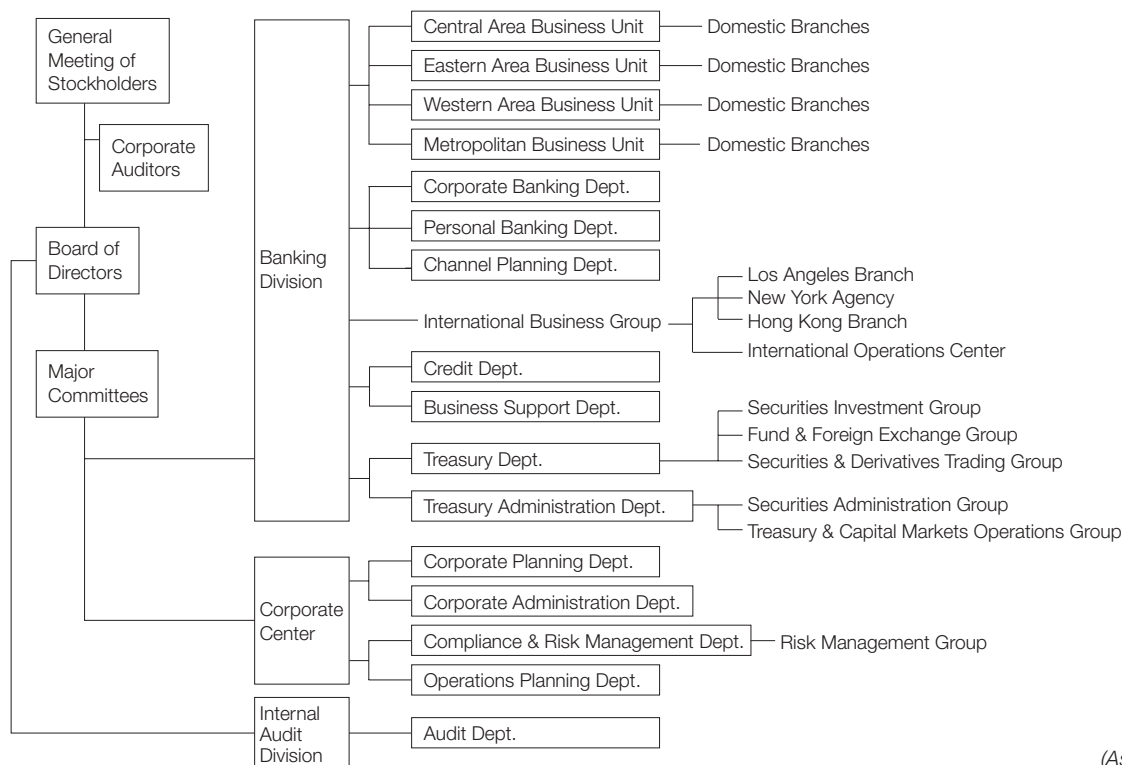
Shanghai Representative Office

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 July 1, 2003)

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 DC CARD CO., LTD.

Credit card and guarantee of consumer loans

SHIZUOKA CAPITAL CO., LTD.

Public-offering assistance

SHIZUGIN TM SECURITIES CO., LTD.

Securities

SHIZUGIN JITOGATA AGENCY CO., LTD.

Banking services

SHIZUGIN GENERAL SERVICE CO., LTD.

Part-time employee management; Inventory management

SHIZUOKA MORTGAGE SERVICE CO., LTD.

Appraisal of real estate for loan collateral

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

Directors

Masakazu Oishi

Hiroyuki Kochi

Katsunori Nakanishi

Masaharu Fujita

Kenichi Kobayashi

Tadaharu Takato

Yoshitaka Nishikawa

Masakuni Nakayama

Corporate Auditors

Shigeru Masugi

Hiroshi Okamoto

Yasuhiko Saito

Isokichi Goto

(As of July 1, 2003)

Investor Information

CAPITAL STOCK (As of March 31, 2003)

Common stock..... ¥90,845 million

NUMBER OF SHARES (As of March 31, 2003)

Authorized..... 2,444,596,000 shares

Issued and outstanding 750,129,069 shares

NUMBER OF STOCKHOLDERS (As of March 31, 2003)

24,079

STOCK LISTING

First Section of the Tokyo Stock Exchange

TRANSFER AGENT

Japan Securities Agents, Ltd.

