

Shizuoka Bank Group



Shizuoka Bank Group at a Glance

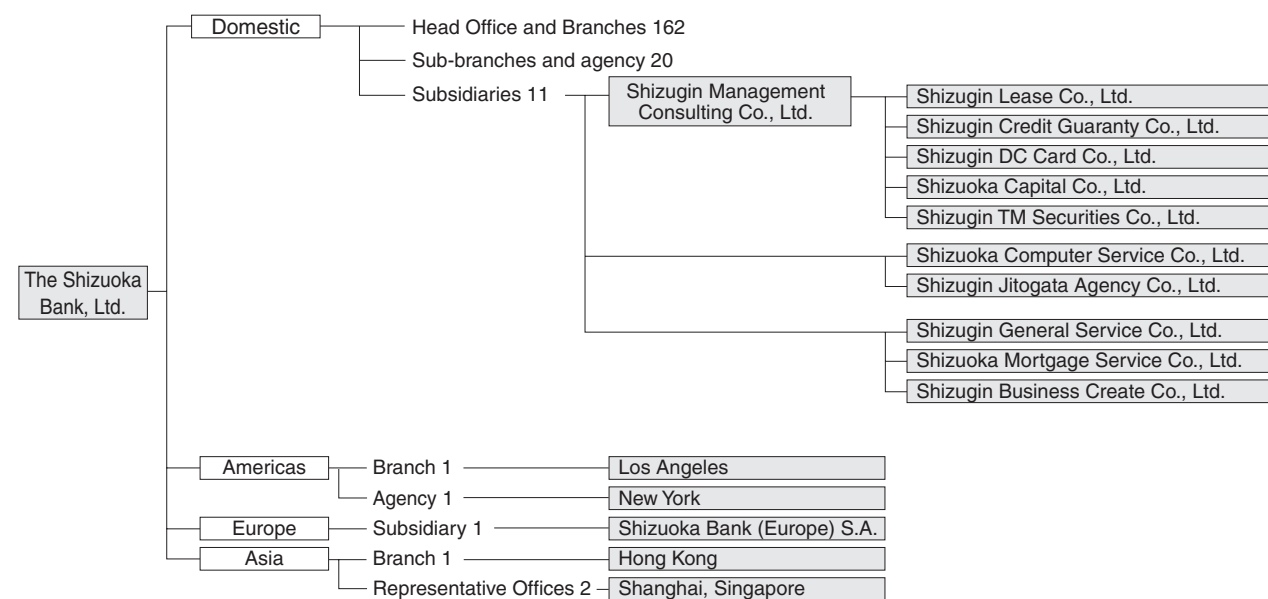
NURTURING THE VISION OF A PROSPEROUS COMMUNITY

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

A FIRST-CLASS REGIONAL BANK GROUP

The Shizuoka Bank Group comprises Shizuoka Bank and 12 Group companies, and is one of Japan’s largest regional banking groups. Centered on Shizuoka Bank, with its 161 branches, 20 sub-branches, and one agency, the Group serves the needs of customers not only within Shizuoka Prefecture, its home region, but also in Japan’s three major economic centers, namely Tokyo, Osaka and Nagoya, all of which are comparatively nearby. Overseas, the Bank operates in New York, Los Angeles, Brussels, Hong Kong, Shanghai, and Singapore.

The Structure of the Shizuoka Bank Group (As of Sep. 7, 2005)



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A SOLID FINANCIAL STRUCTURE

As of March 31, 2005, Shizuoka Bank's total assets stood at ¥8,412.0 billion (US\$78,331 million) on a consolidated basis, together with loans and bills discounted of ¥5,032.3 billion (US\$46,860 million), and deposits of ¥6,937.3 billion (US\$64,599 million). The Bank's capital adequacy ratio was 13.53% on a consolidated basis, one of the highest ratios among Japanese banks, and its Tier I ratio was 11.38%, substantially higher than the BIS standard of 8% for banks engaging in international operations.

Consolidated Financial Highlights

THE SHIZUOKA BANK, LTD. and Subsidiaries

Years ended March 31	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Income before income taxes and minority interests	¥61,762	¥46,342	\$575,120
Net income	35,470	26,962	330,298

	Yen		U.S. Dollars
Net income per share	¥49.99	¥37.63	\$0.47
PER (Times, Non-consolidated)	21.92	24.11	
PBR (Times, Non-consolidated)	1.23	1.07	

March 31	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Total assets	¥8,412,069	¥8,107,243	\$78,331,966
Deposits	6,937,309	6,929,429	64,599,216
Loans and bills discounted	5,032,335	4,958,767	46,860,373
Securities	2,229,815	2,079,879	20,763,713
Common stock	90,845	90,845	845,942
Total stockholders' equity	622,606	590,633	5,797,618
ROE (%)	5.84	4.85	
Capital adequacy ratio (BIS) (%)	13.53	13.60	
Tier I ratio (%)	11.38	11.27	

Notes: 1. Translation into U.S. dollars has been made solely for the convenience of readers outside Japan at the exchange rate of ¥107.39 to \$1, the approximate rate of exchange at March 31, 2005.
2. In this annual report, dollar figures are rounded off, but Japanese yen figures have been truncated in the process of calculation.

INTERNATIONAL CONFIDENCE

Shizuoka Bank, the core company of the Group, stands in the foremost rank of Japanese banks in terms of financial soundness. This is reflected in the fact that the Bank has received among the highest credit ratings received by any Japanese financial institution from four major credit rating agencies: three overseas and one Japanese.

(As of July 31, 2005)

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

* Bank Fundamental Strength Rating

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 Group that are not historical facts, are forward-looking statements about the future performance of the Group. 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 Group 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 Group's market (particularly Shizuoka Prefecture) and (2) fluctuations in market interest rates and exchange rates.

To Our Stakeholders



Yasuo Matsuura,
Chairman

Katsunori Nakanishi,
President & Chief Executive Officer

The Japanese economy is sustaining a modest recovery both nationally and regionally, and with this, the financial industry has successfully completed the emergency phase during which it was compelled to deal with its non-performing loans problem, and Financial Services Agency of Japan has implemented a switch in policy emphasis from stabilizing the financial system to one of infusing it with renewed vigor. Accompanying this, local financial institutions are being required to carry out new management reforms, including the formulation and implementation of "relationship banking promotion plans."

Amid this operating environment, in fiscal 2005 the Shizuoka Bank Group embarked upon its 9th medium-term management plan, the first of its kind for the Group as a whole. The plan, dubbed The 3C Plan: Challenge to Creation and Change, constitutes a positive extension of the ideals of its predecessor, which set out a clear path for sustainable growth. The new plan places corporate social responsibility (CSR) as the basis of the corporate activity of the Shizuoka Bank Group, and under it we will maintain our strong emphasis on our local region, and achieve sustained growth by operating as an integral part of the region.

At all levels of the Group we are committed to repaying your confidence in us, and living up to your expectations of us as a reliable and preferred total financial group, no matter what the economic and social conditions. We look forward to your continued support and goodwill.

September 2005

Yasuo Matsuura
Chairman

Katsunori Nakanishi
President & Chief Executive Officer

Message from the President

Contributing to the regional community as a reliable and preferred total financial group



The Japanese economy has at last emerged from its protracted sluggishness and is moving back to a modest recovery path, buoyed by the vigor of the private sector. In the economy of Shizuoka Prefecture, we have also been seeing a steady recovery trend, reflected in corporate investment in rationalization and renovation, and in uptrends in vigorous investment for such purposes as the building of manufacturing facilities for new products, and capacity expansion.

As the core element in the financial sector of the region, the Shizuoka Bank Group regards its principal missions as ensuring that these trends are placed on a firm footing, and helping reinvigorate the regional economy.

Achievements under the 8th Medium-term Management Plan

From fiscal 2001 through fiscal 2004, Shizuoka Bank implemented its 8th medium-term management plan, known as "TINA prime," throughout the Group.

The theme of the first two years of the plan was "reforming our earnings structure." In this phase, we sought to strengthen our resilience in a way that would enable us to generate stable earnings, even under adverse operating conditions. Measures to achieve that included the cultivation of new income opportunities and the establishment of a low-cost operating structure.

During the last two-year phase, we took advantage of the upturn in the economy and adopted a more offensive management posture. Following a basic policy of pursuing growth and expansion by increasing gross operating profit, Shizuoka Bank has also undertaken the reform of its marketing system and the reform of its credit-screening system and lending program, and have endeavored to boost both loan volume and fee business. Of particular note was that in response to

the requirements of the government's Action Program Concerning Enhancement of Relationship Banking Functions, during fiscal 2004 we devoted our energies to two tasks: the rehabilitation of the finances of SMEs (small and medium-sized enterprises) and the revitalization of the regional economy. For these purposes we endeavored to adopt an approach akin to that of a local family doctor through offering various financial services and products.

As a result of these efforts, in fiscal 2004 both ordinary profit* and net income reached all-time highs (both on a consolidated and a non-consolidated basis), and gross operating profit showed an upturn from its previous downtrend (on a non-consolidated basis), enabling us to achieve a rebound in our top line. This also reflected the reaping of gains from factors such as changing the attitude of employees in their screening of loan applications to one of being positive in principle, and reforming their conduct from a defensive to an aggressive stance.

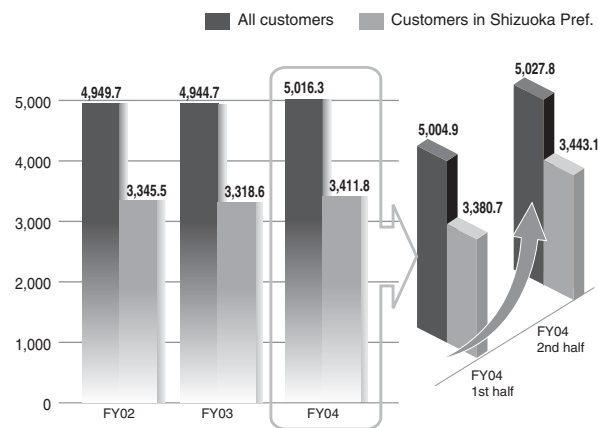
* Due to reclassification, ordinary profit does not appear in the income statements.

Achievement in Services for Corporate Customers

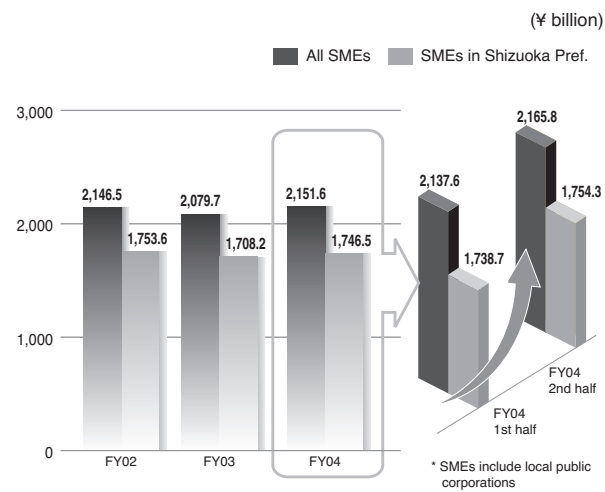
Shizuoka Bank has been reforming its credit screening system and lending program, including by expanding branch managers' discretionary lending limits, and introducing new products for SMEs that do not require collateral or guarantors. As a result, both total loans and loans to SMEs have increased for three successive half-terms since the second half of fiscal 2003. On a fiscal-year basis, the average balance of total loans in fiscal 2004 totaled ¥5,016.3 billion, moving back above the ¥5 trillion mark for the first time in three years, while the average balance of loans to SMEs totaled ¥2,151.6 billion, up by ¥71.9 billion year-on-year, including a ¥38.3 billion increase in lending within Shizuoka Prefecture.

