



ANNUAL REPORT
2004

SHIZUOKA BANK

Year ended March 31, 2004



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 161 branches, 18 sub-branches, and 1 agency in Japan as of July 1, 2004. This domestic network serves the needs of customers not only within Shizuoka Prefecture, the Bank's home region, but also in the whole Tokyo-Osaka corridor, which forms Japan's economic heartland and contains its centers of mass consumption. Outside Japan, the Bank's international network comprises operations in New York, Los Angeles, Brussels, Hong Kong, Shanghai, and Singapore.

A SOLID FINANCIAL STRUCTURE

On a consolidated basis, Shizuoka Bank had total assets of ¥8,107.2 billion (US\$76,708 million), loans and bills discounted of ¥4,958.7 billion (US\$46,918 million), and deposits of ¥6,929.4 billion (US\$65,564 million) as of March 31, 2004. The Bank's capital ratio stood at 13.60%, 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 11.27%.

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 one Japanese and three international rating agencies.

(As of June 30, 2004)

	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 societal and public responsibility to bequeath an unspoiled environment to future generations, we have drafted a set of guidelines for environmental preservation, and have launched a variety of activities in areas such as resource conservation and recycling. As a result of these sustained efforts, we have acquired ISO14001 certification, the international standard for environmental management systems.

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Cautionary Statements with Respect to Forward-Looking Statements

Statements made in this annual report with respect to the current plans, estimates, strategies and beliefs, and other statements of the Shizuoka Bank that are not historical facts, are forward-looking statements about the future performance of the Bank. These statements are based on management's assumptions and beliefs in light of the information currently available to it, and therefore readers should not place undue

reliance on them. Shizuoka Bank cautions readers that a number of important factors could cause actual results to differ materially from those discussed in the forward-looking statements. Such factors include, but are not limited to, (1) general economic conditions in Shizuoka Bank's market (particularly Shizuoka Prefecture) and (2) fluctuations in market interest rates and exchange rates.

Consolidated Financial Highlights

THE SHIZUOKA BANK, LTD. and Subsidiaries

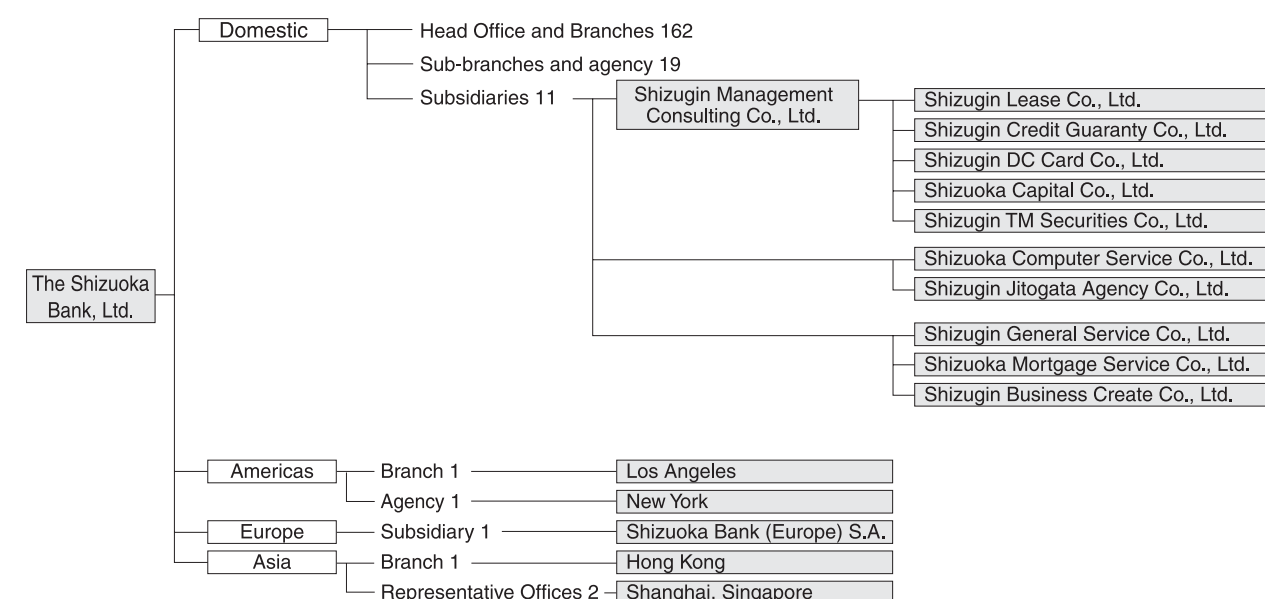
Years ended March 31	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Income before income taxes and minority interests	¥46,342	¥25,281	\$438,473
Net income	26,962	12,693	255,110

	Yen	U.S. Dollars
Net income per share	¥37.63	\$17.07
PER (Times, Non-consolidated)	24.11	46.22
PBR (Times, Non-consolidated)	1.07	1.06

March 31	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Total assets	¥8,107,243	¥8,209,577	\$76,707,764
Deposits	6,929,429	7,109,018	65,563,718
Loans and bills discounted	4,958,767	4,881,086	46,918,039
Securities	2,079,879	1,991,242	19,679,052
Common stock	90,845	90,845	859,549
Total stockholders' equity	590,633	519,690	5,588,359
ROE (%)	4.85	2.35	
Capital adequacy ratio (BIS) (%)	13.60	12.42	
Tier I ratio (%)	11.27	11.01	

Notes: 1. Translation into U.S. dollars has been made solely for the convenience of readers outside Japan at the exchange rate of ¥105.69 to \$1, the approximate rate of exchange at March 31, 2004.
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, 2004)



To Our Stakeholders



Soichiro Kamiya, *Chairman*

Yasuo Matsuura, *President*

The business environment is growing still harsher for financial institutions. Although the view is spreading that a sustained moderate recovery is under way in the Japanese economy, the persistence of deflation and the government's decision to lift the remaining unlimited guarantees on bank deposits in April 2005 are causes for concern to us.

Under such circumstances, the Shizuoka Bank Group is committed to a business strategy that balances the needs for sound management, profitability, and growth potential. As a comprehensive regional provider of financial services, we are dedicated to offering local businesses and individual customers a smooth supply of funding and a wide range of solutions.

We believe that, whatever the business environment, we will be able to satisfy the expectations of the community, our business partners and stockholders, without losing sight of the need to constantly improve our operations. We will continue to make every effort to remain true to our traditions.

In closing, we would like to thank all our stakeholders for supporting the Shizuoka Bank Group over the years, and we look forward to your continued support and guidance in future.

August 2004

Soichiro Kamiya
Chairman

Yasuo Matsuura
President

Message from the President

Contributing to sustainable development of the community



Two Major Challenges: Rehabilitation of the finances of SMEs and revitalization of the regional economy

In the year under review, the Japanese economy entered a private-sector driven recovery phase, supported by improved balance sheets at major companies, strong earnings at export companies, and the resurgence of the stock market after a period of depression.

There were also signs of a lessening of economic polarization between metropolitan areas, chiefly Tokyo, and the regions, and between major and smaller businesses. A sense of steady recovery in Shizuoka Prefecture reflected this, with improved performance chiefly at major manufacturing companies beginning to trickle down to smaller businesses.

In these circumstances, a prerequisite for achieving full recovery in Japan is revitalization of regional economies and the smaller businesses that support them. Mindful of this need, the Financial Services Agency of the Japanese government in March 2003 unveiled its Action Program Concerning Enhancement of Relationship Banking Functions. Under this, regional financial institutions such as ourselves are expected to take further measures to rehabilitate the finances of SMEs (small and medium-sized enterprises) and revitalize regional economies, through strengthened relationship

banking functions*. Shizuoka Bank will of course respond appropriately to such official requests. In line with our corporate mission of helping to create a prosperous community, we will take Groupwide measures to address two major challenges: rehabilitation of the finances of SMEs, and revitalization of the regional economy, which we regard as our mission and duty as financial institution rooted in its locality.

* Relationship banking is a business model in which financial institutions provide financing to companies with which the bank has a long-term trading relationship based on their judgement of the capability of manager and potential of the business in question. More effective use of hard-to-quantify data and local information is essential for assuring smooth fund provision to regional SMEs and ensuring financial soundness of both lender and borrower.

The TINA prime medium-term management plan

Shizuoka Bank has embarked on its 8th medium-term management plan dubbed "TINA prime", which aims to establish us as a "quality bank" meeting 21st century standards, in line with our basic measures of reforming our earnings structure and marketing system.



* "TINA" (There Is No Alternative) is an acronym popularized by former British Prime Minister Margaret Thatcher, and indicates the Bank's determination to follow through with its plans. "Prime" is formed from the initial letters of "Passion," "Rationality," "Idea," and "Maximum Effort," which sum up the key concepts behind our management vision of achieving true excellence within the banking industry.

Reforming our earnings structure means reinforcing our operating base so we can offer stable banking services to our community even in times of economic adversity. We have achieved steady progress in cost-cutting through an overhaul of business operations, enabling us to exceed initial targets, and we are strengthening fee-based businesses as a new source of revenues.

Marketing system reform means transforming ourselves into a financial institution that can act as a partner to help solve a wide range of problems facing the community. For corporate customers, the Bank provides a diverse range of financial services and consulting solutions, while for individual customers it helps with asset formation and advice on life plans.

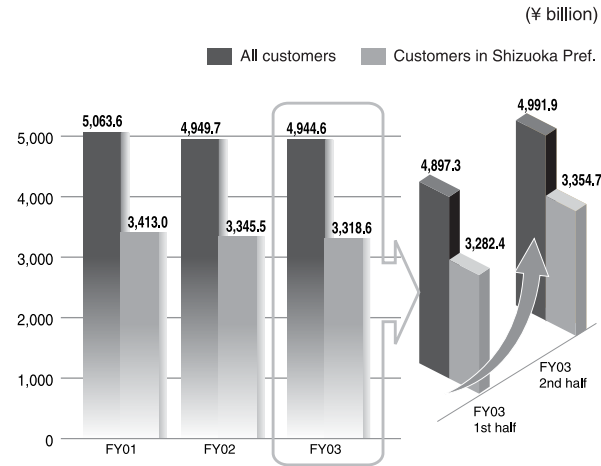
How we are helping corporate customers

1) Smooth supply of business funding

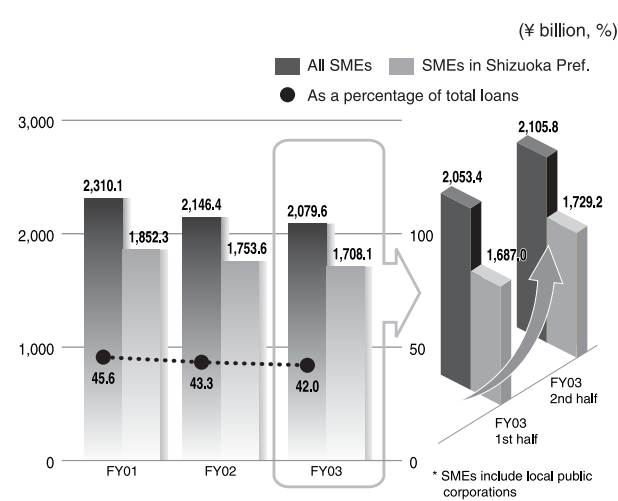
An extremely large proportion of Shizuoka Bank customers are the corporations that support the regional economy. We are taking aggressive measures to strengthen lending to SMEs, which form the core of our business loan operations. We have strengthened our ability to respond swiftly and appropriately to their funding needs by reforming our credit screening system and lending program, including the expansion of branch managers' discretionary lending limits.

