



# THE SHIMIZU BANK,LTD.

## Annual Report 2015

### Profile

The Shimizu Bank, Ltd. was established in 1928 with the merger of six banks and has always been a valuable partner of the local community. The Bank has its headquarters in Shizuoka City, which has the Shimizu Port, the largest in the prefecture. Shimizu Port, located halfway between Tokyo and Osaka, plays a significant role in international trade and economic development. We will provide customers with a wide range of financial services, seek further business expansion as a customer-friendly bank and contribute to the development of the local community.



#### Bank Data

As of March 31, 2015

Head Office 2-1 Fujimicho, Shimizu-ku, Shizuoka-shi, Shizuoka 424-0941 Japan

Date of Incorporation: July 1, 1928  
 Paid-up Capital: ¥8,670,500,000  
 Number of Branches: 77  
 Number of Sub-branches: 1  
 Number of Employees: 999  
 Consolidated Capital Adequacy Ratio  
 (based on domestic standards): 10.82%  
 Non-Consolidated Capital Adequacy Ratio  
 (based on domestic standards): 10.49%



#### Consolidated Subsidiaries

As of June 30, 2015

Name of Company	Capital (Millions of Yen)	Ratio of Voting Right	Ratio of Voting Right ( Other Group Companies )	Established	Line of Business
The Shimizu Business Service Co., Ltd.	10	100.00%	—	December 10,1981	Calculating cash
The Shimizugin Career Up Co., Ltd.	30	100.00%	—	October 22,1990	Delegation of personnel
The Shimizu General Maintenance Co., Ltd.	30	100.00%	—	December 24,1991	Management of real estate
The Shimizu Regional Economy Research Center, INC	12	100.00%	—	October 28,1965	Financial and economic research services,Training
The Shimizu Lease and Card Co., Ltd.	60	16.01%	45.32%	April 14,1999	Leasing, Credit card
The Shimizu Credit Guarantee Co., Ltd.	50	5.00%	90.00%	November 1,1978	Credit guaranteeing
The Shimizu General Computer Service Co., Ltd.	30	5.00%	50.00%	July 1,1989	Calculation operations

# Message

We want to thank all of our customers for your continued patronage at the Shimizu Bank and our group partners. We have put together a packet of Disclosure Materials the 2015 fiscal year to share the financial highlights and our efforts of the 2014 fiscal year. We invite you to read these materials to further your understanding of the Shimizu Bank and our group partners.

Japan's economy in the current period has had a gradual improvement on the back of a rise in domestic demand due to public works projects and a recovery in overseas demand mainly in developed countries, while accepting the repercussions of last-minute demand because of the increase in the consumption tax. Government subsidies and financial easing by the Bank of Japan among other catalysts has helped bolster capital investment. Investments were made in the upgrading of deteriorating equipment and efficiency and energy-saving equipment that had been postponed, in addition to investments made in expectation of increased demand. There was strong increases in consumer spending thanks to improved employment and income.

In terms of the economy in Shizuoka Prefecture, the primary service area for the Shimizu Bank, there has been increased amount of capital investment in the manufacturing sector for the purposes of research and development and improved productivity, while there was also an increased amount of capital investment linked to the opening of retail outlets and distribution locations in non-manufacturing sectors. Industries such as motorcycle, electric machine and general machine manufacturers also regained ground with their exports. On the other hand, there were differences in business performance depending on business size and industry. The runaway cost of raw materials due to the sharp depreciation of the yen has taken its toll on company profits, and some industries were not making good progress in improvement. Although there are signs of increased consumer spending in some areas of Shizuoka Prefecture because of expectations of increased pay due to better company results, overall these overtones are rather mute.

It was in this context that we launched our 25th Medium-term Management Plan, which we call "Combined Rush '14-'15," in April of 2014. We have made it our goal to "demonstrate the significance of our existence," and our three basic policies: "strengthen sales and support," "improve management quality," and "strengthen human resources" by rolling out efforts that will strengthen our profit-making potential.