We also provide companies with a comprehensive consulting service and a variety of financial services that bring together the Group's diverse financial capabilities, offering support in such areas as mergers and acquisitions and IPOs. Through these we have been able both to play a role in nurturing creative companies of the kind that will form the backbone of regional industries in the future, and also to meet a wide variety of customers' needs, such as by providing corporate customers with support for management improvements and the revitalization of their business operations.

Balance of Total Loans (average; non-consolidated)
(¥ billion)



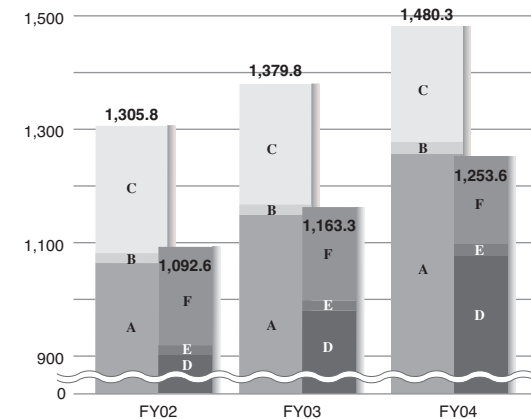
Balance of Loans to SMEs (average; non-consolidated)
(¥ billion)



Achievement in Services for Individual Customers

Shizuoka Bank endeavors to provide a smooth supply of funds to individual customers by enhancing the sophistication of its screening based on credit scoring and by ensuring a quick response to customers' needs for funds. Other measures taken included the expansion of loan centers and other channels, the introduction of new products, and use of marketing techniques to promote unsecured loans. As a result, the average balance of loans to individual customers in fiscal 2004 totaled ¥1,444.2 billion, representing an increase of ¥82.8 billion from the previous fiscal year, including a ¥77.2 billion increase in lending within Shizuoka Prefecture.

Balance of Individual Loans (at term-end; non-consolidated)
(¥ billion)

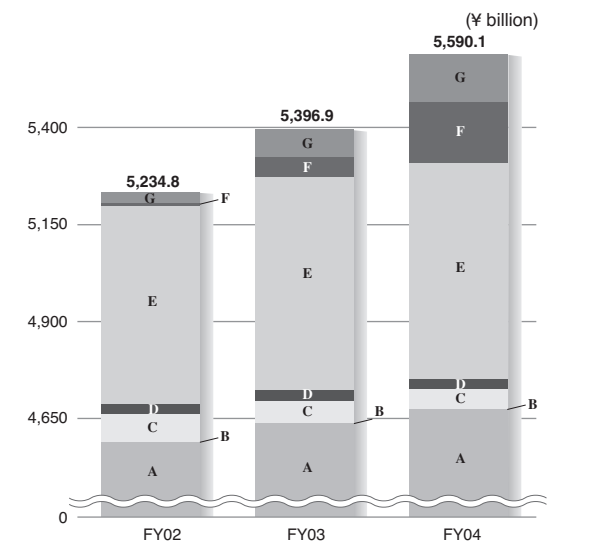


Loan breakdown		Within Shizuoka Pref.	
A	Mortgage loans	D	Mortgage loans
B	Unsecured loans	E	Unsecured loans
C	Other loans	F	Other loans

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

Shizuoka Bank, directly or through a subsidiary engaged in the securities business, Shizugin TM Securities, has also been offering an extensive lineup of attractive financial products for individual customers, proposing the optimum portfolio for the management of the assets of each individual. In addition, to realize the concept of a "one-stop shop" for financial services, Shizuoka Bank and its subsidiary have been moving towards the joint use of outlets. To enhance that collaboration still further, in December 2004 the Bank commenced securities agency business to provide products and services of the Group's securities company at six of its branches.

Balance of Individual Assets under Custody (at term-end; Shizuoka Bank and Shizugin TM Securities)
(¥ billion)



A	Yen deposits	E	Public bonds
B	Negotiable certificate of deposits	F	Personal pension insurance
C	Foreign currency deposits	G	Assets under custody of Shizugin TM Securities
D	Investment trusts		

The 9th Medium-term Management Plan

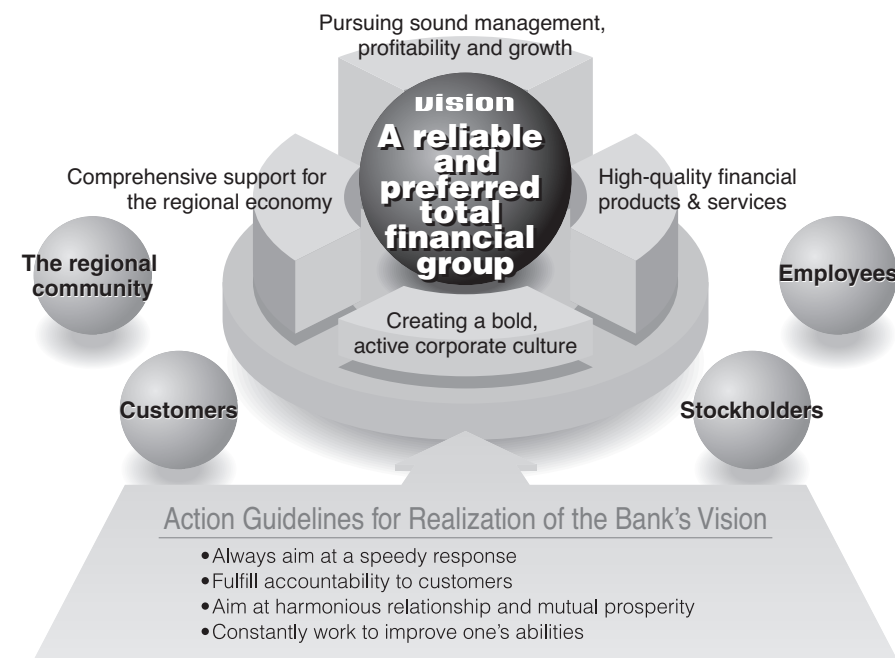
Now that the non-performing loans problem has been largely eliminated, the Japanese financial authorities will be placing emphasis on the vitality of individual financial institutions, their objective being to make Japan a “financial services nation” that provides services with a high level of user satisfaction and is highly regarded internationally. Based on the government’s Action Program Concerning Enhancement of Relationship Banking Functions, which was announced in March 2005, regional financial institutions are being called upon to make extensive contributions to regional economies, so as to help realize vibrant regional communities by conducting creative management in close harmony with their local regions.

Financial institutions also have a number of other issues to contend with. For example, we must take steps to ensure compliance with the revised international capital framework, known as Basel II, which is to be applied from the fiscal year ending in March 2007, and address financial crime such as

the use of fake or stolen cash cards, which has become a major social problem.

In April 2005 the Shizuoka Bank Group began implementation of its first Group-wide management plan: the 9th medium-term management plan, dubbed The 3C Plan: Challenge to Creation and Change. The plan’s objective is to enable the Group as a whole to deal more expeditiously and appropriately with the succession of issues that are expected to confront its management in the future, and to reform itself into a reliable and preferred total financial group, which can keep with the new era in the financial sector.

This 9th medium-term management plan constitutes a positive extension of the ideals of its predecessor, the 8th plan, which set out a clear path for sustainable growth and expansion. With consolidated management and corporate social responsibility (CSR) as the plan’s basic policies, we will maintain our emphasis on our home region and strengthen our relationship banking function. In this way we aim to achieve sustainable growth by operating as an integral part of the region.



The Group’s Long-Term Vision Targeted Management Indicators (on a consolidated basis)

The following are the management indicators that we are targeting for achievement in fiscal 2007, the final year of the 9th medium-term management plan.

- | | |
|------------------------------------|---------------------|
| (1) Earnings indicators | |
| Ordinary profit | ¥60 billion or more |
| Net income | ¥35 billion or more |
| (2) Efficiency indicators | |
| ROE (Net income/Tier I) | 6.5% or more |
| ROA (Net income/Ave. total assets) | 0.4% or more |
| OHR | Approx. 55% |
| (3) Soundness indicator | |
| Tier I capital adequacy ratio | Approx. 10% |

Consolidated Management Targeting Sustainable Group Growth by Leveraging Synergies

The Shizuoka Bank Group comprises companies with diverse capabilities such as a securities company and a management consulting firm, and companies in the fields of venture capital, leasing and so on. We intend to concentrate the financial functions of these Group companies and review the business domain in which they operate, so as to maximize the synergy effects created by the interplay between the Bank and its Group companies, and thereby provide customers with optimum financial services and on the same time diversify our sources of earnings.

Corporate Social Responsibility (CSR) Aiming to Achieve Sustained Group Development in Tandem with the Development of the Regional Community and Economy

For any company to enhance its sustainability and achieve lasting development, it is essential for it to get the understanding, sympathy, trust and support of the local community and all stakeholders around it, such as its customers, its stockholders and its employees. Based on our corporate philosophy of seeking to “expand dreams and affluence with our community,” we in the Shizuoka Bank Group regard it as our duty to contribute to the development of the regional community by bringing our high-quality integrated financial capabilities into full play. In line with this, we will make CSR the unshakable basis of our corporate activities, pursuing both the benefit of all our stakeholders and ongoing growth as an integral part of the regional community that we serve.

Financial institutions are today facing an era of considerable change. Based on its new medium-term management plan, the Shizuoka Bank Group is entirely committed to “Challenge to Creation and Change” as described in the name of the plan, so as to release all of its potential as a regional financial institution, and to live up to your expectations.

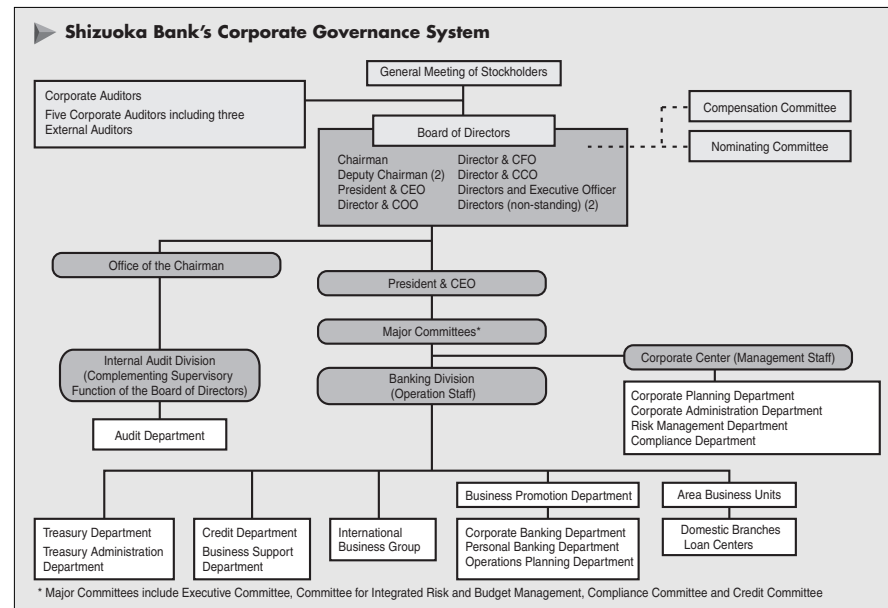

Katsunori Nakanishi

President & Chief Executive Officer

To Fulfill Our Social Responsibilities

The Shizuoka Bank Group's corporate mission of expanding dreams and affluence with our community informs all our operational policies. Viewing corporate ethics as a management priority, we have drawn up an Ethical Charter, and are undertaking various measures to strengthen our corporate governance system, compliance and risk management systems.