Reflecting the success of these initiatives, corporate lending, previously in decline for years, began increasing in the second half of fiscal 2003.

Balance of total loans (average; non-consolidated)



Balance of loans to SMEs (average; non-consolidated)



2) Support for management reform

To help turn around troubled SMEs — essential to the reactivation of regional economy — Shizuoka Bank set up the "Business Support Department" in June 2003, as a measure to help rebuild management and turn around business operations at poorly performing customers. We launched Bank-wide activities aimed at solving problems at customers' businesses as a partner, including the launch in April 2004 of the business reform support campaign, involving approximately 600 salespeople in our branches, in which each employee aims to help turn around the business performance of at least one customer, by helping the customer design a business reform

plan. We are also aggressively nurturing businesses such as healthcare and medical treatment — which are projected to be one of the fastest-growing business fields for the foreseeable future — through specialized support team.

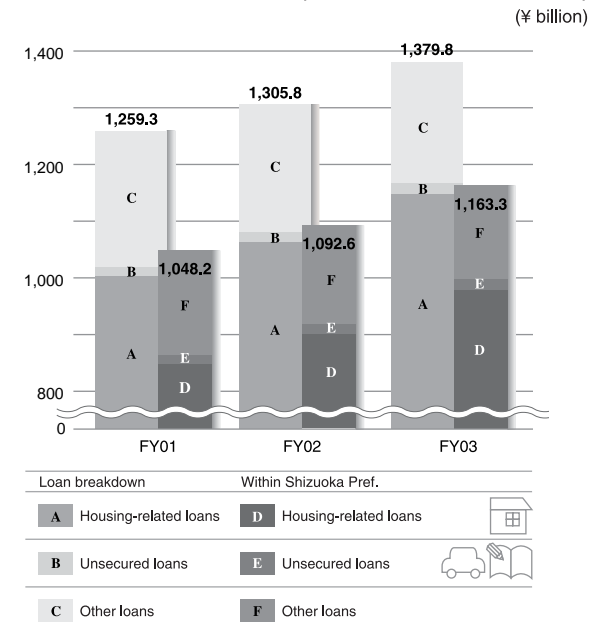
How we are helping individual customers

For the individual customer, we have taken steps to better perform our role as a comprehensive financial institution providing a diverse range of flexible loan products centered on housing-related loans, and attractive asset-management products such as foreign currency deposits, investment trusts, and personal pension insurance.

In addition to training financial planners and other expert staff and deploying them at our branches, we have introduced a system of consultation and proposals for financial products and services tailored to each client.

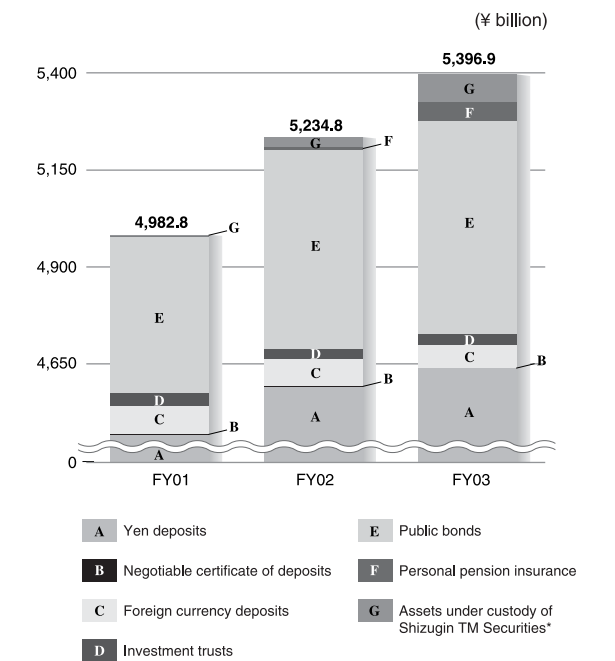
As a result of these measures, in fiscal 2003 we increased housing and other loans to individuals and increased the balances of individuals' assets under custody.

Balance of individual loans (at term-end; non-consolidated)



Note: "Unsecured loans" include loans for car purchase, education expenses and loans taken out using bank cards

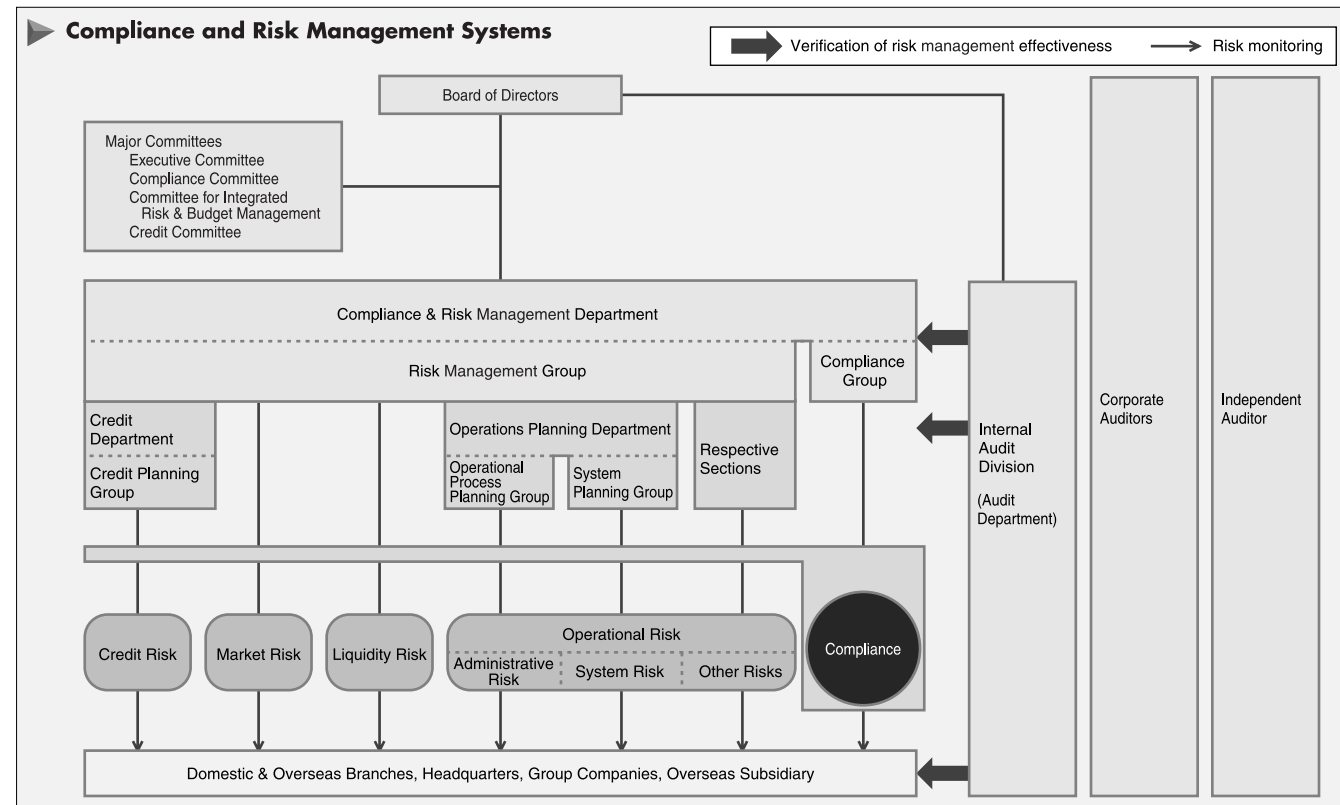
Balance of individual assets under custody (at term-end; Shizuoka Bank and Shizugin TM Securities)



* Shizugin TM Securities Co., Ltd. is a consolidated subsidiary of Shizuoka Bank

The Japanese financial sector continues to face a difficult operating environment that is undergoing relentless change. However, Shizuoka Bank is determined to turn whatever adversity the times may bring into business opportunity, and, while tirelessly reforming its own operations under a pioneering management, help build a brighter future for the regional community by meeting regional needs and acting as a partner to help customers solve their problems. I am convinced that this is the way to sustainable growth, both for the Shizuoka Bank and for the community as a whole.

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. In June 2003, we set up a Compliance Group in the Compliance and Risk Management Department for the integrated management of compliance activities across all our operations. Through this organ, we are strengthening our compliance measures by bringing all relevant information under unified management, and by sharing information through Compliance Committee.

Steps to inculcate a thorough understanding of compliance among all staff

Shizuoka Bank aims to raise compliance awareness among all employees through annual compliance programs. In August

2003 we launched basic awareness programs for all Group staff with compliance as the theme, and in November we revised our handbook to include concise explanations on compliance-related laws and regulations. These were distributed to all Group employees including those at member companies.

We also appointed compliance staff and officers at all branches, all sections of the headquarters and Group companies. In addition to this, compliance awareness is further reinforced by applying a compliance check list to day-to-day business operations as well as holding study meetings.

Basic Risk Management Policy and Organizational Structure

Financial institutions are now being exposed to a wider variety of increasingly complex risk factors as their operating

environment evolves and opportunities to enter new business fields emerge.

Shizuoka Bank has established a Risk Management Group under the Compliance and Risk Management Department as a single supervisory section to take overall charge of risk management. This body comprehensively monitors all varieties of risk across the Group using risk-quantification technique, to reduce risk to acceptable levels. At the same time, we aim to strengthen integrated risk management to enhance profitability and operational efficiency.

We are also strengthening internal auditing to achieve a more effective risk management.

Integrated Risk Management System

The Bank has introduced a system of risk management through appropriate allocation of risk capital. Risk capital is core capital (Tier I capital minus an amount equivalent to net deferred tax assets) apportioned to cover market, credit and other risks.

Twice each year, a management committee allocates risk capital to operating divisions, on the basis of value-at-risk (VaR) for market and credit risk after evaluation of business plans and market trends.

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 monitor performance by uniform standards and manage risk capital utilization.

Each month, a high-level committee for integrated risk and budget management sets risk management and operational strategy for the whole Bank based on risk-return analysis. 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. It also covers overseas operations.

The Credit Planning Group conducts comprehensive credit risk management. Its tasks include assessment of credit risk using statistical tools inherent in the loan asset portfolio, accurately quantifying potential risk and eliminating excessive credit risk. In addition, the Credit Department includes Credit Group I and Credit Group II, which are responsible for screening loan applications, and the Credit Assessment Group, which assesses the creditworthiness of borrowers and is responsible for self-assessment operations.

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 form an accurate picture 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.