In order to expand upon our contact points with customers, we have revised our sales personnel by modifying our sales structure and increasing the number of corporate and individual public relations staff to strengthen "corporate solutions" and "consulting for individuals." We have concluded a letter of agreement on operational cooperation with the Japan Bank for International Cooperation as a means of increasing support for companies expanding overseas to offer joint financing for customers with subsidiaries overseas, also concluded a business cooperation memorandum with three branches of Japan Finance Corporation in Shizuoka Prefecture to help those starting a business. Actively seeking out alliances with external organizations will help us improve our services that will respond to the diverse needs of customers and develop a support system for those founding a business to bolster the local economy. We will improve our productivity and pursue higher efficiency in order to strengthen our management foundation by performing operational reforms such as revising the flow of operations and aim to have a low cost of operations through corporate cultural reforms that include fundamental reductions in expenses. We have also started a short essay competition aimed at cultivating logical thinking as a part of developing the skills of bank staff and also a role-playing competition that will give them sales skills they can apply in the real world. In conjunction with our updated training system we have also introduced our J-Up Site exclusively for bank staff so that they can learn about our culture on their own to provide the best service possible to customers.

We will strengthen our support structure for customers to improve the local economy by providing solutions appropriate to the life stage of each individual customer, with all of the Shimizu Bank employees and executives coming together as one to embody a "demonstration of the significance of our existence" to contribute to creation in the local area.