In our 9th medium-term management plan, as the "reliable and preferred total financial group," we are making steady progress in realizing our corporate philosophy in our daily operations, and thus fulfilling our corporate social responsibility.



Shizuoka Bank's Corporate Governance System

In accordance with the Bank's corporate philosophy and Ethical Charter, Shizuoka Bank's Board of Directors operates as the body for handling the Bank's decision-making and oversight functions. It sets basic policy for important management strategy, as well as for compliance and risk management, and monitors the execution of business duties.

In addition, Shizuoka Bank adopts an auditor system as provided for in the Japanese Commercial Code. An outside executive, a lawyer and a university professor serve as auditors to ensure the Bank conducts its business in a transparent way, and to strengthen oversight functions. The management of everyday operations is carried out by the President, the Senior Vice Presidents, 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 particular fields of operation and specially appointed by the Board. This approach is aimed at creating a system that can respond with precision and flexibility to changes in the management environment, while clearly delineating authority and responsibility. We set up the Office of the Chairman in June 2005, which monitors the management of the Bank's daily operations by

the executives, to reinforce corporate governance by clearly separating the function of management oversight from the execution of daily operations. Besides, the Chairman and the deputy chairmen take part in public and social activities, and contributes to community life.

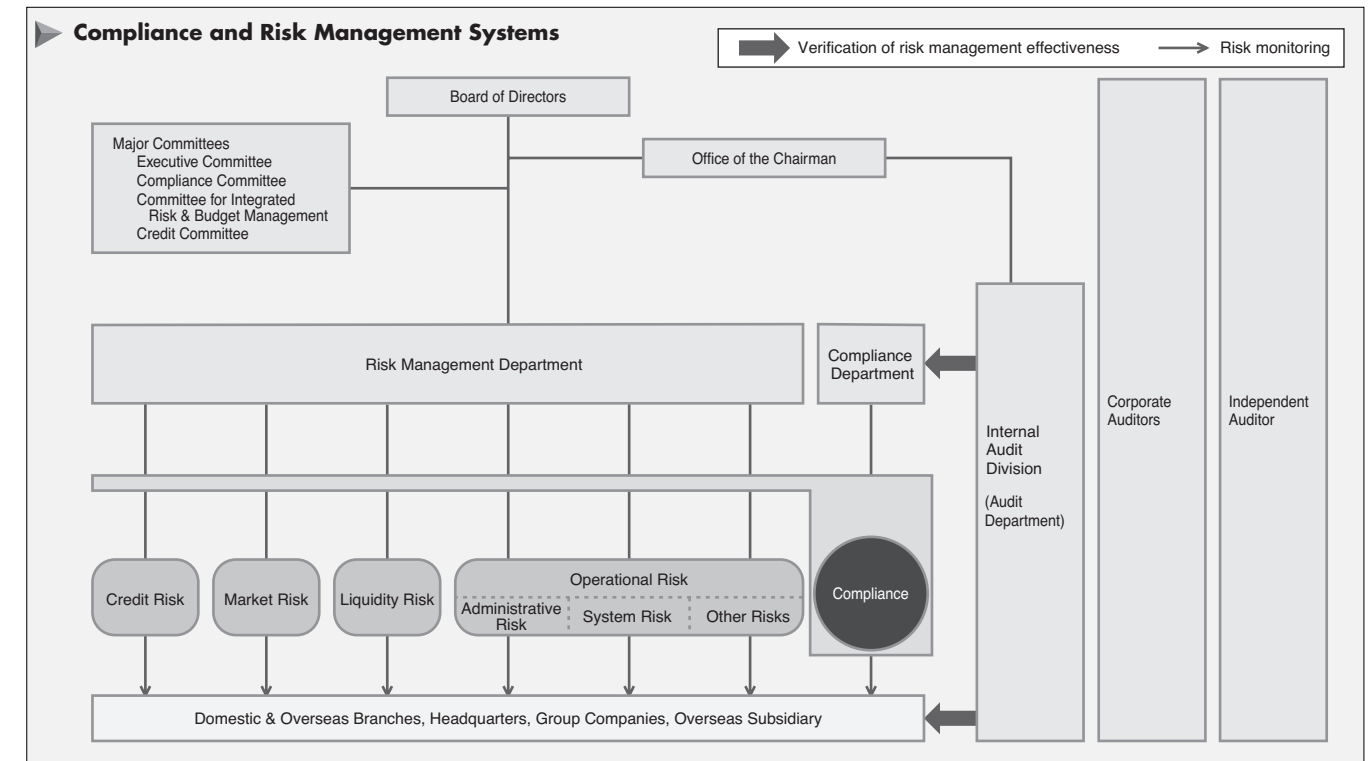
Shizuoka Bank has also established a Compensation Committee and a Nominating Committee as advisory bodies to the President. These committees discuss the appropriateness of compensation paid to directors and executive officers, and the appointment of candidates to improve the fairness and transparency of the decision-making process.

Creation of an Internal Monitoring System

The Bank has classified the organization into three arms, based on function – the Banking Division, handling front office business operations; the Corporate Center, with managers for corporate planning, administration and risk management; and the Internal Audit Division, conducting internal auditing. It has also strengthened cross-checking among these three arms.

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 Office of the Chairman, ensuring more objective and effective internal auditing.

Compliance and Risk Management Systems



Basic Compliance Policy and Organizational Structure

Social awareness regarding corporate compliance is stronger than ever. For a bank, given the highly public role it has, that responsibility is especially heavy.

Having long recognized compliance to be a top-priority management issue, we drew up the Shizuoka Bank Ethical Charter in April 1998. In accordance with this charter, we built and strengthened our compliance structure. Then, in April 2005, we worked to reinforce the Group-wide compliance structure by upgrading the Compliance Group to a Compliance Department, and establishing a section in charge of handling all customers' complaints and opinions regarding compliance issues. We have also established a data security management office to create a system for bringing the Group's information under unified management.

Steps to Inculcate a Thorough Understanding of Compliance among All Staff

In addition to distributing to all Group employees a compliance manual containing an explanation of all relevant laws and regulations, we implement a variety of measures, including conducting awareness surveys and basic compliance training sessions etc., based on compliance programs compiled anew each fiscal year.

We also appointed compliance officers and assistants at all branches, all sections of our headquarters, and at Group companies. Compliance awareness is further reinforced by the application of a compliance checklist to day-to-day business operations, as well as the holding of study meetings.

Ensuring Data Security

We have positioned all varieties of data, including customer data, management data and computer system itself, as information assets, and are undertaking appropriate controls and protection of this data in accordance with the Bank's information security policy. Japan's Personal Information Protection Law went fully into effect from April 2005. In response, we introduced our own privacy policies, and undertook a variety of security measures. The Bank also set up a data security management office as the section responsible for undertaking unified control of information, and installed security and safety mechanisms to ensure all aspects of personal data protection.

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.

Because of this, a more sophisticated risk management structure is a management priority for Shizuoka Bank.

Shizuoka Bank has established a 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 method, 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 minus an amount equivalent to net deferred tax assets) apportioned to cover market, credit and other risks.

Risk capital is allocated 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 in 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 based on risk-return analysis of the whole Bank. This allows appropriate control of risk levels and ensures a steady stream of earnings.

Credit Risk Management

Shizuoka Bank ensures the soundness of its loan asset portfolio through appropriate risk controls, accurately quantifying potential risk using statistical tools and eliminating excessive credit risk. Within the Credit Department, the Credit Planning Group undertakes the formulation of credit risk policies and planning regarding the credit screening system. The Credit Group I and Credit Group II are responsible for screening loan applications, and the Credit Assessment Group assesses the creditworthiness of borrowers and is responsible for self-assessment operations.

In addition, the Asset Assessment Audit Group in the Audit Department, which functions independently from the operating and credit screening/management departments, audits credit risk management procedures and systems. In this way, we ensure the adequate credit risk management.

Borrower's Credit Rating System

The Bank employs a borrowers' 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.

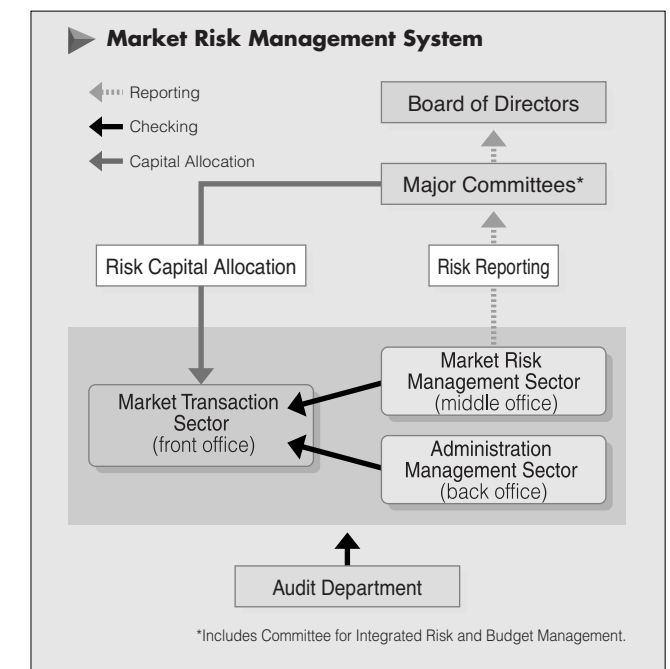
Market Risk Management

At Shizuoka Bank, the amount of market risk (including the market risk of Shizuoka Bank Europe S.A.) is kept within a fixed range as a percentage of risk capital, and we ensure that an appropriate level of profitability is maintained, with due consideration to degree of risk. Regarding the market risk faced by our other major subsidiaries, we are also taking a unified approach to market risk management.

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.



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 for each contingency 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.

Soundness of Financial Position

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 workflow, 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. The Operational Risk Group within the Risk Management Department monitors the overall system risk for the Shizuoka Bank Group. With regard to the effects of monitoring, the Operational Risk Group is undertaking measures to upgrade the level of system risk management and to standardize the method of the management. In accordance with this basic thinking on system risk management, the IT Planning Group in the Corporate Planning Department, is in the process of developing a system that unifies the management strategies of the Group.

Basel II (The New BIS Standard)

Shizuoka Bank is upgrading its risk management system ahead of the introduction of the Basel II, a revised version of the international bank capital regulatory framework stipulating the minimum capital adequacy effective from the term ending March 2007.