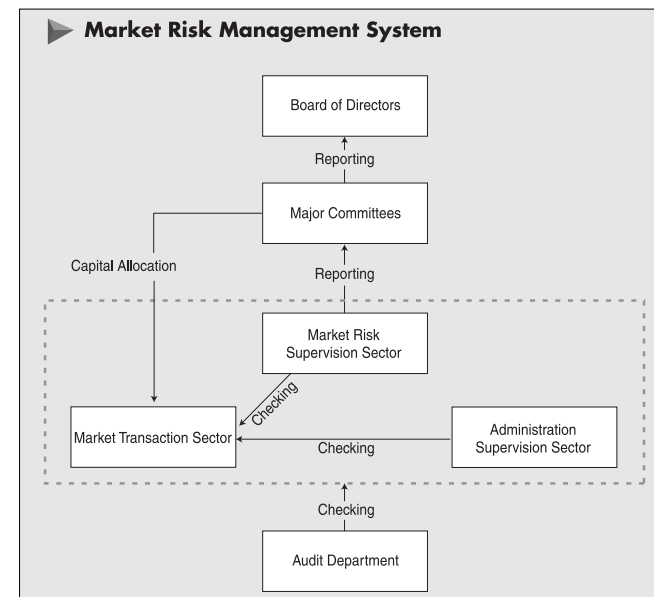
Borrowers' credit ratings form the basis of self-assessment, which is preparatory to the calculation of capital ratios. They are also used in calculating the general reserve for possible loan losses, and are widely used as criteria for determining credit-approval limits and management of problem credits.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

Shizuoka Bank's Corporate Governance System

Market Risk Management

In order to ensure an effective system of checks and balances at Shizuoka Bank, 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.

Earnings performance and risk level data assessed by middle offices are used in management evaluations through an intranet which enables monitoring at all times. Market risk faced by major Group companies is also included.



Liquidity Risk Management

Staff are assigned to the management of cash flow risk on a daily, weekly, and monthly basis, and cash flow risk is controlled 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, and we have in place at each level the officials, offices, and measures needed to ensure immediate remedial action. Position limits are set for each financial product and maturity period to control market liquidity risk.

Operational Risk Management

Operational risk refers to risks related to the Bank's operations other than credit, market and liquidity risk.

Shizuoka Bank aims to apply the most appropriate management methods to each kind of operational risk, principally administrative risk and system risk. To promote comprehensive risk management, we are also pushing ahead with surveys and research paving the way for the quantification of operational risk.

With regard to administrative risk, the Bank is upgrading its administrative systems through active investment in automation and computerization. We are also promoting greater efficiency through business process reengineering, such as concentrating branch back-office work at business centers. We are posting all administrative regulations and procedures online and simplifying the work flow, as well as enhancing staff training, to raise the quality of back-office work.

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 mission of helping to create a prosperous community informs all our operational policies. Viewing corporate ethics as a management priority, we also drew up an Ethical Charter, and put in place a compliance framework. We will continue to build corporate value by strengthening corporate governance through the acceleration of the decision-making process and by ensuring sound and transparent management.

Corporate Governance Mechanisms

With decision-making and management monitoring functions, the Board of Directors is the main body responsible for corporate governance. It sets basic policy for important management strategy, as well as for compliance and risk management, and monitors day-to-day operations.

The management of everyday operations is carried out by the President and 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 dedicated to a particular field of operation, and specifically appointed by the Board.

Shizuoka Bank adopts an auditor-based system. An

outside executive and a lawyer serve as auditors to ensure the Bank conducts its business in a transparent way and reflects the concerns of the local community.

We have established a Compensation Committee and a Nominating Committee. Companies employing the auditor-based system are not required to set up such committees under the Japanese Commercial Code, but we have taken this action to create a more efficient governance system. Both committees are

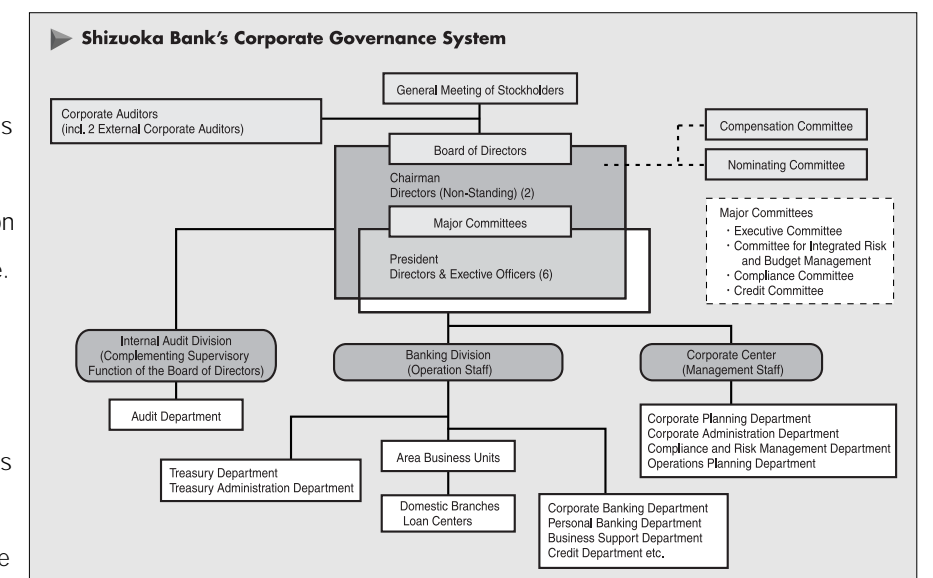
composed principally of outside directors, and they serve as advisory bodies to the Bank's president.

Enhancement of internal checks

We have classified the organization into three arms, based on function — Banking Division (business operations), Corporate Center (planning/management/monitoring), and Internal Audit Division (internal auditing) — and have strengthened cross-checking among them. The Audit Department within the Internal Audit Division has been made completely independent of all other departments subject to its audits, and placed under the direct control of the Board of Directors, ensuring more objective and effective internal auditing.

Corporate Center

The Corporate Center integrates the functions of the Corporate Planning Department, the Corporate Administration Department, the Compliance and Risk Management Department, and the Operations Planning Department. In addition to planning business strategy and policy, the Center is establishing a unified risk management capability for different risk categories, and enhancing risk management technologies.



Financial Position and Business Operations

A leader in Japan in financial strength

Reflecting the sound management policy of Shizuoka Bank, its capital ratio according to the BIS standard and credit ratings — 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, to raise customer confidence in the Bank still further and contribute to revitalization of the regional economy.

Capital Ratios

As of the end of March 2004, the Bank's capital ratio according to the BIS standard stood at 13.60% on a consolidated basis. The Tier I capital ratio stood at 11.27%, and the core capital ratio (Tier I capital minus an amount equivalent to net deferred tax assets) at 9.85%, well above the 8% level generally expected of banks conducting operations overseas.

Credit Ratings

A credit rating is an indicator of a bank's ability to repay the principal of and interest on deposits. Credit ratings are widely accepted as reliable indicators of a bank's creditworthiness and financial safety. Shizuoka Bank has been rated by one Japanese and three overseas ratings agencies, and these ratings are in each case among the highest of any Japanese financial institution.

Non-Performing Loans

Shizuoka Bank's non-performing loans have hitherto been kept to a minimum, owing to the rich diversity of local industry and to the large proportion of its corporate customers that are soundly managed. Thus, we have maintained a sound loan asset portfolio. Risk-managed loans under the Banking Law at the end of March 2004 amounted to ¥287.4 billion (US\$2,720 million), representing 5.8% of the total term-end balance of loans. This was a reflection of the prolonged economic stagnation, as well as the application of more rigorous standards for the Bank's self-assessment. The Bank's total credit costs, however, fell sharply from the previous term, because the coverage ratio (loans secured by collateral or covered by guarantees) remained high.

The majority of our risk-managed loans are to borrowers who are still keeping up with their repayments of principal and payments of interest. For such loans, rather than insisting that borrowers repay their loans within the specified period, we prefer to promote the revitalization of their businesses, even if it takes some time to do so. We believe that this operating method will not only improve our own asset quality over the longer term, but will also help to revitalize our community, which we consider to be our mission. Under this policy, we are making every effort to revitalize smaller businesses important to the region. Initiatives include the establishment in June 2003 of a Business Support Department, and creation of a regional revitalization fund in which Shizuoka Capital Co., Ltd., a Group company, takes the role of unlimited liability association member.

Business Performance in Fiscal 2003 (consolidated)

Earnings

The total income of the Shizuoka Bank Group for fiscal 2003 declined by ¥10.7 billion from the previous business term, to ¥181.3 billion (US\$1,716 million). This is attributable to a decline in earnings on the operation of funds owing to the prolonged ultra-low level of interest rates.

Total expenses also decreased, by ¥31.7 billion from the previous term, to ¥135.0 billion (US\$1,277 million) due to lower costs of fund procurement and reduced write-offs of stocks due to recovery in the stock market. Consequently, net income increased by ¥14.2 billion to ¥26.9 billion (US\$255 million) on a consolidated basis.

Loans

As our prosperity depends on the economic health of our home region, we strove to maintain a positive stance on the loan business to appropriately meet the diverse funding needs of our customers. Loans to individuals (chiefly housing-related) and to SMEs both increased substantially. As a result, the term-end balance of loans and bills discounted increased ¥77.6 billion from the previous term-end, to ¥4,958.7 billion (US\$46,918 million).

Deposits

Total deposits including NCDs at term-end declined ¥179.5 billion to ¥6,929.4 billion (US\$65,564 million).

Amid a diversification in the investment requirements of individual customers, the Bank promoted sales of Japanese government bonds, investment trusts, foreign-currency deposits, and pension insurance. As a result, the total of personal deposits including NCDs and other assets in custody as of the end of March 2004 increased by ¥162.0 billion to ¥5,396.9 billion (US\$51,064 million) from the previous term-end.

Securities

The Bank worked to design a securities portfolio that yields steady earnings, by increasing the weighting of Japanese government bonds close to maturity, while taking due account of interest rate and credit risk. The term-end balance of securities came to ¥2,079.8 billion (US\$19,679 million), an increase of ¥88.6 billion over the previous term-end, reflecting increased market valuation of stocks due to recovery of the stock market in Japan.

Cash Flows

The Bank recorded cash outflows in all three categories. Net cash used in operating activities amounted to ¥13.2 billion (US\$126 million), reflecting an increase in loans and a decline in NCDs. Net cash used in investing activities came to ¥48.8 billion (US\$463 million), reflecting purchase of securities. Net cash used in financing activities came to ¥13.6 billion (US\$129 million) as a result of repurchase of treasury stocks.

The total of cash and cash equivalents at term-end decreased by ¥75.8 billion to ¥118.9 billion (US\$1,125 million) during the term.

INDEPENDENT AUDITORS' REPORT

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, 2004 and 2003, 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 generally accepted 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, 2004 and 2003, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

As discussed in Note 30 to the consolidated financial statements, on April 1, 2004, the Bank received approval for transfer of the substitutional portion of past pension obligations to the government, from the Ministry of Health, Labor, and Welfare. Due to this change, the Bank will recognize additional income of ¥8,863 million for the period ending March 31, 2005. On the same day, the Bank also received approval for transition from the contributory funded defined benefit pension plan to the defined benefit pension plan which covers a corporate portion of the pension program from the Ministry of Health, Labor, and Welfare. Due to this change, the Bank will recognize additional income of ¥1,948 million for the period ending March 31, 2005.