August 2015



*K. Toyoshima*

Katsuichiro Toyoshima  
President

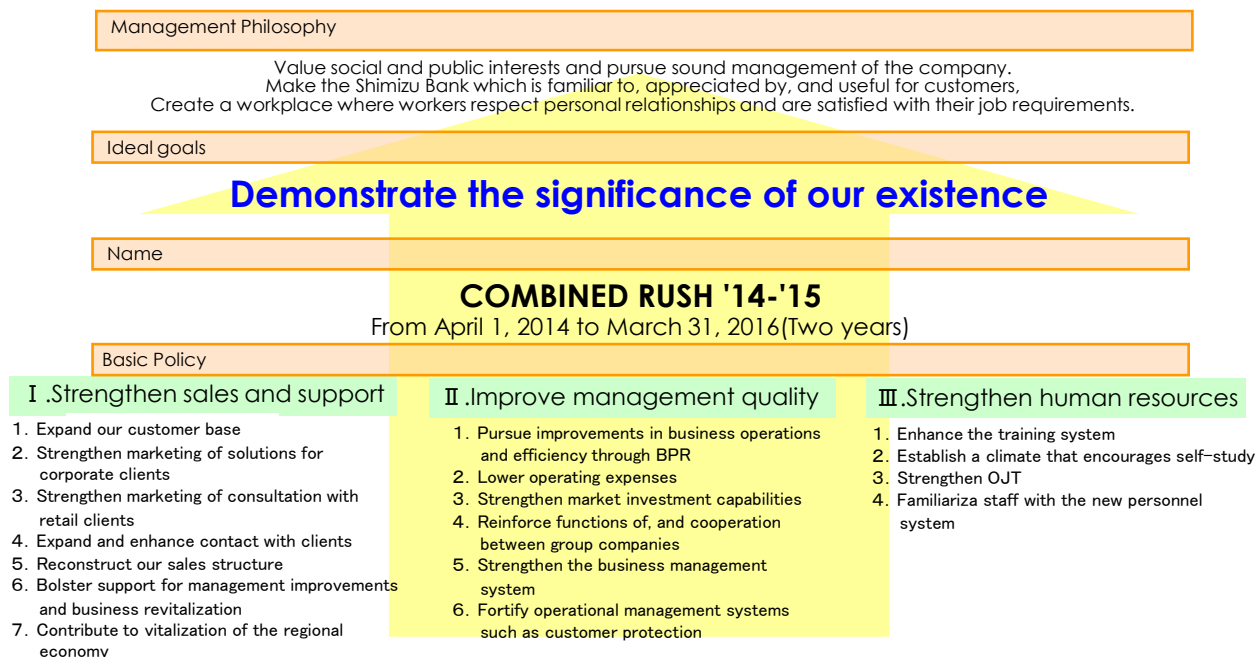
*N. Yamada*

Noriji Yamada  
Chairman

## COMBINED RUSH '14-'15

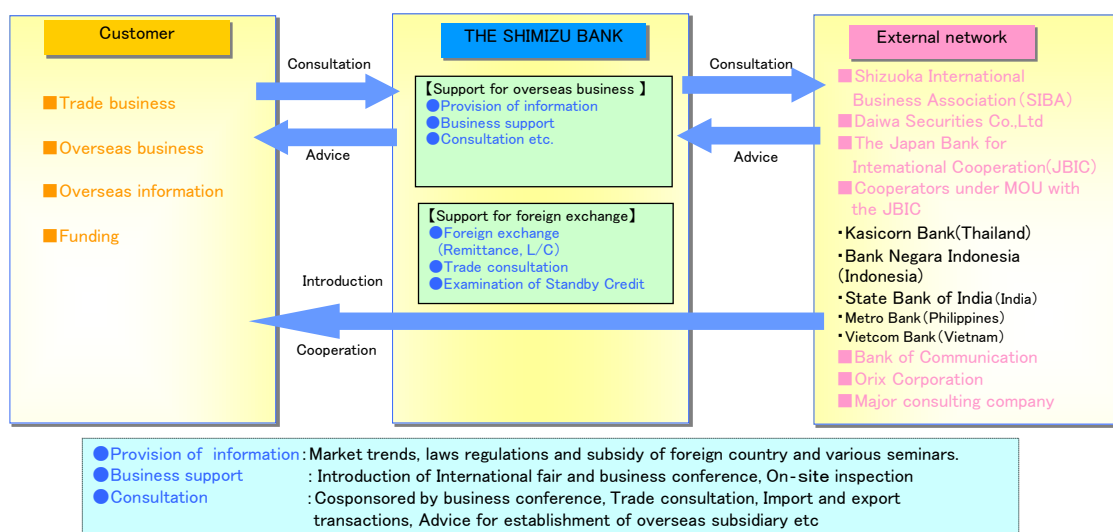
In line with the 25th Medium-term Management Plan, the Shimizu Bank want to build relationships of trust by deepening our local community-based financing and providing financial services appropriate to the life stage of each individual customers, with all the Shimizu Bank employees and executives coming together as one to embody a "demonstration of the significance of our existence."

In an effort to grow together with the region, bank employees will focus our combined power on carrying out our plans meant to allow us to adapt to changes in the business environment and adapt a brave stance. We are calling our plan to do all this "Combined Rush '14-'15," and its three basic policies are "strengthen sales and support", "improve management quality", and "strengthen human resources".



## Support for Overseas Business Development

We made our efforts to continue to meet the customer needs of overseas business development through expansion of external network. In order to strengthen our support for customers' overseas business advancement, Shimizu Bank concluded a business cooperation agreement with the Japan Bank for International Cooperation (JBIC) in June 2014, and addressed joint loans with JBIC for equipment funds and loans financed in local currencies. In addition, in order to support development in overseas sales channels, in September 2014 the Bank cosponsored the "FBC Shanghai 2014" (Japan-China Factory-Network Business Conference) together with the Shizuoka International Business Association, and assisted our customers' participation in business negotiations.