We have already established a Basel II Preparatory Committee, to be headed by the director in charge of the Corporate Planning Department, and comprising all department heads. The committee's task is to make Groupwide progress in developing compatible systems by sharing information regarding Basel II. In April 2005, a new dedicated section was established in the Risk Management Group, which conducts preparatory work done by various departments. In this way, we have been working to bolster our preparations for Basel II.

The Shizuoka Bank Group is always conscious of the strong public-service character and corporate social responsibility (CSR) inherent in its business of taking custody of the important assets of its numerous customers and providing companies and individuals with funds and financial services, thereby contributing to the sound development of the regional community. For this reason, sound management has always been our fundamental policy. In the future, too, we will continue to enhance our financial position in a way that enables it to fulfill our mission of contributing to the invigoration of the regional economy, serving as a reliable and preferred total financial group.

Capital Ratios

As of the end of March 2005, the Bank's capital ratio according to the BIS standard was 13.53% on a consolidated basis. The fundamental Tier I capital ratio stood at 11.38%, and the core capital ratio (Tier I capital minus an amount equivalent to net deferred tax assets) was 10.25%, which was substantially higher than the 8% level generally expected of banks engaging in international business 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

The balance of risk-managed loans, under the Banking Law, as of March 31, 2005, has been kept to minimum totaled ¥255.0 billion (US\$2,375 million) on a consolidated basis, representing 5.0% of the total balance of loans outstanding at the end of the term. This is attributable to the fact that,

in spite of the application of more rigorous standards for the Bank's self-assessment, emphasis was placed on providing assistance to companies for management improvements and the removal of non-performing loans from the Bank's balance sheets.

With regard to non-performing loans on which payments of principle or interest are in arrears, Shizuoka Bank aims to remove them from its balance sheets by such means as the rapid disposal of collateral or sale of receivables. However, not all loans, that are classified as risk-managed loans are treated in the same way, because the greater part of the Bank's risk-managed loans are performing loans, with keeping up with their payments of principal and interest. For such loans working in collaboration with Group companies and others, the Bank endeavors to bring about the revitalization of the debtor companies and their business activities, even if it takes some time to do so, and in that way seeks to maintain the soundness of its assets and at the same time energize the regional economy.

The Shizuoka Bank's total credit costs also continue to be held at a low level, thanks to the Bank's high coverage ratio on its risk-managed loans. (The term coverage ratio, as used here, refers to the ratio of the value of collateral and guaranteed amounts combined to the value of the loans in question.)

Contributing to Community Development

The Shizuoka Bank Group is undertaking corporate social responsibility (CSR) programs aimed at making an ongoing contribution to the local community of our operational area. As one of our programs, we support local cultural and sporting events, as well as environmental preservation activities.

The Bank regularly sponsors concerts and cultural events. As a regional financial institution in a prefecture famous for soccer, we also support junior soccer tournaments.

In addition, we view environmental measures as a precondition for sustainable corporate activities, and as part of our corporate social responsibility (CSR) and public mission. At Shizuoka Bank, we have obtained ISO 14001 certification, the international standard for environmental management systems, for our headquarters. All executives and staff of the Shizuoka Bank Group are committed to a variety of activities in areas such as resource conservation and recycling. In addition, we support corporate customers and other organizations undertaking environmental preservation measures through financial products that take into account environmental considerations, and the operation of a public trust fund for environmental protection.



Business Performance in Fiscal 2004 (Consolidated)

Earnings

The total income of the Shizuoka Bank Group for fiscal 2004 increased by ¥16.4 billion from the previous business term, to ¥197.7 billion (US\$1,842 million). This is attributable primarily to an increase in fee-earning business, in particular a rise in commissions on Shizuoka Bank's sales of personal pension insurance.

Total expenses increased by ¥0.9 billion year-on-year, to ¥135.9 billion (US\$1,266 million), owing principally to an increase in costs for the disposal of non-performing loans and the posting of impairment losses on premises and equipment.

As a result, net income increased by ¥8.5 billion from the previous term, to ¥35.4 billion (US\$330 million).

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 individual customers, primarily mortgage loans, and to SMEs both showed a steady increase, with the result that the balance of loans and bills discounted at the end of the term rose by ¥73.5 billion year-on-year, to ¥5,032.3 billion (US\$46,860 million).

Deposits

Total deposits, including NCDs, at the end of the term were up by ¥7.8 billion year-on-year, to ¥6,937.3 billion (US\$64,599 million).

To meet customers' increasingly diverse needs for the asset management, the Bank engaged in the sale of Japanese government bonds, investment trusts, foreign-currency deposits, and personal pension insurance, mainly to individual customers. As a result, the total of such personal assets (including yen deposits and NCDs) in custody at the year-end, including those at Shizugin TM Securities, increased by ¥193.1 billion year-on-year, to ¥5,590.1 billion (US\$52,054 million).

Securities

In its securities portfolio investment the Bank endeavored to construct a portfolio to yield sound and steady earnings, by managing its position in a flexible manner in accordance with market movements. As a result, the total balance of securities at the end of the term increased by ¥149.9 billion from the previous term-end, to ¥2,229.8 billion (US\$20,764 million).

Cash Flows

Net cash provided by operating activities amounted to ¥151.9 billion (US\$1,415 million), principally as a result of increases in call money and corporate bonds issue, but net cash used in investing activities totaled ¥152.9 billion (US\$1,424 million), resulting mainly from the purchase of securities. Net cash used in financing activities totaled ¥5.6 billion (US\$52 million), a principal factor being the payment of dividends. As a result, total cash and cash equivalents declined by ¥6.6 billion during the term, to ¥112.3 billion (US\$1,046 million) at the term-end.

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, 2005 and 2004, 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, 2005 and 2004, 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 3 to the consolidated financial statements, The Shizuoka Bank, Ltd. and subsidiaries adopted the new accounting standard for impairment of fixed assets as of April 1, 2004.

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



June 29, 2005

Consolidated Balance Sheets

THE SHIZUOKA BANK, LTD. and Subsidiaries March 31, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2005	2004	2005
Assets:			
Cash and due from banks (Note 11)	¥ 473,922	¥ 421,903	\$ 4,413,094
Call loans and bills bought	36,512	84,340	340,000
Monetary claims bought	317,571	244,424	2,957,180
Trading assets (Notes 4, 5)	119,020	136,957	1,108,298
Securities (Notes 5, 11)	2,229,815	2,079,879	20,763,713
Loans and bills discounted (Notes 6, 11, 12)	5,032,335	4,958,767	46,860,373
Foreign exchanges (Note 7)	4,730	3,364	44,047
Other assets (Note 8)	59,375	50,942	552,892
Premises and equipment (Notes 9, 11)	99,792	105,341	929,250
Deferred tax assets (Note 24)	3,236	3,487	30,141
Customers' liabilities for acceptances and guarantees (Note 10)	115,151	112,280	1,072,275
Reserve for possible loan losses	(78,668)	(94,104)	(732,548)
Reserve for possible investment losses	(724)	(342)	(6,749)
Total Assets	¥8,412,069	¥8,107,243	\$78,331,966
Liabilities, Minority Interests and Stockholders' Equity:			
Liabilities:			
Deposits (Notes 11, 13)	¥6,937,309	¥6,929,429	\$64,599,216
Call money and bills sold (Note 11)	213,720	94,335	1,990,134
Collateral money for securities lending / borrowing transactions (Note 11)	161,916	51,592	1,507,742
Trading liabilities (Note 4)	5,652	3,031	52,638
Borrowed money (Notes 11, 14)	25,154	29,155	234,234
Foreign exchanges (Note 7)	188	280	1,760
Corporate bonds (Note 15)	204,434	173,414	1,903,659
Other liabilities (Notes 11, 16)	73,545	81,513	684,843
Reserve for employees' retirement benefits (Note 17)	24,026	26,795	223,735
Reserve under specific law	5	3	47
Deferred tax liabilities (Note 24)	17,001	5,055	158,313
Acceptances and guarantees (Note 10)	115,151	112,280	1,072,275
Total Liabilities	7,778,106	7,506,887	72,428,596
Minority Interests	11,356	9,722	105,752
Stockholders' Equity (Notes 18, 19, 30)			
Common stock			
Authorized, 2,414,596 thousand shares:			
issued, 720,129 thousand shares in 2005 and 2004	90,845	90,845	845,942
Capital surplus	54,892	54,884	511,147
Retained earnings	387,491	357,383	3,608,265
Net unrealized gain on available-for-sale securities	99,353	97,558	925,167
Foreign currency translation adjustments	(727)	(1,063)	(6,778)
Treasury stock—at cost			
11,738 thousand shares in 2005 and			
11,457 thousand shares in 2004	(9,248)	(8,974)	(86,125)
Total Stockholders' Equity	622,606	590,633	5,797,618
Total Liabilities, Minority Interests and Stockholders' Equity	¥8,412,069	¥8,107,243	\$78,331,966

See notes to consolidated financial statements.

Consolidated Statements of Income

THE SHIZUOKA BANK, LTD. and Subsidiaries Years ended March 31, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2005	2004	2005
Income:			
Interest Income:			
Interest on loans and discounts	¥ 93,304	¥ 92,006	\$ 868,834
Interest and dividends on securities	24,786	25,053	230,811
Other interest income	3,471	2,615	32,326
Subtotal	121,562	119,674	1,131,971
Fees and Commissions	45,042	42,474	419,424
Trading Income	2,577	915	23,997
Other Operating Income (Note 20)	2,317	4,010	21,584
Other Income (Note 21)	26,260	14,282	244,537
Total Income	197,760	181,358	1,841,513
Expenses:			
Interest Expenses:			
Interest on deposits	7,970	7,050	74,217
Interest on borrowings and rediscounts	1,189	911	11,076
Other interest expenses	6,957	6,401	64,792
Subtotal	16,117	14,363	150,085
Fees and Commissions	20,199	20,198	188,093
Other Operating Expenses (Note 22)	3,063	5,149	28,525
General and Administrative Expenses	80,141	84,091	746,262
Other Expenses (Note 23)	16,476	11,213	153,428
Total Expenses	135,997	135,016	1,266,393
Income before Income Taxes and Minority Interests	61,762	46,342	575,120
Income Taxes: (Note 24)			
Current	14,513	13,533	135,152
Deferred	10,633	4,987	99,015
Minority Interests in Net Income of Consolidated Subsidiaries	1,144	858	10,655
Net Income	¥ 35,470	¥ 26,962	\$ 330,298

	Yen		U.S. Dollars (Note 2)
	2005	2004	2005
Per Share: (Note 29)			
Net income	¥ 49.99	¥ 37.63	\$ 0.47
Cash dividends applicable to the year	8.50	7.00	0.08

See notes to consolidated financial statements.