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.



June 28, 2004

Member of
Deloitte Touche Tohmatsu

Consolidated Balance Sheets

THE SHIZUOKA BANK, LTD. and Subsidiaries March 31, 2004 and 2003

	Millions of Yen		Thousands of
	2004	2003	U.S. Dollars (Note 2)
Assets:			2004
Cash and due from banks	¥ 421,903	¥ 622,018	\$ 3,991,897
Call loans and bills bought	84,340	107,312	798,000
Monetary claims bought	244,424	200,641	2,312,655
Trading assets (Notes 4, 5)	136,957	181,825	1,295,844
Securities (Notes 5, 11)	2,079,879	1,991,242	19,679,052
Loans and bills discounted (Notes 6, 11, 12)	4,958,767	4,881,086	46,918,039
Foreign exchanges (Note 7)	3,364	2,726	31,829
Other assets (Note 8)	50,942	53,636	482,003
Premises and equipment (Note 9)	105,341	109,995	996,707
Deferred tax assets (Note 24)	3,487	41,799	33,001
Customers' liabilities for acceptances and guarantees (Note 10)	112,280	119,962	1,062,360
Reserve for possible loan losses	(94,104)	(102,341)	(890,384)
Reserve for possible investment losses	(342)	(327)	(3,239)
Total Assets	¥8,107,243	¥8,209,577	\$76,707,764
Liabilities, Minority Interests and Stockholders' Equity:			
Liabilities:			
Deposits (Notes 11, 13)	¥6,929,429	¥7,109,018	\$65,563,718
Call money and bills sold (Note 11)	94,335	85,032	892,566
Collateral money for securities lending / borrowing transactions (Note 11)	51,592	32,095	488,152
Trading liabilities (Note 4)	3,031	3,895	28,683
Borrowed money (Note 14)	29,155	29,436	275,854
Foreign exchanges (Note 7)	280	212	2,658
Corporate bonds (Note 15)	173,414	182,120	1,640,780
Other liabilities (Notes 11, 16)	81,513	91,281	771,255
Reserve for employees' retirement benefits (Note 17)	26,795	28,023	253,527
Reserve under specific law	3	1	31
Deferred tax liabilities (Note 24)	5,055	56	47,832
Acceptances and guarantees (Note 10)	112,280	119,962	1,062,360
Total Liabilities	7,506,887	7,681,136	71,027,416
Minority Interests	9,722	8,750	91,989
Stockholders' Equity (Notes 18, 19, 30)			
Common stock			
Authorized, 2,414,596 thousand shares: issued, 720,129 thousand shares in 2004 and 750,129 thousand shares in 2003	90,845	90,845	859,549
Capital surplus	54,884	54,884	519,293
Retained earnings	357,383	358,869	3,381,436
Net unrealized gain on available-for-sale securities	97,558	39,906	923,058
Foreign currency translation adjustments	(1,063)	(1,028)	(10,064)
Treasury stock—at cost 11,457 thousand shares in 2004 and 30,746 thousand shares in 2003	(8,974)	(23,787)	(84,913)
Total Stockholders' Equity	590,633	519,690	5,588,359
Total Liabilities, Minority Interests and Stockholders' Equity	¥8,107,243	¥8,209,577	\$76,707,764

See notes to consolidated financial statements.

Consolidated Statements of Income

THE SHIZUOKA BANK, LTD. and Subsidiaries Years ended March 31, 2004 and 2003

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2004	2003	2004
Income:			
Interest Income:			
Interest on loans and discounts	¥ 92,006	¥ 97,195	\$ 870,529
Interest and dividends on securities	25,053	31,415	237,044
Other interest income	2,615	3,478	24,746
Subtotal	119,674	132,089	1,132,319
Fees and Commissions	42,474	40,920	401,875
Trading Income	915	1,385	8,666
Other Operating Income (Note 20)	4,010	1,799	37,948
Other Income (Note 21)	14,282	15,894	135,140
Total Income	181,358	192,088	1,715,948
Expenses:			
Interest Expenses:			
Interest on deposits	7,050	11,844	66,709
Interest on borrowings and rediscounts	911	2,474	8,621
Other interest expenses	6,401	7,572	60,572
Subtotal	14,363	21,891	135,902
Fees and Commissions	20,198	20,874	191,111
Other Operating Expenses (Note 22)	5,149	1,659	48,726
General and Administrative Expenses	84,091	84,979	795,638
Other Expenses (Note 23)	11,213	37,402	106,098
Total Expenses	135,016	166,806	1,277,475
Income before Income Taxes and Minority Interests	46,342	25,281	438,473
Income Taxes: (Note 24)			
Current	13,533	12,181	128,046
Deferred	4,987	(547)	47,190
Minority Interests in Net Income of Consolidated Subsidiaries	858	954	8,127
Net Income	¥ 26,962	¥ 12,693	\$ 255,110

	Yen		U.S. Dollars (Note 2)
	2004	2003	2004
Per Share: (Note 29)			
Net income	¥ 37.63	¥ 17.07	\$ 0.35
Cash dividends applicable to the year	7.00	7.00	0.06

See notes to consolidated financial statements.

Consolidated Statements of Stockholders' Equity

THE SHIZUOKA BANK, LTD. and Subsidiaries Years ended March 31, 2004 and 2003

	Thousands		Millions of Yen				Treasury Stock
	Issued Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Net Unrealized Gain on Available-for-sale Securities	Foreign Currency Translation Adjustments	
Balance, April 1, 2002	750,129	¥90,845	¥54,884	¥350,693	¥62,033	¥(1,459)	¥ (324)
Net income				12,693			
Cash dividends, ¥7.00 per share				(4,464)			
Bonuses to directors and corporate auditors				(52)			
Repurchase of treasury stock							(23,463)
Net decrease in net unrealized gain on available-for-sale securities					(22,126)		
Net increase in foreign currency translation adjustments						430	
Balance, March 31, 2003	750,129	90,845	54,884	358,869	39,906	(1,028)	(23,787)
Net income				26,962			
Cash dividends, ¥7.00 per share				(5,016)			
Bonuses to directors and corporate auditors				(50)			
Repurchase of treasury stock (10,864 thousand shares)							(8,686)
Disposal of treasury stock (154 thousand shares)							118
Retirement of treasury stock	(30,000)			(23,381)			23,381
Net increase in net unrealized gain on available-for-sale securities					57,651		
Net decrease in foreign currency translation adjustments						(35)	
Balance, March 31, 2004	720,129	¥90,845	¥54,884	¥357,383	¥97,558	¥(1,063)	¥ (8,974)

	Thousands of U.S. Dollars (Note 2)					
	Common Stock	Capital Surplus	Retained Earnings	Net Unrealized Gain on Available-for-sale Securities	Foreign Currency Translation Adjustments	Treasury Stock
Balance, March 31, 2003	\$859,549	\$519,293	\$3,395,495	\$377,581	\$ (9,729)	\$(225,072)
Net income			255,110			
Cash dividends, \$0.066 per share			(47,464)			
Bonuses to directors and corporate auditors			(482)			
Repurchase of treasury stock						(82,190)
Disposal of treasury stock						1,126
Retirement of treasury stock			(221,223)			221,223
Net increase in net unrealized gain on available-for-sale securities				545,477		
Net decrease in foreign currency translation adjustments					(335)	
Balance, March 31, 2004	\$859,549	\$519,293	\$3,381,436	\$923,058	\$(10,064)	\$(84,913)

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

THE SHIZUOKA BANK, LTD. and Subsidiaries Years ended March 31, 2004 and 2003

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2004	2003	2004
I. Operating Activities:			
Income before income taxes and minority interests	¥ 46,342	¥ 25,281	\$ 438,473
Adjustments for:			
Income taxes-paid	(12,131)	(10,367)	(114,787)
Depreciation and amortization	20,235	21,512	191,461
Decrease in reserve for possible loan losses	(8,237)	(11,763)	(77,936)
Increase (decrease) in reserve for possible investment losses	14	(20)	140
Decrease (increase) in reserve for employees' retirement benefits	(1,228)	713	(11,619)
Bonuses to directors and corporate auditors	(66)	(68)	(628)
Gains on securities	1,750	16,465	16,566
Gains on money held in trust	3	19	34
Gains on sale of premises and equipment	739	(3,088)	6,998
Changes in assets and liabilities			
Decrease (increase) in trading assets	44,868	(6,589)	424,526
Decrease in trading liabilities	(864)	(890)	(8,176)
(Increase) decrease in loans and bills discounted	(98,782)	159,700	(934,642)
(Decrease) increase in deposits	(112,717)	136,067	(1,066,495)
Decrease in borrowed money	(281)	(4,128)	(2,668)
Decrease (increase) in due from banks (excluding demand deposits with the Bank of Japan)	107,700	(49,626)	1,019,018
Decrease in call loans	16,199	34,369	153,269
Increase in monetary claims bought	(43,783)	(88,882)	(414,263)
Increase (decrease) in call money	18,928	(37,426)	179,097
Increase (decrease) in Collateral money for securities lending / borrowing transactions	22,405	(2,050)	211,990
(Increase) decrease in foreign exchanges (assets)	(638)	2,074	(6,038)
Increase (decrease) in foreign exchanges (liabilities)	68	(147)	645
Increase in interest and dividends receivable	6,758	5,372	63,947
Decrease in interest payable	(1,311)	(3,089)	(12,405)
Other net	(19,264)	50,453	(182,269)
Total Adjustments	(59,634)	208,608	(564,235)
Net Cash (Used in) Provided by Operating Activities	(13,291)	233,889	(125,762)
II. Investing Activities:			
Purchase of securities	(956,393)	(672,018)	(9,049,049)
Proceeds from sale of securities	508,842	174,705	4,814,484
Proceeds from redemption of securities	412,399	350,699	3,901,972
Decrease in money held in trust		29,987	
Purchase of premises and equipment	(16,477)	(19,081)	(155,900)
Proceeds from sale of premises and equipment	2,739	7,074	25,919
Net Cash Used in Investing Activities	(48,889)	(128,633)	(462,574)
III. Financing Activities:			
Increase of capital in subsidiaries		195	
Dividends paid	(5,016)	(4,464)	(47,464)
Dividends paid to minority interests	(20)	(20)	(195)
Repurchases of treasury stock	(8,686)	(23,454)	(82,190)
Proceeds from sales of treasury stock	119		1,126
Net Cash Used in Financing Activities	(13,604)	(27,745)	(128,723)
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	(58)	(56)	(553)
V. Net (Decrease) Increase in Cash and Cash Equivalents	(75,844)	77,454	(717,612)
VI. Cash and Cash Equivalents, Beginning of Year	194,792	117,337	1,843,055
VII. Cash and Cash Equivalents, End of Year	¥118,948	¥194,792	\$1,125,443

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, 2004 and 2003 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)
	2004	2003	2004
Cash and due from banks	¥421,903	¥622,018	\$3,991,897
Other due from banks	(302,955)	(427,226)	(2,866,454)
Cash and cash equivalents, end of year	¥118,948	¥194,792	\$1,125,443

Notes to Consolidated Financial Statements

THE SHIZUOKA BANK, LTD. and Subsidiaries Years ended March 31, 2004 and 2003

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 generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

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 2003 financial statements to conform to classifications and presentations used in 2004.