STOCK PRICE, TURNOVER

Annual high/low stock price (five years)

(Yen)

Years ended March 31	1999	2000	2001	2002	2003
High	1,500	1,460	1,076	1,110	874
Low	1,075	830	841	761	705

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

(Yen)

Month	Oct. 2002	Nov. 2002	Dec. 2002	Jan. 2003	Feb. 2003	Mar. 2003
High	811	784	780	787	785	810
Low	720	730	745	715	714	739
Turnover (thousands of shares)	19,133	15,757	17,455	23,448	21,027	27,328

PRINCIPAL STOCKHOLDERS

The 10 largest stockholders of the Bank and their respective stockholdings at March 31, 2003 were as follows:

	Number of Shares in Thousands	Percentage of Total Shares Outstanding
The Bank of Tokyo-Mitsubishi, Ltd.	30,430	4.05%
The Meiji Mutual Life Insurance Company	29,117	3.88
Nippon Life Insurance Company	28,901	3.85
Sumitomo Life Insurance Company	26,932	3.59
The Dai-ichi Mutual Life Insurance Company	23,546	3.13
The Yasuda Mutual Life Insurance Company	20,540	2.73
Japan Trustee Services Bank, Ltd. (trust account)	19,528	2.60
Mizuho Corporate Bank, Ltd.	16,604	2.21
The Tokio Marine & Fire Insurance Co., Ltd.	14,527	1.93
The Master Trust Bank of Japan, Ltd. (trust account)	14,346	1.91
Total	224,475	29.92%

In addition, the Bank holds 30,734 thousands of shares in treasury.

Our Operational Base: Shizuoka Prefecture

GEOGRAPHY AND POPULATION

Shizuoka Prefecture, which accounts for the majority of the Bank's operating area, is situated near the geographical center of Japan and is strategically located on transportation routes between the nation's three major industrial centers — Tokyo, Osaka, and Nagoya. The climate is mild and the region is rich in natural resources in the fields of farming and fisheries.

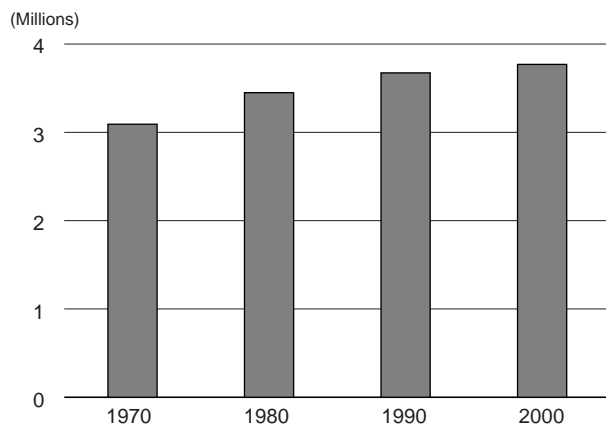
Home to many world-class manufacturers, and enjoying a thriving tourism industry thanks to its many famous hot-spring resorts, Shizuoka Prefecture has a reputation as an affluent prefecture. In fact, because Shizuoka accounts for around 3% of the nation's total in terms of population, number of businesses, and numerous other indicators, it is sometimes referred to as "the 3% economy." Shizuoka ranks 13th among Japan's prefectures in terms of land area, at 7,779 square kilometers. With 3,781,000 residents, it was the country's 10th most populous prefecture.

ECONOMIC SCALE

With a nominal annual economic output of roughly ¥16 trillion (US\$132 billion) in fiscal 2000, roughly equivalent to half the gross domestic product of Switzerland, Shizuoka Prefecture is clearly an important economic force within Japan. Another characteristic of Shizuoka is its solid infrastructure in the manufacturing sector. The prefecture's unique social climate has produced some of the world's leading manufacturing corporations, including makers of vehicles and musical instruments. Shizuoka is one of Japan's most popular operational bases for foreign-owned companies, and also is home to the headquarters of many Japanese companies that have transferred their production operations overseas.