# Mt. Fuji — our symbol —



Photo by Masakazu Ochiai

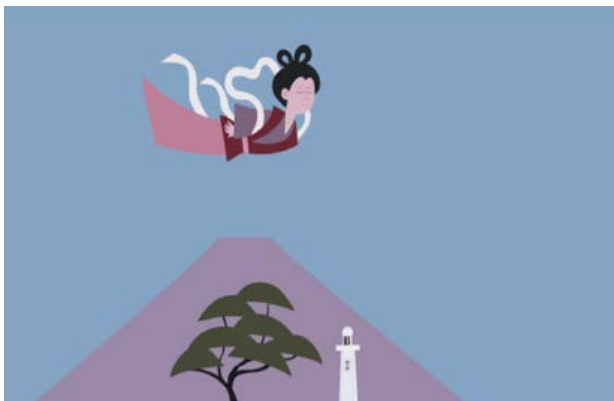
## Mt. Fuji and The Shimizu Bank

Mt. Fuji is the highest mountain in Japan, located on the border of Shizuoka prefecture, and is widely known as a symbol of Japan, at home and abroad, for its elegant appearance.

We have published a calendar about Mt. Fuji every year and handed it since 1969 and have been using a corporate logo since 1974 whose design includes images of Mt. Fuji and Gulf of Suruga. Mt. Fuji is very important existence for us.

In June of 2013, Mt. Fuji was registered as a World Heritage Site.

In line with the growing recognition of Mt. Fuji across the world, we intend to further strengthen "demonstrate the significance of our existence" for individual customers.



Since 1990, we have adopted the design of Ryohei Yanagihara, the famous painter, to our bank book. It is mainly "sea, port and ships" associated with Shimizu city located our headquarters, with Mt. Fuji and the light sky.

It's very familiar with our customers for a long time.

# Summary of Business

## Consolidated Results

Operating income was JPY 29.07 billion, a decrease of JPY 1.195 billion from the previous term, mainly because of decreases in interest and dividends on securities. Operating expenses were JPY 24.454 billion, a decrease of JPY 2.15 billion from the previous term, because of a decrease in credit-related expenses, etc. Consequently, operating profit was JPY 4.615 billion, a JPY 955 million increase from the previous term.

Deposits increased to JPY 1,399.7 billion, an increase of JPY 22.2 billion from the end of the preceding term, as a result of our efforts to expand the business base in the local community. The total of personal assets under management increased by JPY 23.5 billion from the end of the last term to JPY 1,071.8 billion, due to an increase in personal deposits and a steady increase in sales of investment trusts etc., while accommodating the diversifying needs of customers.

On account of positively meeting capital demands from customers as a regional banking institution, outstanding loans and discounts reached JPY 1,045.6 billion, an increase of JPY 14.2 billion from the end of the prior term.

Outstanding securities increased by JPY 16.9 billion from the previous year-end to JPY 318.1 billion, as a result of agile securities management while watching market trends.

(Millions of Yen)

Consolidated Five-years Summary	2011	2012	2013	2014	2015
Ordinary Income	¥30,788	¥29,304	¥29,636	¥30,265	<b>¥29,070</b>
Ordinary Profit	3,545	4,453	3,518	3,660	<b>4,615</b>
Net Income	3,037	1,636	2,430	2,077	<b>3,400</b>
Comprehensive Income	843	3,755	5,868	668	<b>7,463</b>
Net Assets	66,702	69,879	74,432	74,250	<b>80,717</b>
Total Assets	1,416,408	1,408,745	1,488,023	1,494,830	<b>1,591,910</b>
<b>Net Assets per Share in Yen</b>	6,703.33	7,026.55	7,571.05	7,552.19	<b>8,329.77</b>
<b>Net Income per Share in Yen</b>	318.34	171.53	254.72	217.78	<b>356.45</b>