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 translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and have been made at the rate of ¥105.69 to \$1, the approximate rate of exchange at March 31, 2004. Such translation 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, 2004 include the accounts of the Bank and 12 (14 in 2003) subsidiaries.

SHIZUGIN SHIZUURA AGENCY CO., LTD and SHIZUOKA ASSETS ADMINISTRATION CO., LTD were not consolidated because they were dissolved.

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.

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

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.

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:

(a) Transactions to hedge against interest rate risk
Transactions to hedge against interest rate risk affecting the financial assets and liabilities of the Bank are accounted for using deferral hedge accounting. In the previous fiscal year, as stipulated in "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in the Banking Industry" (Japanese Institute of Certified Public Accountant Industry Audit Committee Report No.24), the Bank applied a "macro-hedge methodology" which was permitted for Japanese banks as temporary treatment where overall interest rate risks inherent in loans, deposits and other instruments were controlled on a macro basis using derivatives. The temporary treatment was abolished in the reporting fiscal year. Regarding the effectiveness of a hedging relationship, the effectiveness of a cash flow hedge is assessed on the basis of the correlation between the base interest rate index of the hedged cash flow and that of the hedging instrument.

Deferred hedge gains/losses recognized in previous years under the macro-hedge method will be amortized as interest income or interest expenses over four years from fiscal 2003 based on the average remaining maturity of the hedging instruments. The unamortized amount of net deferred hedge losses under the macro-hedge method at the end of the reporting fiscal year was ¥3,272 million.

Special treatment hedge is applied for interest rate swaps. Methods similar to that utilized by the Bank are applied to hedge transactions conducted by the subsidiaries of the Bank.

(b) Transactions to hedge against foreign exchange fluctuation risk
Deferral hedge accounting is applied to hedge against foreign exchange fluctuation risks associated with foreign currency denominated monetary assets and liabilities. In the previous fiscal year, the transition in JICPA Industry Audit Committee Report No. 25 was applied to these transactions. Effective the reporting fiscal year, in accordance with the principal provisions of JICPA Industry Audit Committee Report No. 25, hedge accounting is applied to currency-swap transactions, exchange swap transactions and similar transactions intended to hedge risks on borrowing and lending in different currencies by swapping the borrowing currency for the lending currency.

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

In order to hedge the foreign exchange risk of foreign-currency-denominated 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.

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 715,110,629 shares for 2004 and 740,557,343 shares for 2003.

Diluted net income per share reflects the potential dilution that could occur if the outstanding stock options were exercised into common stock. Diluted net income per share of common stock assumes full exercise of the outstanding stock options at the beginning of the year (or at the time of grant). However, diluted net income per share is not disclosed because it is not anti-dilutive.

New Accounting Pronouncements:

In August 2002, the Business Accounting Council issued a Statement of Opinion, "Accounting for Impairment of Fixed Assets", and in October 2003 the Accounting Standards Board of Japan (ASB) issued ASB Guidance No.6, "Guidance for Accounting Standard for

Impairment of Fixed Assets". These new pronouncements are effective for fiscal years beginning on or after April 1, 2005 with early adoption permitted for fiscal years ending on or after March 31, 2004. However, the new accounting standard has not been reflected in the consolidated financial statements as of March 31, 2004.

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

The Bank is currently in the process of assessing the effect of adoption of these pronouncements.

4. TRADING ASSETS AND LIABILITIES

Trading assets and liabilities at March 31, 2004 and 2003 consisted of the following:

(a) Trading assets

	Millions of Yen		Thousands of
	2004	2003	U.S. Dollars
			2004
Trading securities:			
National government bonds	¥ 11,325	¥ 23,895	\$ 107,161
Local government bonds	629	1,411	5,961
Government-guaranteed bonds	21	2,654	202
Subtotal	11,977	27,961	113,324
Bond futures	11		105
Subtotal	11		105
Financial derivatives:			
Option premium	12	10	121
Other (Note)	3,761	4,403	35,589
Subtotal	3,774	4,414	35,710
Other trading assets:			
Commercial paper	121,192	149,417	1,146,677
Other (Note)	2	32	28
Subtotal	121,195	149,450	1,146,705
Total	¥136,957	¥181,825	\$1,295,844

(b) Trading liabilities

	Millions of Yen		Thousands of
	2004	2003	U.S. Dollars
			2004
Financial derivatives:			
Option premium	¥ 32	¥ 34	\$ 303
Other (Note)	2,999	3,861	28,380
Total	¥3,031	¥3,895	\$28,683

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

5. SECURITIES

Securities at March 31, 2004 and 2003 consisted of the following:

	Millions of Yen		Thousands of
	2004	2003	U.S. Dollars
			2004
National government bonds	¥ 938,415	¥ 673,089	\$ 8,878,939
Local government bonds	84,963	76,103	803,892
Corporate debentures	352,013	360,974	3,330,627
Corporate stocks	286,254	209,043	2,708,439
Other securities	418,231	672,030	3,957,155
Total	¥2,079,879	¥1,991,242	\$19,679,052

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, 2004 and 2003 were as follows:

March 31, 2004	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				¥ 133,172
Available-for-sale:				
Equity securities	¥ 132,870	¥147,160	¥ 790	279,241
Debt securities	1,346,604	9,368	3,692	1,352,280
Others	404,938	10,682	514	415,106
Held-to-maturity	7,892	283	1	8,174

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, 2004	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				\$ 1,260,029
Available-for-sale:				
Equity securities	\$ 1,257,176	\$1,392,379	\$ 7,476	2,642,079
Debt securities	12,741,079	88,643	34,936	12,794,786
Others	3,831,379	101,075	4,872	3,927,582
Held-to-maturity	74,679	2,683	17	77,345

Available-for-sale securities and held-to-maturity securities whose fair value is not readily determinable as of March 31, 2004 and 2003 were as follows:

Available-for-sale:	Carrying amount		
	Millions of Yen		Thousands of
	2004	2003	U.S. Dollars
Equity securities	¥ 7,013	¥ 7,001	\$ 66,359
Debt securities	18,344	16,740	173,567
Held-to-maturity	228,163	192,117	2,158,801
Total	¥253,521	¥215,858	\$2,398,727

Proceeds from sales of available-for-sale securities for the years ended March 31, 2004 and 2003 were ¥508,832 million (\$4,814 million), and ¥131,096 million, respectively. Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥6,016 million (\$56,929 thousand) and ¥7,339 million (\$69,440 thousand), respectively for the year ended March 31, 2004 and ¥5,495 million and ¥3,205 million, respectively, for the year ended March 31, 2003.

The carrying values of debt securities by contractual maturities for

securities classified as available-for-sale and held-to-maturity at March 31, 2004 and 2003 are as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	Available-for-sale	Held-to-maturity	Available-for-sale	Held-to-maturity
2004				
Due in one year or less	¥ 260,883	¥222,015	\$ 2,468,384	\$2,100,628
Due after one year through five years	1,114,946	12,481	10,549,211	118,091
Due after five years through ten years	98,558	1,560	932,522	14,760
Due after ten years	258,677		2,447,511	
No maturity period	300		2,844	
Total	¥1,733,365	¥236,056	\$16,400,472	\$2,233,479

	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

6. LOANS AND BILLS DISCOUNTED

Loans and bills discounted at March 31, 2004 and 2003 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars	
	2004	2003	2004	2003
Bills discounted	¥ 85,127	¥ 96,797	\$ 805,442	
Loans on bills	348,324	404,639	3,295,718	
Loans on deeds	3,420,233	3,292,689	32,360,993	
Overdrafts	1,105,082	1,086,960	10,455,886	
Total	¥4,958,767	¥4,881,086	\$46,918,039	

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, 2004 and 2003 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars	
	2004	2003	2004	2003
Loans under bankruptcy proceedings	¥ 11,852	¥ 20,342	\$ 112,142	
Past due loans	209,330	200,301	1,980,604	
Loans past due for three months or more	1,169	661	11,063	
Loans with relaxed conditions	65,097	66,214	615,928	
Total	¥287,449	¥287,519	\$2,719,737	

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, 2004 and 2003 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars	
	2004	2003	2004	2003
(a) Assets				
Due from foreign banks	¥1,620	¥ 988	\$15,334	
Foreign exchange bills bought	965	1,108	9,132	
Foreign exchange bills receivable	778	628	7,363	
Total	¥3,364	¥2,726	\$31,829	

	Millions of Yen		Thousands of U.S. Dollars	
	2004	2003	2004	2003
(b) Liabilities				
Foreign exchange bills sold	¥256	¥171	\$2,428	
Foreign exchange bills payable	24	41	230	
Total	¥280	¥212	\$2,658	

8. OTHER ASSETS

Other assets at March 31, 2004 and 2003 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars	
	2004	2003	2004	2003
Accrued income	¥ 9,682	¥12,265	\$ 91,615	
Deferral hedging loss	3,089	6,150	29,233	
Derivative products	1,704	1,929	16,127	
Bond issue cost		41		
Prepaid expenses	239	254	2,267	
Others	36,226	32,993	342,761	
Total	¥50,942	¥53,636	\$482,003	

9. PREMISES AND EQUIPMENT

Premises and equipment at March 31, 2004 and 2003 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars	
	2004	2003	2004	2003
Land, buildings and equipment	¥102,613	¥107,526	\$970,888	
Construction in progress	645	494	6,103	
Guarantee deposits on office space	2,083	1,975	19,716	
Total	¥105,341	¥109,995	\$996,707	

Premises and equipment are stated at cost less accumulated depreciation of ¥166,465 million (\$1,575,038 thousand) and ¥166,893 million in 2004 and 2003, respectively.

As of March 31, 2004 and 2003, deferred gains for the tax purposes of ¥11,855 million (\$112,173 thousand) and ¥12,480 million, respectively, on premises and equipment sold and replaced with similar assets have been deducted from the cost of newly acquired premises and equipment.

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, 2004 and 2003 were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	2004	2003	2004	2003
Assets pledged as collateral:				
Securities	¥ 443,281	¥478,099	\$4,194,168	
Loans and bills discounted	55	94	526	
Minimum future rentals on lease contacts (off balanced)	14,776	19,321	139,808	

	Millions of Yen		Thousands of U.S. Dollars	
	2004	2003	2004	2003
Relevant liabilities to above assets:				
Deposits	¥146,302	¥171,400	\$1,384,265	
Call money and bills sold	10,251	67,603	97,000	
Collateral money for securities lending borrowing transactions	51,592	32,095	488,152	
Borrowed money	8,085	10,142	76,506	
Other liabilities	4,870	7,464	46,081	

In addition to the above, the Bank has provided ¥185,574 million in securities and ¥3,382 million in Negotiable Certificates of Deposit as collateral for foreign exchange settlements and certain other transactions and as security for futures transactions.