Consolidated Statements of Stockholders' Equity

THE SHIZUOKA BANK, LTD. and Subsidiaries Years ended March 31, 2005 and 2004

	Thousands		Millions of Yen				
	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	Treasury Stock
Balance, April 1, 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)
Net income				35,470			
Cash dividends, ¥7.50 per share				(5,314)			
Bonuses to directors and corporate auditors				(48)			
Repurchase of treasury stock (346 thousand shares)							(326)
Disposal of treasury stock (65 thousand shares)							51
Net increase in net unrealized gain on available-for-sale securities					1,795		
Net decrease in foreign currency translation adjustments						335	
Balance, March 31, 2005	720,129	¥90,845	¥54,892	¥387,491	¥99,353	¥ (727)	¥(9,248)

	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, 2004	\$845,942	\$511,073	\$3,327,907	\$908,446	\$(9,905)	\$(83,569)	
Net income			330,298				
Cash dividends, \$0.069 per share			(49,487)				
Bonuses to directors and corporate auditors			(453)				
Repurchase of treasury stock						(3,036)	
Disposal of treasury stock						480	
Net increase in net unrealized gain on available-for-sale securities				16,721			
Net decrease in foreign currency translation adjustments					3,127		
Balance, March 31, 2005	\$845,942	\$511,147	\$3,608,265	\$925,167	\$(6,778)	\$(86,125)	

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

THE SHIZUOKA BANK, LTD. and Subsidiaries Years ended March 31, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2005	2004	2005
I. Operating Activities:			
Income before income taxes and minority interests	¥ 61,762	¥ 46,342	\$ 575,120
Adjustments for:			
Income taxes-paid	(16,426)	(12,131)	(152,960)
Depreciation and amortization	19,815	20,235	184,517
Loss on impairment of fixed assets	2,085		19,417
Decrease in reserve for possible loan losses	(15,436)	(8,237)	(143,741)
Increase in reserve for possible investment losses	382	14	3,561
Decrease in reserve for employees' retirement benefits	(2,768)	(1,228)	(25,779)
Bonuses to directors and corporate auditors	(65)	(66)	(609)
Gains on securities	(3,857)	1,750	(35,922)
Gains on money held in trust		3	
Losses on sale of premises and equipment	813	739	7,571
Changes in assets and liabilities			
Decrease in trading assets	17,937	44,868	167,032
Increase (decrease) in trading liabilities	2,621	(864)	24,409
Increase in loans and bills discounted	(70,026)	(98,782)	(652,075)
Decrease in deposits	(1,791)	(112,717)	(16,679)
Decrease in borrowed money	(4,000)	(281)	(37,253)
(Increase) decrease in due from banks (excluding demand deposits with the Bank of Japan)	(56,438)	107,700	(525,543)
Decrease in call loans	49,184	16,199	458,000
Increase in monetary claims bought	(73,147)	(43,738)	(681,135)
Increase in call money	118,609	18,928	1,104,475
Increase in Collateral money for securities lending / borrowing transactions	109,001	22,405	1,015,010
Increase in foreign exchanges (assets)	(1,365)	(638)	(12,715)
(Decrease) increase in foreign exchanges (liabilities)	(91)	68	(857)
Increase in corporate bonds issue	30,000		279,356
Increase in interest and dividends receivable	2,371	6,758	22,082
Decrease in interest payable	586	(1,311)	5,461
Other net	(17,828)	(19,264)	(166,012)
Total Adjustments	90,165	(59,634)	839,611
Net Cash Provided by (Used in) Operating Activities	151,928	(13,291)	1,414,731
II. Investing Activities:			
Purchase of securities	(880,971)	(956,393)	(8,203,481)
Proceeds from sale of securities	392,603	508,842	3,655,868
Proceeds from redemption of securities	349,359	412,399	3,253,188
Purchase of premises and equipment	(16,290)	(16,477)	(151,692)
Proceeds from sale of premises and equipment	2,344	2,739	21,829
Net Cash Used in Investing Activities	(152,954)	(48,889)	(1,424,288)
III. Financing Activities:			
Dividends paid	(5,314)	(5,016)	(49,488)
Dividends paid to minority interests	(23)	(20)	(222)
Repurchases of treasury stock	(326)	(8,686)	(3,036)
Proceeds from sales of treasury stock	59	119	554
Net Cash Used in Financing Activities	(5,604)	(13,604)	(52,192)
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	10	(58)	97
V. Net Decrease in Cash and Cash Equivalents	(6,620)	(75,844)	(61,652)
VI. Cash and Cash Equivalents, Beginning of Year	118,948	194,792	1,107,627
VII. Cash and Cash Equivalents, End of Year (1)	¥112,327	¥118,948	\$1,045,975

See notes to consolidated financial statements.

Note (1): 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, 2005 and 2004 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)
	2005	2004	2005
Cash and Cash due from banks	¥473,922	¥421,903	\$4,413,094
Other due from banks	(361,594)	(302,955)	(3,367,119)
Cash and cash equivalents, end of year	¥112,327	¥118,948	\$1,045,975

Notes to Consolidated Financial Statements

THE SHIZUOKA BANK, LTD. and Subsidiaries Years ended March 31, 2005 and 2004

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 2004 financial statements to conform to classifications and presentations used in 2005.

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 ¥107.39 to \$1, the approximate rate of exchange at March 31, 2005. Such translation should not be construed as representation that Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation:

The accompanying consolidated financial statements as of March 31, 2005 and 2004 include the accounts of the Bank and 12 subsidiaries.

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

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

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

Trading purpose transactions:

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

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

Securities:

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

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.

Fixed-lived assets:

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.

In our banking operations, amounts equivalent to accumulated impairment losses are directly charged to assets employed for the operations in accordance with the relevant regulations (Enforcement Regulations to the Banking Law (1982, Ministry of Finance Order No. 10).

The Group adopted the new accounting standard for impairment of fixed assets as of April 1, 2004. The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate 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 effect of adoption of the new accounting standard for impairment of fixed assets was to decrease income before income taxes and minority interests for the year ended March 31, 2005 by ¥2,085 million (\$ 19,417 thousand).

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 judgment 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 differences.

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

In the previous years ended March 31, 2003, 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. 15), 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 fiscal year ended March 31, 2003.

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 ¥1,237 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. As stipulated in JICPA Industry Audit Committee Report No. 25.

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

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 708,567,765 shares for 2005 and 715,110,629 shares for 2004.

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.

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

4. TRADING ASSETS AND LIABILITIES

Trading assets and liabilities at March 31, 2005 and 2004 consisted of the following:

(a) Trading assets

	Millions of Yen		Thousands of
	2005	2004	U.S. Dollars
			2005
Trading securities:			
National government bonds	¥ 5,559	¥ 11,325	\$ 51,770
Local government bonds	318	629	2,970
Government-guaranteed bonds		21	
Subtotal	5,878	11,977	54,740
Bond futures		11	
Subtotal		11	
Financial derivatives:			
Option premium		12	
Other (Note)	7,585	3,761	70,636
Subtotal	7,585	3,774	70,636
Other trading assets:			
Commercial paper	105,550	121,192	982,875
Other (Note)	5	2	47
Subtotal	105,556	121,195	982,922
Total	¥119,020	¥136,957	\$1,108,298

(b) Trading liabilities

	Millions of Yen		Thousands of
	2005	2004	U.S. Dollars
			2005
Financial derivatives:			
Option premium	¥	¥ 32	\$
Other (Note)	5,652	2,999	52,638
Total	¥5,652	¥3,031	\$52,638

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

5. SECURITIES

Securities at March 31, 2005 and 2004 consisted of the following:

	Millions of Yen		Thousands of
	2005	2004	U.S. Dollars
			2005
National government bonds	¥ 888,578	¥ 938,415	\$ 8,274,312
Local government bonds	143,056	84,963	1,332,124
Corporate debentures	386,862	352,013	3,602,406
Corporate stocks	292,663	286,254	2,725,236
Other securities	518,654	418,231	4,829,635
Total	¥2,229,815	¥2,079,879	\$20,763,713

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, 2005 and 2004 were as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2005				
Securities classified as:				
Trading				¥ 111,434
Available-for-sale:				
Equity securities	¥ 132,423	¥154,575	¥1,202	285,797
Debt securities	1,380,296	9,506	16	1,389,786
Others	511,928	6,553	3,312	515,169
Held-to-maturity	8,048	244	0	8,293

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2004				
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

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2005				
Securities classified as:				
Trading				\$ 1,037,662
Available-for-sale:				
Equity securities	\$ 1,233,107	\$1,439,389	\$11,193	2,661,303
Debt securities	12,853,121	88,523	151	12,941,493
Others	4,767,008	61,021	30,848	4,797,181
Held-to-maturity	74,949	2,281	6	77,224

Available-for-sale securities and held-to-maturity securities whose fair value is not readily determinable as of March 31, 2005 and 2004 were as follows:

	Carrying amount		
	Millions of Yen		Thousands of
	2005	2004	U.S. Dollars
			2005
Available-for-sale:			
Equity securities	¥ 6,865	¥ 7,013	\$ 63,933
Debt securities	24,146	18,344	224,853
Held-to-maturity	298,873	228,163	2,783,067
Total	¥329,886	¥253,521	\$3,071,853

Proceeds from sales of available-for-sale securities for the years ended March 31, 2005 and 2004 were ¥392,763 million (\$3,657 million), and ¥508,832 million, respectively. Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥6,686 million (\$62,261 thousand) and ¥3,276 million (\$30,515 thousand), respectively for the year ended March 31, 2005 and ¥6,016 million and ¥7,339 million, respectively, for the year ended March 31, 2004.

The carrying values of debt securities by contractual maturities for securities classified as available-for-sale and held-to-maturity at March 31, 2005 and 2004 are as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	Available-for-sale	Held-to-maturity	Available-for-sale	Held-to-maturity
2005				
Due in one year or less	¥ 287,917	¥250,526	\$ 2,681,042	\$2,332,865
Due after one year				
through five years	1,344,309	31,427	12,518,016	292,645
Due after five years				
through ten years	45,758	4,294	426,095	39,986
Due after ten years	202,233	20,674	1,883,168	192,521
No maturity period				
Total	¥1,880,218	¥306,922	\$17,508,321	\$2,858,017

	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

6. LOANS AND BILLS DISCOUNTED

Loans and bills discounted at March 31, 2005 and 2004 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars	
	2005	2004	2005	2004
Bills discounted	¥ 81,267	¥ 85,127	\$ 756,755	
Loans on bills	340,886	348,324	3,174,282	
Loans on deeds	3,579,074	3,420,233	33,327,821	
Overdrafts	1,031,106	1,105,082	9,601,515	
Total	¥5,032,335	¥4,958,767	\$46,860,373	

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, 2005 and 2004 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars	
	2005	2004	2005	2004
Loans under bankruptcy proceedings	¥ 11,513	¥ 11,852	\$ 107,209	
Past due loans	205,349	209,330	1,912,188	
Loans past due for three months or more	2,274	1,169	21,184	
Loans with relaxed conditions	35,882	65,097	334,136	
Total	¥255,020	¥287,449	\$2,374,717	

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, 2005 and 2004 consisted of the following:

(a) Assets

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Due from foreign banks	¥2,696	¥1,620	\$25,107
Foreign exchange bills bought	1,070	965	9,971
Foreign exchange bills receivable	963	778	8,969
Total	¥4,730	¥3,364	\$44,047

(b) Liabilities

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Foreign exchange bills sold	¥129	¥256	\$1,207
Foreign exchange bills payable	59	24	553
Total	¥188	¥280	\$1,760

8. OTHER ASSETS

Other assets at March 31, 2005 and 2004 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Accrued income	¥11,259	¥9,682	\$104,850
Deferral hedging loss	1,404	3,089	13,075
Derivative products	885	1,704	8,244
Bond issue cost	463		4,319
Prepaid expenses	195	239	1,822
Others	45,166	36,226	420,582
Total	¥59,375	¥50,942	\$552,892

9. PREMISES AND EQUIPMENT

Premises and equipment at March 31, 2005 and 2004 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Land, buildings and equipment	¥97,590	¥102,613	\$908,745
Construction in progress	169	645	1,582
Guarantee deposits on office space	2,032	2,083	18,923
Total	¥99,792	¥105,341	\$929,250

Premises and equipment are stated at cost less accumulated depreciation of ¥162,898 million (\$1,516,888 thousand) and ¥166,465 million in 2005 and 2004, respectively.