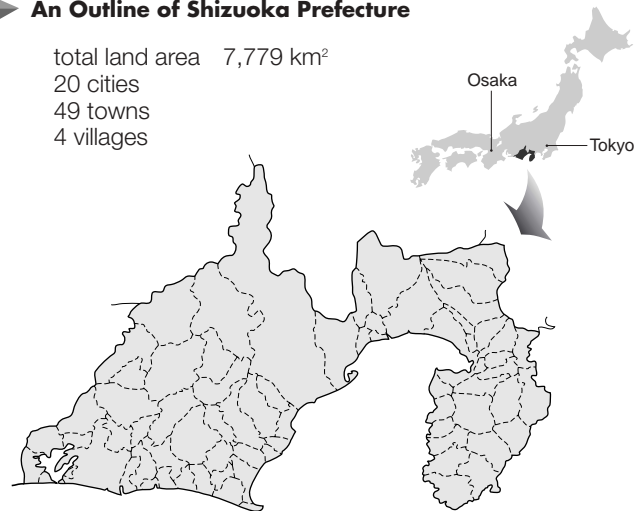
There were approximately 208,000 private-sector business premises in Shizuoka Prefecture (as of October 2001). Wholesaling, retailing, and food services industries, taken together, lead in the number of business premises by industry with a 39.7% share, followed by other services and manufacturing.

► Change in Prefectural Population



► An Outline of Shizuoka Prefecture

total land area 7,779 km²
20 cities
49 towns
4 villages



► Main Economic and Business Indicators for Shizuoka Prefecture

Item	Figure	Share of National Total	Nationwide Rank	Date of Survey
Area	7,779 km ²	2.1%	13th	October 2001
Population	3,781,000	3.0%	10th	October 2001
Households	1,315,000	2.7%	10th	March 2002
Gross product (nominal)	¥15,950 billion	3.1%	10th	FY2000
Business premises	207,923	3.3%	9th	October 2001
Value of farm output	¥280 billion	3.1%	10th	2000
Fishery catch	242,000 tons	4.8%	5th	2000
Manufactured goods shipments*	¥16,186.3 billion	5.6%	5th	2001
Annual revenue of wholesaling industry	¥7,181.9 billion	1.7%	11th	2002
New housing starts	36,436	3.1%	10th	2001
Information service sales	¥101 billion	0.7%	14th	2001

* Business premises with employees of four or more

Business Premises by Industry (as of October 2001)

Total of 207,923 business premises

Wholesaling, retailing and food services industries	39.7%
Other services	27.3%
Manufacturing	13.1%
Construction	10.7%
Others	9.3%

Source: Establishments and Enterprises Census, Statistics Bureau, Ministry of Public Management, Home Affairs, and Posts and Telecommunications

INDUSTRY CHARACTERISTICS

The three main areas of Shizuoka Prefecture — Eastern, Central, and Western — have all achieved development in different ways. In Eastern Shizuoka, centered on Fuji City, the prefecture's No. 2 industrial zone, the paper & pulp industry dominates. The area's industrial base has been growing in recent years owing to the relocation of numerous companies from the Tokyo area. The area also boasts one of Japan's most famous tourist destinations all year round: the Izu Peninsula, with its beautiful scenery and many hot springs. Central Shizuoka features the prefectural capital, Shizuoka

City, and has a high concentration of service industries, such as wholesalers and retailers. The area is also home to a number of thriving industries including the manufacture of traditional handicrafts such as furniture and dolls, as well as tea processing and canning. Western Shizuoka is a wellspring of manufacturing industry where many world-class companies got their start, including in the fields of vehicles and musical instruments. It is to this area — with its high percentage of export-oriented industries — that Shizuoka owes its reputation as a heavily industrialized prefecture.

► Shipments of Manufactured Products in which Shizuoka Holds 1st Place (2000)

Item	Value of Shipments (¥ billion) Shizuoka Pref.	Share of Nationwide Total	Nationwide Rank
Pulp & paper	750.1	26.4%	1st
Mobile phones	418.0	25.3%	1st
Air conditioners	305.2	42.7%	1st
Musical instruments	237.5	81.7%	1st
Green tea	196.5	59.4%	1st
Audio discs	73.6	61.1%	1st
Canned tuna	42.3	88.7%	1st

CONTACT

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Shizuoka-shi,
Shizuoka 424-8677, Japan
Phone: 0543-45-5411
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THE SHIZUOKA BANK, LTD.