Guarantee deposits on office space are included in premises and equipment in the amount of ¥2,083 million, and margin money on future trading is included in other assets in the amount of ¥50 million.

12. LOAN COMMITMENTS

Loan commitments at March 31, 2004 and 2003 were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	2004	2003	2004	2003
Unexecuted loan commitments outstanding				
Loans due within one year	¥1,342,422	¥1,344,104	\$12,701,511	
Loans due over one year	36,586	32,765	346,167	
Total	¥1,379,009	¥1,376,870	\$13,047,678	

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 ¥1,379,009 million (\$13,047,678 million). Of this total, ¥1,342,422 million (\$12,701,511 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, 2004 and 2003 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars	
	2004	2003	2004	2003
Current deposits	¥ 303,793	¥ 277,223	\$ 2,874,385	
Savings deposits	3,195,723	3,015,594	30,236,764	
Deposits at notice	18,952	23,509	179,317	
Time deposits	2,846,983	2,995,106	26,937,115	
Negotiable certificates of deposit	135,330	227,990	1,280,443	
Other	428,646	569,593	4,055,694	
Total	¥6,929,429	¥7,109,018	\$65,563,718	

14. BORROWED MONEY

At March 31, 2004 and 2003, the weighted average annual interests rates applicable to the borrowed money were 1.60% and 1.68%, respectively.

Borrowed money are borrowings from financial institutions. Annual maturities of borrowed money as of March 31, 2004, were as follows:

Years Ending March 31,	Millions of Yen		Thousands of U.S. Dollars	
	2004	2003	2004	2003
2005	¥ 7,814		\$ 73,935	
2006	11,559		109,371	
2007	6,504		61,544	
2008	1,704		16,127	
2009	976		9,242	
2010 and thereafter	595		5,635	
Total	¥29,155		\$275,854	

15. CORPORATE BONDS

Bonds at March 31, 2004 and 2003, consisted of the following:

	rate (%)	Millions of Yen		Thousands of U.S. Dollars	
		2004	2003	2004	2003
Unsecured bonds, payable in Japanese yen, due May 2007	1.67	¥ 20,000	¥ 20,000	\$ 189,233	
Unsecured bonds, payable in Japanese yen, due May 2005	1.27	20,000	20,000	189,233	
Unsecured bonds, payable in Japanese yen, due September 2005	1.48	20,000	20,000	189,233	
Unsecured bonds, payable in Japanese yen, due September 2010	2.22	20,000	20,000	189,233	
Unsecured bonds, payable in Japanese yen, due May 2006	0.75	20,000	20,000	189,233	
Unsecured bonds, payable in Japanese yen, due May 2008	1.11	5,000	5,000	47,308	
Unsecured bonds, payable in Japanese yen, due May 2011	1.65	5,000	5,000	47,308	
Bond, payable in U.S. dollars, due May 2004	6.95	31,707	36,060	300,000	
Bond, payable in U.S. dollars, due November 2004	6.00	31,707	36,060	300,000	
Total		¥173,414	¥182,120	\$1,640,780	

Annual maturities of bonds as of March 31, 2004, were as follows:

Years Ending March 31,	Millions of Yen		Thousands of U.S. Dollars	
	2004	2003	2004	2003
2005	¥ 63,414		\$ 600,000	
2006	40,000		378,465	
2007	20,000		189,233	
2008	20,000		189,233	
2009	5,000		47,308	
2010 and thereafter	25,000		236,541	
Total	¥173,414		\$1,640,780	

16. OTHER LIABILITIES

Other liabilities at March 31, 2004 and 2003 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Income taxes payable	¥ 9,501	¥ 8,099	\$ 89,898
Accrued expenses	9,375	9,661	88,705
Deposits from employees	3,627	3,832	34,325
Unearned income	11,433	11,183	108,184
Derivative products	4,392	8,128	41,562
Other	43,182	50,375	408,581
Total	¥81,513	¥91,281	\$ 771,255

17. 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.

In October 2003, the Bank abolished its non-contributory funded pension plan to adopt a lump-sum severance payment system. 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 upon approval. The Bank obtained approval for exemption from the future obligation by the Ministry of Health, Labor and Welfare on May 30, 2003. The substitutional portion of the plan assets which will be transferred to the government in the subsequent year is measured to be approximately ¥24,568 million as at March 31, 2004. If such substitutional portion of the plan assets would be transferred to the government on March 31, 2004, income before income taxes and minority interests would have increased by approximately ¥8,863 million.

The reserve (asset) for employees' retirement benefits at March 31, 2004 and 2003 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Projected benefit obligation	¥125,518	¥124,063	\$ 1,187,610
Fair value of plan assets	(70,948)	(61,938)	(671,286)
Unrecognized actuarial loss	(27,775)	(34,101)	(262,797)
Net reserve	¥ 26,795	¥ 28,023	\$ 253,527

The components of net periodic benefit costs for the year ended March 31, 2004 and 2003 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Service cost	¥2,451	¥3,250	\$23,195
Interest cost	2,988	2,989	28,271
Expected return on plan assets	(1,871)	(1,983)	(17,704)
Recognized actuarial losses	3,758	2,707	35,563
Other	1,452	1,057	13,740
Net periodic benefit costs	¥8,779	¥8,022	\$83,065

Assumptions used for the year ended March 31, 2004 and 2003 are set forth as follows:

	2004	2003
Discount rate	2.0%	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

18. STOCKHOLDERS' EQUITY

Japanese companies are subject to 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 the common stock balance. The amount of total additional paid-in capital and legal reserve that exceeds 100% of the common stock balance 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 balance 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 stockholders 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 dividends plus the 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 ¥255,133 million (\$2,413,984 thousand) as of March 31, 2004, 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.

19. 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
	2004	2003	2004
Valuation difference	¥162,214	¥66,091	\$ 1,534,814
Deferred tax liabilities	(64,457)	(26,134)	(609,875)
Amounts equivalent to difference on valuation on available-for-sale securities (before deduction of a portion of minority interests)	¥ 97,756	¥39,956	\$ 924,939
Minority interests adjustment	¥ (198)	¥ (50)	\$ (1,881)
Net unrealized gain on available-for-sale securities	¥ 97,558	¥39,906	\$ 923,058

20. OTHER OPERATING INCOME

Other operating income for the years ended March 31, 2004 and 2003 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Gains on foreign exchange transactions	¥1,759	¥1,662	\$ 16,647
Gains on sales of bonds	2,250	135	21,290
Other	1	2	11
Total	¥4,010	¥1,799	\$ 37,948

21. OTHER INCOME

Other income for the years ended March 31, 2004 and 2003 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Gains on sales of stocks and other securities	¥ 3,615	¥ 5,031	\$ 34,209
Gains on money held in trust		16	
Other	10,667	10,846	100,931
Total	¥14,282	¥15,894	\$ 135,140

22. OTHER OPERATING EXPENSES

Other operating expenses for the years ended March 31, 2004 and 2003 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Losses on sales of bonds	¥5,083	¥ 379	\$ 48,103
Losses on devaluation of bonds		40	
Expenses for derivatives transactions	7	785	75
Amortized bond issue cost	41	454	395
Other	16		153
Total	¥5,149	¥1,659	\$ 48,726

23. OTHER EXPENSES

Other expenses for the years ended March 31, 2004 and 2003 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Provision for reserve for possible loan losses	¥ 2,349	¥ 7,803	\$ 22,232
Loans on written-off claims and other securities	295	324	2,793
Losses on sales of stocks and other securities	1,930	2,306	18,269
Losses on devaluation of stocks and other securities	308	18,898	2,922
Losses on money held in trust	3	36	34
Losses on disposition of premises and equipment	1,386	958	13,119
Other	4,938	7,074	46,729
Total	¥11,213	¥37,402	\$ 106,098

24. INCOME TAXES

The Bank and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 39.7% and 40.8% for the years ended March 31, 2004 and 2003, respectively.

The tax effects of significant temporary differences, which resulted in deferred tax assets and liabilities, at March 31, 2004 and 2003 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Deferred tax assets:			
Reserve for possible loan losses	¥35,185	¥37,788	\$ 332,912
Depreciation	3,694	18,017	34,958
Reserve for employees' retirement benefits	17,905	3,760	169,412
Valuation loss on securities	11,289	13,371	106,818
Other	3,556	4,003	33,646
Deferred tax assets	71,631	76,940	677,746
Deferred tax liabilities:			
Net unrealized gain, net of taxes on available-for-sale securities	(64,457)	(26,134)	(609,874)
Gain on establishment of employee retirement benefit trust	(6,922)	(6,948)	(65,496)
Revaluation reserve for premises and equipment	(1,736)	(1,522)	(16,431)
Other	(82)	(591)	(776)
Deferred tax liabilities	(73,198)	(35,197)	(692,577)
Net deferred tax assets	¥ (1,567)	¥41,743	\$ (14,831)

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 year ended March 31, 2003 is as follows:

	2003
Normal effective statutory tax rate	40.8%
Reduction in deferred tax assets resulting from a change in effective tax rate	6.5
Tax benefits not recognized on operating losses of subsidiaries	0.8
Non-taxable dividend incomes	(2.0)
Other - net	(0.1)
Actual effective tax rate	46.0%

Description is omitted for the term ended March 2004 as the difference between the normal statutory tax rate and the actual effective tax rates under tax-effect accounting is smaller than one twentieth of the former.

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.

25. LEASES

(a) Lessee

Lease payments under finance leases for the years ended March 31, 2004 and 2003 were ¥24 million (\$236 thousand) and ¥28 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, 2004 and 2003 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Equipment	¥94	¥115	\$897
Acquisition cost	(55)	(61)	(523)
Net leased property	¥39	¥ 53	\$374

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Equipment	¥20	¥23	\$194
Due within one year	20	32	193
Total	¥40	¥55	\$387

26. SEGMENT INFORMATION

Information regarding business segments of the Bank and its subsidiaries for the years ended March 31, 2004 and 2003 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, 2004	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	¥ 154,377	¥19,784	¥ 7,196	¥ 181,358			¥ 181,358
Total income from intersegment transactions	638	1,308	9,210	11,158	¥(11,158)		
Total	155,015	21,093	16,407	192,516	(11,158)		181,358
Total expenses	110,465	19,963	15,687	146,116	(11,100)		135,016
Income before income taxes and minority interests	44,550	1,129	720	46,400	(57)		46,342
Total assets, depreciation and amortization and capital expenditure:							
Total assets	8,070,862	65,454	30,162	8,166,479	(59,235)		8,107,243
Depreciation and amortization	7,188	13,054	67	20,311	(76)		20,235
Capital expenditure	5,113	14,732	37	19,883	(14)		19,868

Depreciation expense and interest expense under finance lease:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Depreciation expense	¥23	¥26	\$220
Interest expense		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, 2004 and 2003 was ¥15,830 million (\$149,784 thousand) and ¥15,228 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, 2004 and 2003 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Equipment	¥104,720	¥105,009	\$990,829
Acquisition cost	(66,371)	(66,392)	(627,984)
Net leased property	¥ 38,349	¥ 38,617	\$362,845

Rights under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Equipment	¥13,944	¥14,193	\$131,937
Due within one year	27,511	27,906	260,304
Total	¥41,455	¥42,099	\$392,241

Depreciation expense under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Depreciation expense	¥11,844	¥11,968	\$112,070

Year ended March 31, 2003	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	¥ 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, 2004	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	\$ 1,460,663	\$187,198	\$ 68,087	\$ 1,715,948			\$ 1,715,948
Total income from intersegment transactions	6,041	12,382	87,151	105,574	\$(105,574)		
Total	1,466,704	199,580	155,238	1,821,522	(105,574)		1,715,948
Total expenses	1,045,185	188,891	148,425	1,382,501	(105,026)		1,277,475
Income before income taxes and minority interests	421,519	10,689	6,813	439,021	(548)		438,473
Total assets, depreciation and amortization and capital expenditure:							
Total assets	76,363,544	619,304	285,384	77,268,232	(560,468)		76,707,764
Depreciation and amortization	68,017	123,521	643	192,181	(720)		191,461
Capital expenditure	48,382	139,389	356	188,127	(134)		187,993

Note: Business segments:

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

27. DERIVATIVES

(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.