As of March 31, 2005 and 2004, deferred gains for the tax purposes of ¥11,564 million (\$107,691 thousand) and ¥11,858 million, respectively, on premises and equipment sold and replaced with similar assets have been deducted from the cost of newly acquired premises and equipment.

The Group reviewed its long-lived assets for impairment as of the year ended March 31, 2005 and, as a result, recognized an impairment loss of ¥2,085 million as other expense for certain branches due to a continuous operating loss and the carrying amount of the relevant premises and equipment was written down to the recoverable amount. The recoverable amount of that premises and equipment was measured at its net selling price determined by quotation from a third-party vendor.

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, 2005 and 2004 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Assets pledged as collateral:			
Securities	¥534,916	¥443,281	\$4,981,064
Loans and bills discounted	28	55	263
Minimum future rentals on lease contracts (off balanced)	14,900	14,776	138,752
Relevant liabilities to above assets:			
Deposits	¥146,623	¥146,302	\$1,365,335
Call money and bills sold	115,678	10,251	1,077,185
Collateral money for securities lending borrowing transactions	161,916	51,592	1,507,742
Borrowed money	5,479	8,085	51,024
Other liabilities	8,206	4,870	76,418

In addition to the above, the Bank has provided ¥183,902 million in securities and ¥3,651 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 ¥2,032 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, 2005 and 2004 were as follows:

	rate (%)	Millions of Yen		Thousands of U.S. Dollars
		2005	2004	2005
Unexecuted loan commitments outstanding				
Loans due within one year	1.67	¥1,284,817	¥1,342,422	\$11,964,031
Loans due over one year		50,391	36,586	469,239
Total		¥1,335,208	¥1,379,009	\$12,433,270

Overdraft agreements and agreements for loan commitments are agreements under which the Bank pledges to lend funds up to a certain limit when applications for advances of loans are received from customers, provided there are no violations of the terms written in the agreements. The balance of loans as yet undisbursed under these agreements stands at ¥1,335,208 million (\$12,433,270 million). Of this total, ¥1,284,817 million (\$11,964,031 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, 2005 and 2004 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Current deposits	¥ 328,962	¥ 303,793	\$ 3,063,251
Savings deposits	3,331,847	3,195,723	31,025,674
Deposits at notice	18,951	18,952	176,474
Time deposits	2,743,160	2,846,983	25,543,914
Negotiable certificates of deposit	125,320	135,330	1,166,961
Other	389,067	428,646	3,622,942
Total	¥6,937,309	¥6,929,429	\$64,599,216

14. BORROWED MONEY

At March 31, 2005 and 2004, the weighted average annual interests rates applicable to the borrowed money were 1.66% and 1.60%, respectively.

Borrowed money are borrowings from financial institutions. Annual maturities of borrowed money as of March 31, 2005, were as follows:

Years Ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2006	¥13,373	\$124,533
2007	7,091	66,032
2008	2,263	21,073
2009	1,511	14,074
2010	469	4,367
2011 and thereafter	446	4,155
Total	¥25,154	\$234,234

15. CORPORATE BONDS

Bonds at March 31, 2005 and 2004, consisted of the following:

	rate (%)	Millions of Yen		Thousands of U.S. Dollars
		2005	2004	2005
Unsecured bonds, payable in Japanese yen, due May 2007	1.67	¥ 20,000	¥ 20,000	\$ 186,237
Unsecured bonds, payable in Japanese yen, due May 2005	1.27	20,000	20,000	186,237
Unsecured bonds, payable in Japanese yen, due September 2005	1.48	20,000	20,000	186,237
Unsecured bonds, payable in Japanese yen, due September 2010	2.22	20,000	20,000	186,237
Unsecured bonds, payable in Japanese yen, due May 2006	0.75	20,000	20,000	186,237
Unsecured bonds, payable in Japanese yen, due May 2008	1.11	5,000	5,000	46,559
Unsecured bonds, payable in Japanese yen, due May 2011	1.65	5,000	5,000	46,559
Unsecured bonds, payable in Japanese yen, due September 2009	0.68	20,000		186,237
Unsecured bonds, payable in Japanese yen, due September 2014	1.59	10,000		93,119
Bond, payable in U.S. dollars, due May 2004	6.95		31,707	
Bond, payable in U.S. dollars, due November 2004	6.00		31,707	
Bond, payable in U.S. dollars, due July 2008	3.49	32,217		300,000
Bond, payable in U.S. dollars, due November 2008	3.16	32,217		300,000
Total		¥204,434	¥173,414	\$1,903,659

Annual maturities of bonds as of March 31, 2005, were as follows:

Years Ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2006	40,000	372,474
2007	20,000	186,237
2008	20,000	186,237
2009	69,434	646,559
2010	20,000	186,237
2011 and thereafter	35,000	325,915
Total	¥204,434	\$1,903,659

16. OTHER LIABILITIES

Other liabilities at March 31, 2005 and 2004 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Income taxes payable	¥ 7,588	¥ 9,501	\$ 70,667
Accrued expenses	9,322	9,375	86,805
Deposits from employees	3,535	3,627	32,919
Unearned income	11,262	11,433	104,871
Derivative products	3,404	4,392	31,703
Other	38,432	43,182	357,878
Total	¥73,545	¥81,513	\$684,843

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.

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.

The Bank thereafter transferred the substitutional portion of the pension obligations and related assets to the government on September 28, 2004 and recognized ¥9,054 million (\$84,319 thousand) as income for the difference between the balance of the retirement benefit liabilities brought forward and the amount actually transferred for the year ended 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 recognized additional income of ¥1,948 million (\$18,147 thousand) for the year ending March 31, 2005.

The reserve (asset) for employees' retirement benefits at March 31, 2005 and 2004 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Projected benefit obligation	¥78,885	¥125,518	\$ 734,566
Fair value of plan assets	(46,569)	(70,948)	(433,649)
Unrecognized actuarial loss	(14,518)	(27,775)	(135,191)
Prepaid pension costs	6,229		58,009
Net reserve	¥24,026	¥ 26,795	\$ 223,735

The components of net periodic benefit costs for the year ended March 31, 2005 and 2004 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Service cost	¥2,434	¥2,451	\$22,669
Interest cost	1,799	2,988	16,759
Expected return on plan assets	(1,682)	(1,871)	(15,667)
Recognized actuarial losses	1,991	3,758	18,547
Other	301	1,452	2,806
Net periodic benefit costs	¥4,844	¥8,779	\$45,114

Assumptions used for the year ended March 31, 2005 and 2004 are set forth as follows:

	2005	2004
Discount rate	2.0%	2.0%
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 ¥283,835 million (\$2,643,031 thousand) as of March 31, 2005, 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
	2005	2004	2005
Valuation difference	¥166,104	¥162,214	\$1,546,741
Deferred tax liabilities	(66,021)	(64,457)	(614,781)
Amounts equivalent to difference on valuation on available-for-sale securities (before deduction of a portion of minority interests)	¥100,083	¥ 97,756	\$ 931,960
Minority interests adjustment	¥ (729)	¥ (198)	\$ (6,793)
Net unrealized gain on available-for-sale securities	¥ 99,353	¥ 97,558	\$ 925,167

20. OTHER OPERATING INCOME

Other operating income for the years ended March 31, 2005 and 2004 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Gains on foreign exchange transactions	¥ 915	¥1,759	\$ 8,522
Gains on sales of bonds	1,400	2,250	13,043
Other	2	1	19
Total	¥2,317	¥4,010	\$21,584

21. OTHER INCOME

Other income for the years ended March 31, 2005 and 2004 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Gains on sales of stocks and other securities	¥ 3,011	¥ 3,615	\$ 28,044
Other	23,249	10,667	216,493
Total	¥26,260	¥14,282	\$244,537

22. OTHER OPERATING EXPENSES

Other operating expenses for the years ended March 31, 2005 and 2004 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Losses on sales of bonds	¥2,593	¥5,083	\$ 24,147
Losses on devaluation of bonds	4		46
Expenses for derivatives transactions	184	7	1,722
Amortized bond issue cost	231	41	2,159
Other	48	16	451
Total	¥3,063	¥5,149	\$ 28,525

23. OTHER EXPENSES

Other expenses for the years ended March 31, 2005 and 2004 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Provision for reserve for possible loan losses		¥ 2,349	
Loans on written-off claims	¥ 259	295	\$ 2,416
Losses on sales of stocks and other securities	483	1,930	4,503
Losses on devaluation of stocks and other securities	203	308	1,899
Losses on money held in trust		3	
Losses on disposition of premises and equipment	944	1,386	8,798
Loss on impairment of fixed assets	2,085		19,416
Other	12,499	4,938	116,396
Total	¥16,476	¥11,213	\$153,428

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% for the years ended March 31, 2005 and 2004, respectively.

The tax effects of significant temporary differences, which resulted in deferred tax assets and liabilities, at March 31, 2005 and 2004 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Deferred tax assets:			
Reserve for possible loan losses	¥ 29,829	¥35,185	\$ 277,766
Depreciation	3,554	3,694	33,103
Reserve for employees' retirement benefits	14,641	17,905	136,337
Valuation loss on securities	10,087	11,289	93,937
Other	2,747	3,556	25,583
Deferred tax assets	60,860	71,631	566,726
Deferred tax liabilities:			
Net unrealized gain, net of taxes on available-for-sale securities	(66,021)	(64,457)	(614,781)
Gain on establishment of employee retirement benefit trust	(6,922)	(6,922)	(64,459)
Revaluation reserve for premises and equipment	(1,654)	(1,736)	(15,403)
Other	(27)	(82)	(255)
Deferred tax liabilities	(74,625)	(73,198)	(694,898)
Net deferred tax liabilities	¥(13,764)	¥(1,567)	\$(128,172)

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, 2005 and 2004.

25. LEASES

(a) Lessee

Lease payments under finance leases for the years ended March 31, 2005 and 2004 were ¥21 million (\$196 thousand) and ¥24 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, 2005 and 2004 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Equipment			
Acquisition cost	¥58	¥94	\$546
Accumulated depreciation	(38)	(55)	362
Net leased property	¥19	¥39	\$184

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Equipment			
Due within one year	¥ 6	¥20	\$ 65
Due after one year	13	20	125
Total	¥20	¥40	\$190

Depreciation expense and interest expense under finance lease:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Depreciation expense	¥19	¥23	\$184
Interest expense			5

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, 2005 and 2004 was ¥15,354 million (\$142,983 thousand) and ¥15,830 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, 2005 and 2004 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Equipment			
Acquisition cost	¥103,002	¥104,720	\$959,145
Accumulated depreciation	(65,302)	(66,371)	(608,088)
Net leased property	¥ 37,699	¥ 38,349	\$351,057

Rights under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Equipment			
Due within one year	¥13,575	¥13,944	\$126,415
Due after one year	25,862	27,511	240,827
Total	¥39,438	¥41,455	\$367,242

Depreciation expense under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Depreciation expense	¥11,861	¥11,844	\$110,455

26. SEGMENT INFORMATION

Information regarding business segments of the Bank and its subsidiaries for the years ended March 31, 2005 and 2004 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, 2005	Millions of Yen					Consolidated
	Bank operations	Leasing operations	Other operations	Total	Eliminations	
Total income and income before income taxes and minority interests:						
Total income from outside customers	¥ 171,161	¥19,161	¥ 7,437	¥ 197,760		¥ 197,760
Total income from intersegment transactions	428	1,987	9,499	11,915	¥(11,915)	
Total	171,590	21,148	16,936	209,675	(11,915)	197,760
Total expenses	112,440	20,062	15,421	147,924	(11,926)	135,997
Income before income taxes and minority interests	59,150	1,086	1,514	61,751	10	61,762
Total assets, depreciation and amortization and capital expenditure:						
Total assets	8,375,841	64,812	31,980	8,472,634	(60,564)	8,412,069
Depreciation and amortization	6,829	12,980	67	19,877	(62)	19,815
Loss on impairment of fixed assets	2,085			2,085		2,085
Capital expenditure	4,644	15,081	124	19,850	(10)	19,840

Year ended March 31, 2004	Millions of Yen					Consolidated
	Bank operations	Leasing operations	Other operations	Total	Eliminations	
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

Year ended March 31, 2005	Thousands of U.S. Dollars					Consolidated
	Bank operations	Leasing operations	Other operations	Total	Eliminations	
Total income and income before income taxes and minority interests:						
Total income from outside customers	\$ 1,593,833	\$178,425	\$ 69,255	\$ 1,841,513		\$ 1,841,513
Total income from intersegment transactions	3,990	18,511	88,454	110,955	\$(110,955)	
Total	1,597,823	196,936	157,709	1,952,468	(110,955)	1,841,513
Total expenses	1,047,026	186,819	143,604	1,377,449	(111,056)	1,266,393
Income before income taxes and minority interests	550,797	10,117	14,105	575,019	101	575,120
Total assets, depreciation and amortization and capital expenditure:						
Total assets	77,994,613	603,525	297,796	78,895,934	(563,968)	78,331,966
Depreciation and amortization	63,596	120,876	625	185,097	(580)	184,517
Loss on impairment of fixed assets	19,417			19,417		19,417
Capital expenditure	43,251	140,437	1,159	184,847	(96)	184,751

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

Fair Value Hedge

A portfolio of hedged items such as deposits or loans with common maturities is matched with a group of hedging instruments such as interest swap which offset the effect of fair value fluctuations of the hedged items by identified maturities, and

Key Consolidated Financial Indicators

are designated as a hedge of the portfolio. The effectiveness of the fair value hedge is assessed by each group.

Cash Flow Hedge

The effectiveness of a cash flow 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.

Market Value of Derivatives

	Millions of Yen			
	Total	More than one year	Market value	Unrealized gain (loss)
2005				
Over-the-counter:				
Interest rate swaps	515,561	475,384	886	886
Currency swaps	358,122	331,741	1,136	1,136
Exchange contract	86,607		25	25
Currency option	51,762	4,445		51
Other	182,475	104,060	(89)	(89)

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 ¥33.4 billion by the current exposure method at fiscal year-end.

	Millions of Yen			
	Total	More than one year	Market value	Unrealized gain (loss)
2004				
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)

	Thousands of U.S. Dollars			
	Total	More than one year	Market value	Unrealized gain (loss)
2005				
Over-the-counter:				
Interest rate swaps	\$4,800,834	\$4,426,712	\$ 8,255	\$ 8,255
Currency swaps	3,334,785	3,089,132	10,580	10,580
Exchange contract	806,481		233	233
Currency option	482,009	41,400		480
Other	1,699,181	968,992	(836)	(836)

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, 2005 and 2004 is computed as follows:

	Millions of Yen		Thousands of Stocks		Yen	Dollars
	Net income	Weighted average stocks	Yen	Dollars		
For the year ended March 31, 2005						
Basic EPS						
Net income available to common stockholders	¥35,421	708,567	¥49.99	\$0.465		
For the year ended March 31, 2004						
Basic EPS						
Net income available to common stockholders	¥26,913	715,110	¥37.63	\$0.356		

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 28, 2005:

	Millions of Yen	Thousands of U.S. Dollars
Cash dividends,		
¥5 (\$0.05) per share	¥3,542	\$32,983
Bonuses to directors and corporate auditors	30	279
Total	¥3,572	\$33,262

(b) Bond issue

On May 20, 2005, the Board of Directors of the Bank made a resolution for the issuance of Japanese yen-denominated unsecured bonds to procure funds for long-term investments as well as working capital. Details are as follows.

10th unsecured bonds, Japanese yen

Face Value:	¥20,000 Million
Interest Rate:	0.54% (fixed)
Redemption:	in lump-sum on maturity
Date of Maturity:	June 24, 2010

11th unsecured bonds, Japanese yen

Face Value:	¥10,000 Million
Interest Rate:	1.37% (fixed)
Redemption:	in lump-sum on maturity
Date of Maturity:	June 24, 2015

Summary of Profits (Losses)

Years ended March 31	Millions of Yen			Percentage change
	2005	2004	Increase (decrease)	
Net interest income	¥105,444	¥105,311	¥ 133	0.1
Net fees and commissions	24,840	22,273	2,567	11.5
Net trading income	2,577	915	1,661	181.3
Net other operating profits	(745)	(1,139)	393	(34.6)
General and administrative expenses	80,141	84,091	(3,949)	(4.7)
Net other recurring losses	(969)	3,798	(4,768)	(125.5)
Recurring profits	51,008	47,071	3,937	8.4
Income before income taxes and minority interests	61,762	46,342	15,419	33.3
Income taxes:				
Current	14,513	13,533	980	7.2
Deferred	10,633	4,987	5,645	113.2
Minority interest in net income of consolidated subsidiaries	1,144	858	285	33.2
Net income	35,470	26,962	8,508	31.6

Breakdown of Net Interest Margin

Year ended March 31	Billions of Yen
	2005
Interest income	¥ 121.5
Average interest-earning assets	7,606.6
Average interest rate of interest-earning assets (%)	1.59
Interest expenses (Note)	16.1
Average interest-bearing liabilities	7,378.2
Average interest rate of interest-bearing liabilities (%)	0.21
Net interest income	105.4

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		
	2005	2004	Increase (decrease)
Gain on foreign exchange transactions	¥ 915	¥1,759	¥(844)
Gain/loss on government bonds	(1,197)	(2,833)	1,636
Gain on sale	1,400	2,250	(849)
Loss on sale	(2,593)	(5,083)	2,490
Amortization	(4)		(4)
Amortized bond issue cost	(231)	(41)	(190)
Provision for possible investment losses			
Gain/loss on derivatives transactions	(184)	(7)	(176)
Proceeds from derivatives transaction			
Expenses for derivative products	(184)	(7)	(176)
Others	(46)	(15)	(31)
Gain/loss on other business	(745)	(1,139)	393
Other operating revenue	2,317	4,010	(1,692)
Other operating expenses	(3,063)	(5,149)	2,086

Loans Outstanding by Type of Borrower

March 31	Billions of Yen, % Share			
	2005		2004	
Domestic branches:				
Manufacturing	¥ 918.2	18.58	¥ 921.5	18.9%
Agriculture	6.5	0.13	7.2	0.1
Forestry	0.1	0.00	0.1	0.0
Fishery	5.3	0.11	4.4	0.1
Mining	11.1	0.23	9.7	0.2
Construction	282.4	5.72	282.7	5.8
Utilities	40.9	0.83	86.6	1.8
Telecommunications	26.1	0.53	29.9	0.6
Transportation	174.0	3.52	174.7	3.6
Wholesale and retailing	706.2	14.29	699.1	14.3
Finance and security	260.3	5.27	233.2	4.8
Real estate	254.3	5.15	270.6	5.5
Other miscellaneous services	580.3	11.75	544.6	11.2
Local governments	126.2	2.55	132.7	2.7
Other	1,548.6	31.34	1,485.6	30.4
Subtotal	4,941.4	100.00	4,883.5	100.0
Overseas branches and offshore accounts:				
Governments and official institutions				
Banks and other financial institutions				
Other	90.9	100.00	75.2	100.0
Subtotal	90.9	100.00	75.2	100.0
Total	¥5,032.3		¥4,958.7	

Risk Management Asset Information

March 31	Millions of Yen		
	2005	2004	Increase (decrease)
Loans under bankruptcy proceedings A	¥ 11,513	¥ 11,852	¥ (339)
% of loans and bills discounted	0.22	0.23	(0.01)
Past due loans B	205,349	209,330	(3,980)
% of loans and bills discounted	4.08	4.22	(0.14)
Loans past due for three months or more C	2,274	1,169	1,105
% of loans and bills discounted	0.04	0.02	0.02
Loans with relaxed conditions D (D=E+F+G)	35,882	65,097	(29,214)
% of loans and bills discounted	0.71	1.31	(0.60)
Restructured loans (Old category) E	44	2,343	(2,298)
% of loans and bills discounted	0.00	0.04	(0.04)
Claims for which interest payments have been deferred F			
% of loans and bills discounted			
Principal repayment postponed loans G	35,838	62,754	(26,915)
% of loans and bills discounted	0.71	1.26	(0.55)
Risk management loan total H (H=A+B+C+D)	255,020	287,448	(32,428)
% of loans and bills discounted	5.06	5.79	(0.73)
Value covered with collateral, guarantees, etc. I	207,678	247,316	(39,638)
Cover ratio (%) I/H	81.44	86.04	(4.60)

- 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	
	2005	2004
General reserve	¥26,702	¥31,255
Specific reserve	51,939	62,822
Reserve for specific foreign credit	26	26
Total	¥78,668	¥94,104
[Loans on written-off claims for the year]	¥ [259]	¥ [295]

Financial Index

Years ended March 31	Consolidated			Non-Consolidated		
	2005	2004	Increase (decrease)	2005	2004	Increase (decrease)
Per share (Yen):						
Net income	¥ 49.99	¥ 37.63	¥12.36	¥ 49.40	¥ 37.20	¥12.20
Net assets	878.83	833.36	45.47	875.93	831.75	44.18
Cash dividends	8.50	7.00	1.50	8.50	7.00	1.50
Dividend payout ratio (%)				17.20	18.81	(1.61)
Return on equity (ROE) (%) (Note)	5.84	4.85	0.99	7.15	5.62	1.53
Price earnings ratio (PER) (%)	21.66	23.83	(2.17)	21.92	24.11	(2.19)