(a) Accounting for hedging activities

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

(b) 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 as follows:

Hedging instruments: Interest rate swaps, currency swaps

Hedged assets and liabilities:

Yen-denominated assets: deposits (under general method), loans (under individual hedge)

Foreign-currency denominated assets: deposits, loans, corporate bonds and other securities (under individual hedge)

(c) Assessment of the effectiveness of hedging instruments

Regarding hedged portfolio of the Bank for the reporting fiscal year, the effectiveness of a cash flow hedge is assessed based on the correlation between a base interest rate index of the hedged cash flow and that of the hedging instrument. Others have been confirmed to meet the requirements of the exceptional interest rate swap handling method.

Key Consolidated Financial Indicators

Market Value of Derivatives

2004	Millions of Yen			
	Contract or notional amount		Market value	Unrealized gain (loss)
	Total	More than one year		
Over-the-counter:				
Interest rate swaps	¥366,004	¥273,341	¥339	¥339
Currency swaps	173,029	155,970	483	483
Exchange contract	49,026		33	33
Currency option	53,712			62
Other	183,640	127,610	(73)	(48)

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 ¥21.3 billion by the current exposure method at fiscal year-end.

2003	Millions of Yen			
	Contract or notional amount		Market value	Unrealized gain (loss)
	Total	More than one year		
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)

2004	Thousands of U.S. Dollars			
	Contract or notional amount		Market value	Unrealized gain (loss)
	Total	More than one year		
Over-the-counter:				
Interest rate swaps	\$3,462,999	\$2,586,254	\$3,208	\$3,208
Currency swaps	1,637,142	1,475,738	4,578	4,578
Exchange contract	463,871		317	317
Currency option	508,204		(2)	592
Other	1,737,534	1,207,399	(692)	(460)

28. 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, 2007. 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.

29. NET INCOME PER SHARE

Basic net income per share ("EPS") for the years ended March 31, 2004 and 2003 is computed as follows:

For the year ended March 31, 2004	Millions of Yen	Thousands of Stocks	Yen	Dollars
	Net income	Weighted average stocks		EPS
Basic EPS				
Net income available to common stockholders	¥26,913	715,110	¥37.63	\$0.356
For the year ended March 31, 2003				
Basic EPS				
Net income available to common stockholders	¥12,642	740,557	¥17.07	\$0.142

30. SUBSEQUENT EVENTS

(a) Appropriations of Retained Earnings

The following appropriations of retained earnings were authorized at the ordinary general stockholders' meeting held on June 25, 2004:

	Millions of Yen	Thousands of U.S. Dollars
Cash dividends, ¥4 (\$0.03) per share	¥2,834	\$26,821
Bonuses to directors and corporate auditors	30	284
Total	¥2,864	\$27,105

(b) Purchase of treasury stock

At the general stockholders' meeting held on June 25, 2004, the stockholders approved the following:
Pursuant to the revision of the "Code," the Bank revised its articles of incorporation as the Bank could repurchase its common stock as treasury stock by resolution of the Board of Directors.

(c) Retirement and pension plans

The contributory funded defined benefit pension plan, 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.

On April 1, 2004, the Bank received approval for transfer of the substitutional portion of past pension obligations to the government, from the Ministry of Health, Labor, and Welfare. Due to this change, the Bank will recognize additional income of ¥8,863 million for the period ending March 31, 2005.

On the same day, the Bank also received approval for transition from the contributory funded defined benefit pension plan to the defined benefit pension plan which covers a corporate portion of the pension program from the Ministry of Health, Labor, and Welfare. Due to this change, the Bank will recognize additional income of ¥1,948 million for the period ending March 31, 2005.

(d) Bond issue

On June 17, 2004, the Board of the Directors of the Bank made a resolution for the issuance of U.S. dollar-denominated unsecured corporate bonds to procure funds for long-term investments as well as working capital. Details are as follows.

Maximum amount of face value: US\$300 million

Interest rate: a fixed interest rate that shall not exceed the dollar-denominated LIBOR rate after interest rate swap

Redemption: in lump-sum on maturity

Issue period: July 1 to September 30, 2004

Summary of Profits (Losses)

Years ended March 31	Millions of Yen			Percentage change
	2004	2003	Increase (decrease)	
Net interest income	¥ 105,311	¥110,215	¥ (4,904)	(4.5)%
Net fees and commissions	22,273	20,043	2,229	11.1
Net trading income	915	1,385	(469)	(33.9)
Net other operating profits	(1,139)	139	(1,279)	(914.2)
General and administrative expenses	84,091	84,979	(888)	(1.0)
Net other recurring losses	3,798	(24,611)	28,409	(115.4)
Recurring profits	47,071	22,178	24,893	112.2
Income before income taxes and minority interests	46,342	25,281	21,060	83.3
Income taxes:				
Current	13,533	12,181	1,351	11.1
Deferred	4,987	(547)	5,535	(1,010.7)
Minority interest in net income of consolidated subsidiaries	858	954	(95)	(10.0)
Net income	26,962	12,693	14,268	112.4

Breakdown of Net Interest Margin

Year ended March 31	Billions of Yen
	2004
Interest income	¥ 119.6
Average interest-earning assets	7,471.6
Average interest rate of interest-earning assets (%)	1.60
Interest expenses (Note)	14.3
Average interest-bearing liabilities	7,349.8
Average interest rate of interest-bearing liabilities (%)	0.19
Net interest income	105.3

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		
	2004	2003	Increase (decrease)
Gain on foreign exchange transactions	¥1,759	¥1,662	¥ 97
Gain/loss on government bonds	(2,833)	(284)	(2,549)
Gain on sale	2,250	135	2,115
Loss on sale	(5,083)	(379)	(4,704)
Amortization		(40)	40
Amortized bond issue cost	(41)	(454)	413
Provision for possible investment losses			
Gain/loss on derivatives transactions	(7)	(785)	777
Proceeds from derivatives transaction			
Expenses for derivative products	(7)	(785)	777
Others	(15)	2	(17)
Gain/loss on other business	(1,139)	139	(1,279)
Other operating revenue	4,010	1,799	2,211
Other operating expenses	(5,149)	(1,659)	(3,490)

Loans Outstanding by Type of Borrower

March 31	Billions of Yen, % Share			
	2004		2003	
Domestic branches:				
Manufacturing	¥ 921.5	18.9%	¥ 930.9	19.4%
Agriculture	7.2	0.1	7.6	0.2
Forestry	0.1	0.0	0.2	0.0
Fishery	4.4	0.1	5.5	0.1
Mining	9.7	0.2	8.7	0.2
Construction	282.7	5.8	279.4	5.8
Utilities	86.6	1.8	90.1	1.9
Telecommunications	29.9	0.6	32.3	0.7
Transportation	174.7	3.6	183.7	3.8
Wholesale and retailing	699.1	14.3	686.7	14.3
Finance and security	233.2	4.8	240.6	5.0
Real estate	270.6	5.5	261.9	5.4
Other miscellaneous services	544.6	11.2	536.2	11.2
Local governments	132.7	2.7	139.8	2.9
Other	1,485.6	30.4	1,398.8	29.1
Subtotal	4,883.5	100.0	4,802.8	100.0
Overseas branches and offshore accounts:				
Governments and official institutions				
Banks and other financial institutions				
Other	75.2	100.0	78.1	100.0
Subtotal	75.2	100.0	78.1	100.0
Total	¥4,958.7		¥4,881.0	

Risk Management Asset Information

March 31	Millions of Yen		
	2004	2003	Increase (decrease)
Loans under bankruptcy proceedings A	¥ 11,852	¥ 20,342	¥ (8,489)
% of loans and bills discounted	0.23	0.42	(0.18)
Past due loans B	209,330	200,301	9,028
% of loans and bills discounted	4.22	4.10	0.11
Loans past due for three months or more C	1,169	661	508
% of loans and bills discounted	0.02	0.01	0.01
Loans with relaxed conditions D (D=E+F+G)	65,097	66,214	(1,117)
% of loans and bills discounted	1.31	1.35	(0.04)
Restructured loans (Old category) E	2,343	174	2,168
% of loans and bills discounted	0.04	0.00	0.04
Claims for which interest payments have been deferred F			
% of loans and bills discounted			
Principal repayment postponed loans G	62,754	66,040	(3,286)
% of loans and bills discounted	1.26	1.35	(0.08)
Risk management loan total H (H=A+B+C+D)	287,448	287,519	(70)
% of loans and bills discounted	5.79	5.89	(0.09)
Value covered with collateral, guarantees, etc. I	247,316	250,772	(3,455)
Cover ratio (%) I/H	86.04	87.22	(1.18)

- 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 recovery 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	
	2004	2003
General reserve	¥31,255	¥ 33,305
Specific reserve	62,822	69,010
Reserve for specific foreign credit	26	26
Total	¥94,104	¥102,341
[Loans on written-off claims for the year]	¥ [295]	¥ [324]

Financial Index

Years ended March 31	Consolidated			Non-Consolidated		
	2004	2003	Increase (decrease)	2004	2003	Increase (decrease)
Per share (Yen):						
Net income	¥ 37.63	¥ 17.07	¥ 20.56	¥ 37.20	¥ 16.55	¥ 20.65
Net assets	833.36	722.34	111.02	831.75	721.33	110.42
Cash dividends	7.00	7.00		7.00	7.00	
Dividend payout ratio (%)				18.81	42.29	(23.48)
Return on equity (ROE) (%) (Note)	4.85	2.35	2.50	5.62	2.53	3.09
Price earnings ratio (PER) (%)	23.83	44.81	(20.98)	24.11	46.22	(22.11)