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

Capital Adequacy Ratio

March 31	Billions of Yen			
	Consolidated		Non-Consolidated	
	2005	2004	2005	2004
Tier I:				
Common stockholders' equity	¥ 530.2	¥ 499.6	¥ 518.0	¥ 489.3
Tier II capital included as Tier I				
Total adjusted Tier I capital	530.2	499.6	518.0	489.3
Tier II:				
45% of an aggregate amount equivalent to the balance sheet value of available for sale securities with relevant aggregate book value deducted	74.6	72.9	73.8	72.6
Reserve for possible loan losses, excluding specific reserve	26.7	31.2	25.2	30.2
Others				
Tier II capital included as Tier I				
Total adjusted Tier II capital	101.3	104.1	99.0	102.8
Tier II capital included as qualifying capital	101.3	104.1	99.0	102.8
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	630.7	603.0	616.2	591.3
Total risk-adjusted assets (Notes 1, 3)	4,521.6	4,433.3	4,604.9	4,384.2
Capital adequacy ratio (%) (Note 2)	13.53	13.60	13.38	13.48
Tier I ratio (%) (Note 2)	11.38	11.27	11.24	11.16

- 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	
	2005	2004
Commitments to extend credit	¥2,733.9	¥2,644.2
Guarantees	102.5	99.4
Total	¥2,836.4	¥2,743.7

The Shizuoka Bank

Corporate Data

HEAD OFFICE

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

HEADQUARTERS

2-1, Kusanagi-Kita, Shimizu-ku,
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, 2005)
3,577

DATE OF ESTABLISHMENT

March 1, 1943

DOMESTIC NETWORK

(As of Sep. 7, 2005)
Head Office, 161 branches,
20 sub-branches and 1 agency

OVERSEAS NETWORK

(As of July 1, 2005)
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
Fax: (1) 213-623-8674

New York Agency

101 East 52nd Street,
4th Floor, New York,
NY 10022, U.S.A.
Phone: (1) 212-319-6260
Fax: (1) 212-319-6270

Hong Kong Branch

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

Singapore Representative Office

2 Shenton Way, #04-02 SGX Centre 1,
Singapore 068804
Phone: (65) 6225-3600
Fax: (65) 6225-9901

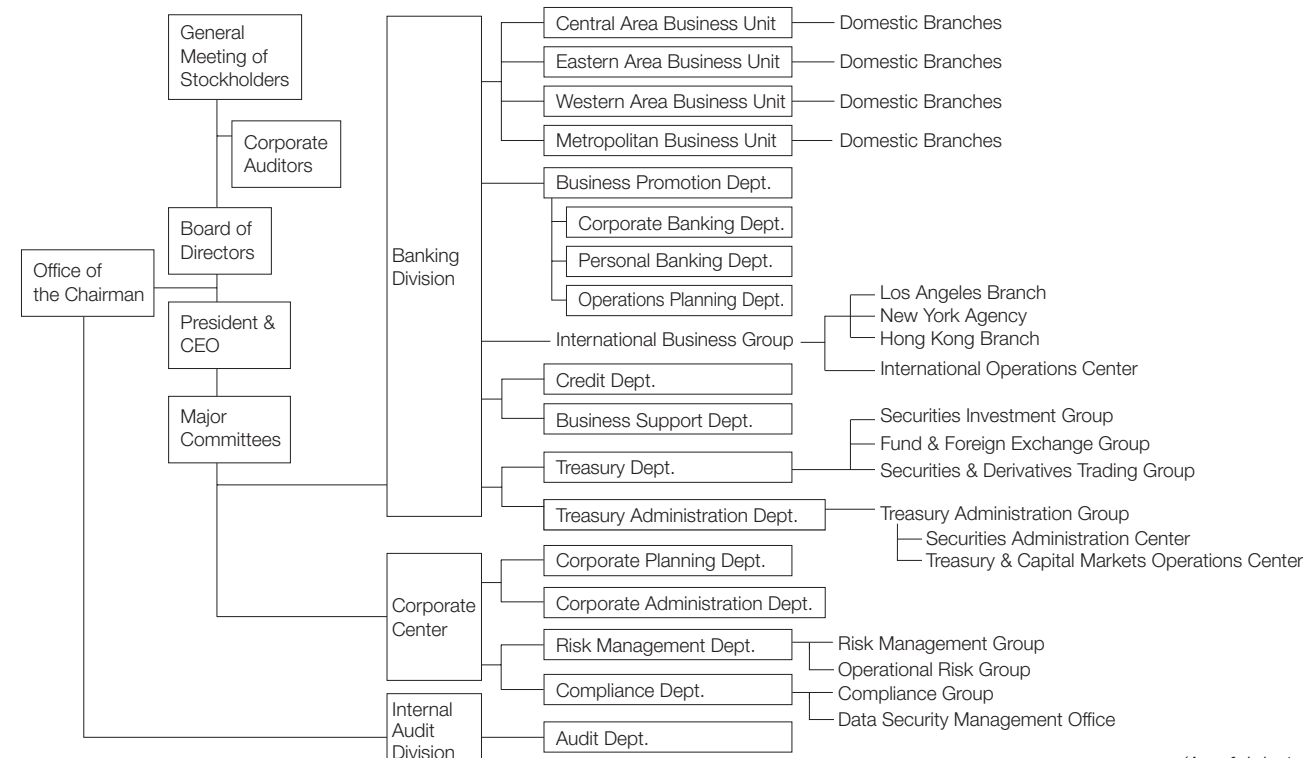
Shanghai Representative Office

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

Shizuoka Bank (Europe) S.A.

283 Avenue Louise, Bte. 13,
1050 Brussels, Belgium
Phone: (32) 2-646-0470
Fax: (32) 2-646-2462

Organization Chart



(As of July 1, 2005)

Board of Directors and Corporate Auditors

Chairman

Yasuo Matsuura

Deputy Chairman

Masaharu Fujita
Tadaharu Takato

President & CEO

Katsunori Nakanishi

Director & COO

Tohru Sakurai

Director & CFO

Seiya Ito

Director & CCO

Kazuhiro Satomi

Director & Executive Officer

Yukihiko Fushimi

Corporate Auditors

Shigeru Masugi
Hisashi Hotta
Yasuhiko Saito
Hiroyuki Aoshima
Hiroaki Sato

CEO=Chief Executive Officer

COO=Chief Operating Officer

CFO=Chief Financial Officer

CCO=Chief Credit Officer

(As of July 1, 2005)

Investor Information

CAPITAL STOCK (As of March 31, 2005)

Common stock..... ¥90,845 million

NUMBER OF SHARES (As of March 31, 2005)

Authorized..... 2,414,596,000 shares
Issued and outstanding..... 720,129,069 shares

NUMBER OF STOCKHOLDERS (As of March 31, 2005)

21,036

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	2001	2002	2003	2004	2005
High	1,076	1,110	874	934	1,139
Low	841	761	705	745	800

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

Month	Oct. 2004	Nov. 2004	Dec. 2004	Jan. 2005	Feb. 2005	Mar. 2005
High	896	936	971	1,067	1,076	1,139
Low	832	861	886	956	1,005	1,040
Turnover (thousands of shares)	33,603	29,174	34,884	43,697	34,888	45,378

PRINCIPAL STOCKHOLDERS

The 10 largest stockholders of the Bank and their respective stockholdings at March 31, 2005 were as follows:

	Number of Shares in Thousands	Percentage of Total Shares Outstanding
The Bank of Tokyo-Mitsubishi, Ltd.	29,884	4.14%
Nippon Life Insurance Company	29,245	4.06
Meiji Yasuda Life Insurance Company	29,117	4.04
Japan Trustee Services Bank, Ltd. (trust account)	27,878	3.87
The Master Trust Bank of Japan, Ltd. (trust account)	23,552	3.27
The Dai-ichi Mutual Life Insurance Company	23,546	3.26
The Tokio Marine & Nichido Fire Insurance Co., Ltd.	23,216	3.22
Sumitomo Life Insurance Company	12,070	1.67
Mizuho Corporate Bank, Ltd.	11,604	1.61
The Nisshin Fire & Marine Insurance Co., Ltd.	10,102	1.40
Total	220,218	30.58%

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

Our Operational Base: Shizuoka Prefecture

Shizuoka's Economic Outlook

Shizuoka Prefecture, which accounts for the majority of the Shizuoka Bank Group's operating area, is situated near the geographical center of Japan and is strategically located on the transportation routes linking the nation's three major industrial centers of Tokyo, Nagoya and Osaka. The prefecture is home to many industries, especially manufacturers.

In fact, Shizuoka is sometimes referred to as the "3% economy" because it accounts for around 3% of the nation's total population, gross domestic product (GDP) and other indicators. It also ranks around 10th among Japan's 47 prefectures in most major economic indicators.

Recently, in Shizuoka Prefecture research into new products and services has been undertaken in close collaboration with academic institutions, government organizations and private-sector firms with unique expertise.

Land and Population

Shizuoka Prefecture, at 7,779 km², ranks 13th in terms of total land area among the 47 prefectures. With a population of 3.8 million residents (as of October 2004), it was the country's 10th most populous prefecture. The population has increased by 1.0% over the past five years.

Economic Scale

With a nominal annual economic output of ¥15.7 trillion (US\$146.7 billion) in fiscal 2002, Shizuoka Prefecture's gross domestic product (GDP) is roughly equivalent to that of Greece, and 1.5 times that of Singapore.

There were approximately 208 thousand private-sector business premises in Shizuoka Prefecture (as of October 2001). Wholesaling and retailing, and food service industries, taken together, lead the number of business premises in the industry with a 39.7% share, followed by other services and manufacturing. These three sectors account for 80.1% of total number of business premises in the prefecture.

An Outline of Shizuoka Prefecture

Total land area 7,779 km²
22 cities
23 towns



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 2003
Population	3.8 million	3.0%	10th	October 2004
Households	1.3 million	2.7%	10th	March 2004
Gross product (nominal)	¥15,754.3 billion	3.2%	10th	FY2002
Business premises	208 thousand	3.3%	9th	October 2001
Value of farm output	¥258.2 billion	2.9%	12th	2003
Fishery catch	180 thousand tons	3.2%	9th	2002
Manufactured goods shipments (by factories with four employees or more)	¥16,114.3 billion	5.9%	3rd	2003
Annual revenue of wholesaling industry	¥7,181.9 billion	1.7%	11th	2002
New housing starts	34,412	2.9%	10th	2004
Information service sales	¥108.1 billion	0.8%	14th	2003

Industrial 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. The central district centered on Shizuoka City, which is home to local government offices and in April 2005 became a designated city, and was given budgetary and other autonomous powers, features industries such as furniture and other traditional handicrafts, plastic models, tea processing and food canning. The area contains Yaizu Port and Shimizu Port, which undertake fishing operations and cargo-handling

respectively. 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 bodies and academia. Simultaneously, small and medium-sized companies are commercializing products based on their own proprietary technologies. In view of these factors, we expect continued growth in the future.

Shipments of Manufactured Products in which Shizuoka Holds 1st Place (2002)

Item	Value of Shipments (¥ billion) Shizuoka Pref.	Share of Nationwide Total	Nationwide Rank
Pulp & paper	644.4	27.1%	1st
Cell phones and PHSs	297.9	18.8%	1st
Air conditioners	306.0	32.6%	1st
Green tea	192.6	61.5%	1st
Tea beverages	134.8	32.3%	1st
Musical instruments	214.2	79.9%	1st
Motorcycles (in kit form)	107.4	43.6%	1st
Canned tuna	40.9	90.3%	1st
Aluminum foil	34.8	39.6%	1st

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