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

Capital Adequacy Ratio

March 31	Billions of Yen			
	Consolidated		Non-Consolidated	
	2004	2003	2004	2003
Tier I:				
Common stockholders' equity	¥ 499.6	¥ 485.5	¥ 489.3	¥ 476.2
Tier II capital included as Tier I				
Total adjusted Tier I capital	499.6	485.5	489.3	476.2
Tier II:				
45% of an aggregate amount equivalent to the balance sheet value of available for sale securities with relevant aggregate book value deducted	72.9	29.7	72.6	29.6
Reserve for possible loan losses, excluding specific reserve	31.2	33.3	30.2	32.4
Others				
Tier II capital included as Tier I				
Total adjusted Tier II capital	104.1	63.0	102.8	62.0
Tier II capital included as qualifying capital	104.1	63.0	102.8	62.0
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	603.0	547.7	591.3	537.4
Total risk-adjusted assets (Notes 1, 3)	4,433.3	4,409.1	4,384.2	4,357.9
Capital adequacy ratio (%) (Note 2)	13.60	12.42	13.48	12.33
Tier I ratio (%) (Note 2)	11.27	11.01	11.16	10.92

- 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	
	2004	2003
Commitments to extend credit	¥2,644.2	¥2,595.3
Guarantees	99.4	109.7
Total	¥2,743.7	¥2,705.0

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, 2004)
3,716

DATE OF ESTABLISHMENT
March 1, 1943

DOMESTIC NETWORK
(As of July 1, 2004)
Head Office, 161 branches,
18 sub-branches and 1 agency

OVERSEAS NETWORK
(As of July 1, 2004)
2 branches, 1 agency and
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

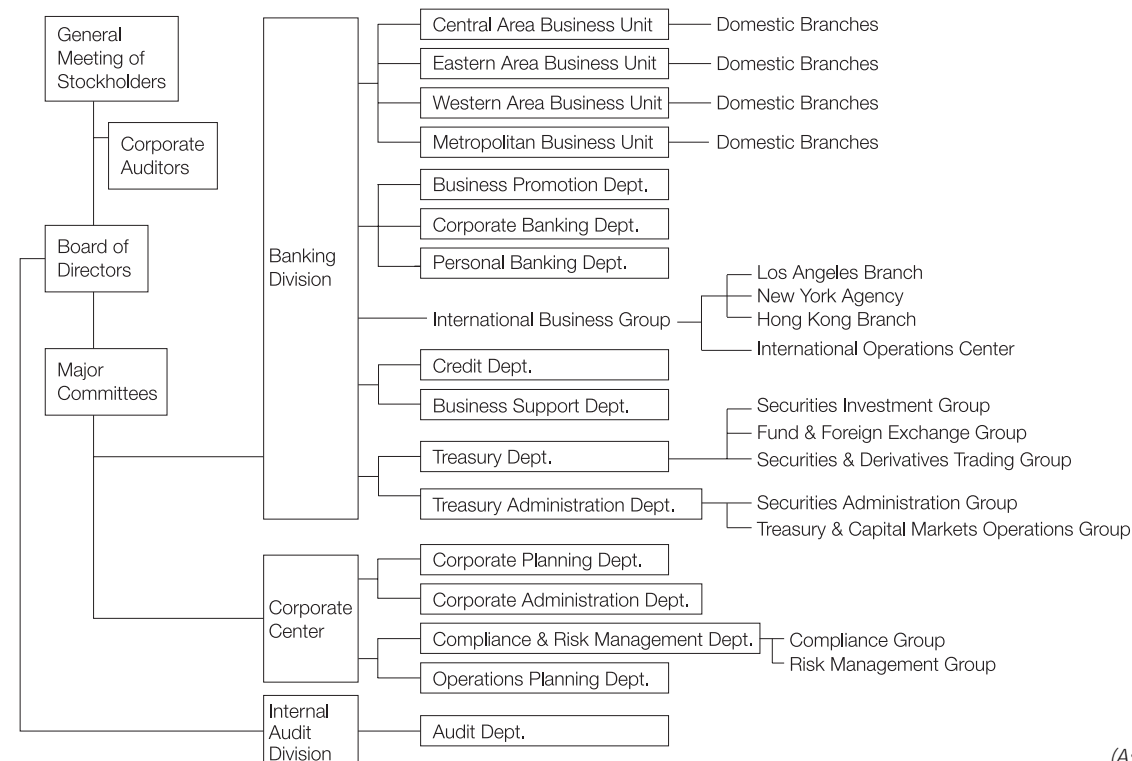
Hong Kong Branch
Suite 1010, 10th Floor, Chater House,
8 Connaught Road, Central, Hong Kong
People's Republic of China
Phone: (852) 2521-6547
Telex: 89566 SIZBK HX

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, 2004)

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
Hisashi Hotta
Yasuhiko Saito
Hiroyuki Aoshima

(As of July 1, 2004)

Investor Information

CAPITAL STOCK (As of March 31, 2004)

Common stock..... ¥90,845 million

NUMBER OF SHARES (As of March 31, 2004)

Authorized..... 2,444,596,000 shares
Issued and outstanding..... 720,129,069 shares

NUMBER OF STOCKHOLDERS (As of March 31, 2004)

22,944

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)

Years ended March 31	2000	2001	2002	2003	2004
High	1,460	1,076	1,110	874	934
Low	830	841	761	705	745

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

Month	Oct. 2003	Nov. 2003	Dec. 2003	Jan. 2004	Feb. 2004	Mar. 2004
High	860	809	805	809	799	934
Low	753	745	756	753	756	786
Turnover (thousands of shares)	22,378	17,544	22,374	17,382	15,797	39,536

PRINCIPAL STOCKHOLDERS

The 10 largest stockholders of the Bank and their respective stockholdings at March 31, 2004 were as follows:

	Number of Shares in Thousands	Percentage of Total Shares Outstanding
Meiji Yasuda Life Insurance Company	49,657	6.89%
Japan Trustee Services Bank, Ltd. (trust account)	31,817	4.41
The Bank of Tokyo-Mitsubishi, Ltd.	29,884	4.14
Nippon Life Insurance Company	28,901	4.01
The Dai-ichi Mutual Life Insurance Company	23,546	3.26
The Master Trust Bank of Japan, Ltd. (trust account)	21,301	2.95
Mizuho Corporate Bank, Ltd.	16,604	2.30
The Tokio Marine & Fire Insurance Co., Ltd.	14,527	2.01
Sumitomo Life Insurance Company	12,070	1.67
Shinsei Bank, Ltd.	11,867	1.64
Total	240,178	33.35%

Our Operational Base: Shizuoka Prefecture

Shizuoka's Economic Outlook

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 the transportation routes between the nation's three major industrial centers — Tokyo, Osaka, and Nagoya. The prefecture is home to many industries, especially manufacturers.

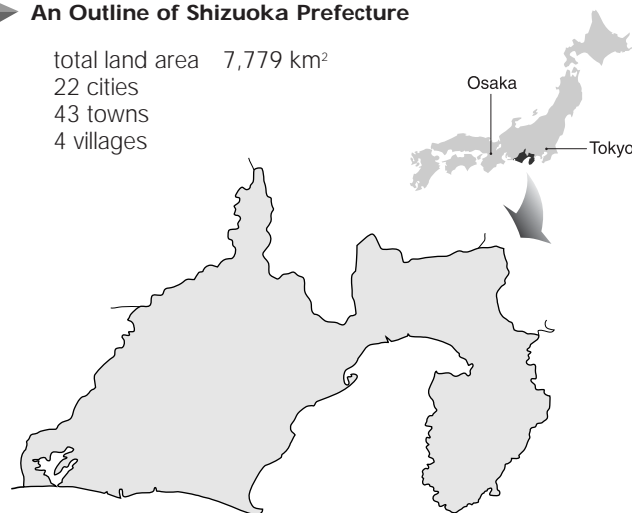
In fact, because Shizuoka accounts for around 3% of the nation's total population, number of businesses, and numerous other indicators, it is sometimes referred to as the "3% economy."

Land and Population

Shizuoka Prefecture, at 7,779km², ranks 13th in terms of total land area. With a population of 3.8 million residents (as of October 2003), it was the country's 10th most populous prefecture. The population increased 0.9% over the past five years.

► An Outline of Shizuoka Prefecture

total land area 7,779 km²
22 cities
43 towns
4 villages



Economic Scale

With a nominal annual economic output of ¥15.4 trillion (US\$146.6 billion) in fiscal 2001, roughly equivalent to the gross domestic product of Indonesia, Shizuoka prefecture is clearly an important economic force within Japan. Many foreign companies are operating in the prefecture, while a large number of Japanese companies in the prefecture have established overseas operational bases.

There were approximately 208,000 private-sector business premises in Shizuoka Prefecture (as of October 2001). Wholesaling and 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.

► 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 2002
Population	3,790,000	3.0%	10th	October 2003
Households	1,331,000	2.7%	10th	March 2003
Gross product (nominal)	¥15,497.6 billion	3.1%	10th	FY2001
Business premises	207,923	3.3%	9th	October 2001
Value of farm output	¥257.4 billion	2.8%	12th	2002
Fishery catch	182,000 tons	3.2%	9th	2002
Manufactured goods shipments (by factories with four employees or more)	¥16,185.1 billion	6.0%	3th	2002
Annual revenue of wholesaling industry	¥7,181.9 billion	1.7%	11th	2002
New housing starts	34,684	3.0%	10th	2003
Information service sales	¥101.9 billion	0.7%	13th	2002

Industry Characteristics

The three main areas of Shizuoka Prefecture — Eastern, Central, and Western — have all achieved development in different ways. In Eastern Shizuoka, the paper & pulp industry dominates, taking advantage of the abundant underground water resources in the vicinity of Mt. Fuji. The area also boasts one of Japan's most popular 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, including wholesaling and retailing. This area is also famous for such industries as traditional handicrafts and plastic models, as well as tea processing and food canning. The area contains Yaizu Port, which takes in the largest fish hauls in Japan, and Shimizu Port, an international cargo-handling port

that continues to grow. Western Shizuoka has a high concentration of manufacturers, such as makers of motorcycles and musical instruments. Numerous world-class export-oriented manufacturers got their start in the prefecture, and still conduct operations there. It is to this area that Shizuoka owes its reputation as a heavily industrialized prefecture.

Leveraging the technology and expertise of the manufacturers operating within the prefecture, research and development initiatives focusing on optical and medical fields are being conducted jointly by private-sector enterprises, public sector bodies and academia. Simultaneously, small and medium-sized companies are commercializing products based on their own priority technologies. In view of these factors, we expect continued growth in the future.

► Shipments of Manufactured Products in which Shizuoka Holds 1st Place (2001)

Item	Value of Shipments (¥ billion) Shizuoka Pref.	Share of Nationwide Total	Nationwide Rank
Pulp & paper	677.9	27.0%	1st
Air conditioners	299.2	40.7%	1st
Green tea	203.5	60.9%	1st
Musical instruments	189.7	79.9%	1st
Motorcycles (in kit form)	65.6	29.9%	1st
Canned tuna	41.5	90.7%	1st
Aluminum foil	31.8	36.2%	1st

CONTACT

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THE SHIZUOKA BANK, LTD.