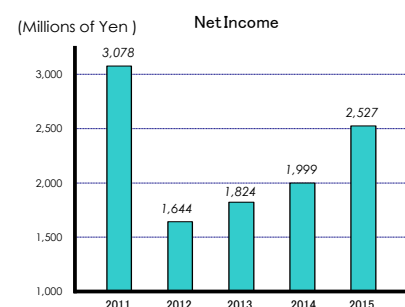
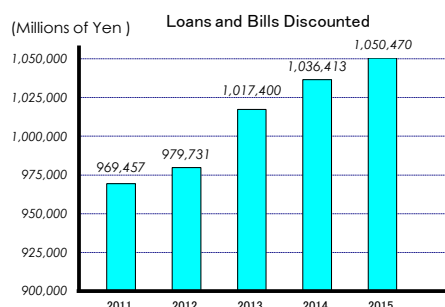
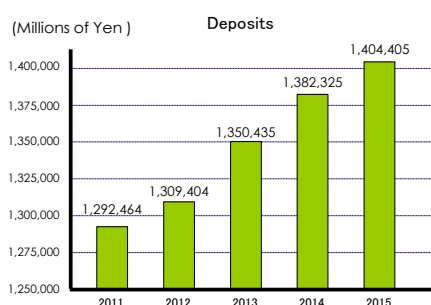
## Non-Consolidated Results

Operating revenue was JPY 24.459 billion, a decrease of JPY 1.06 billion from the previous term, mainly due to decreases in interest and dividends on securities. Operating expenditures were JPY 19.995 billion, a decrease of JPY 2.019 billion from the previous term, because of a decrease in credit-related expenses, etc.

As a result, operating profit was JPY 4.464 billion, an increase of JPY 958 million from the previous term, while net earnings were JPY 2.527 billion, an increase of JPY 0.528 billion from the previous term.

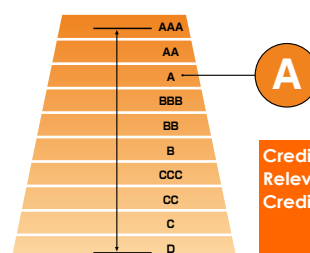
(Millions of Yen)

Non-Consolidated Five-years Summary	2011	2012	2013	2014	2015
Ordinary Income	¥25,333	¥24,506	¥24,905	¥25,520	<b>¥24,459</b>
Ordinary Profit	3,265	4,191	3,238	3,505	<b>4,464</b>
Net Income	3,078	1,644	1,824	1,999	<b>2,527</b>
Common Stock	8,670	8,670	8,670	8,670	<b>8,670</b>
Net Assets	63,394	66,478	71,060	70,974	<b>77,161</b>
Total Assets	1,409,868	1,402,363	1,482,692	1,487,974	<b>1,584,920</b>
Deposits	1,292,464	1,309,404	1,350,435	1,382,325	<b>1,404,405</b>
Loans and Bills Discounted	969,457	979,731	1,017,400	1,036,413	<b>1,050,470</b>
Securities	295,382	338,770	285,174	301,501	<b>318,442</b>
<b>Net Assets per Share in Yen</b>	6,643.52	6,967.52	7,448.37	7,440.33	<b>8,089.85</b>
<b>Cash Dividends per Share in Yen</b>	60	60	60	60	<b>60</b>
<b>Net Income per Share in Yen</b>	322.61	172.37	191.24	209.55	<b>264.99</b>



## Credit Rating

Credit rating is assigned to debts as follows: Concerning the relevant debt, a credit rating agency, which is a fair and disinterested third party, rates the certainty of payment of its principals and interest on a contractual basis, and such rating is represented using a simple code.



**Credit Rating : A**  
**Relevant Debt : Long-term Preferred Debt**  
**Credit Rating Agency :**  
 Japan Credit Rating Agency, Ltd.  
 (As of March 31, 2015)

# Compliance System

At the Shimizu Bank group, our awareness of our social responsibility and public duties has led us to make compliance a top priority, building an effective compliance system that will help us earn the trust of our customers and the local communities we share.

Our management in particular is actively engaged in compliance issues and is working with executives and employees of all of the companies in our group to foster awareness on these issue and create a corporate culture in which "compliance is the foundation for everything."

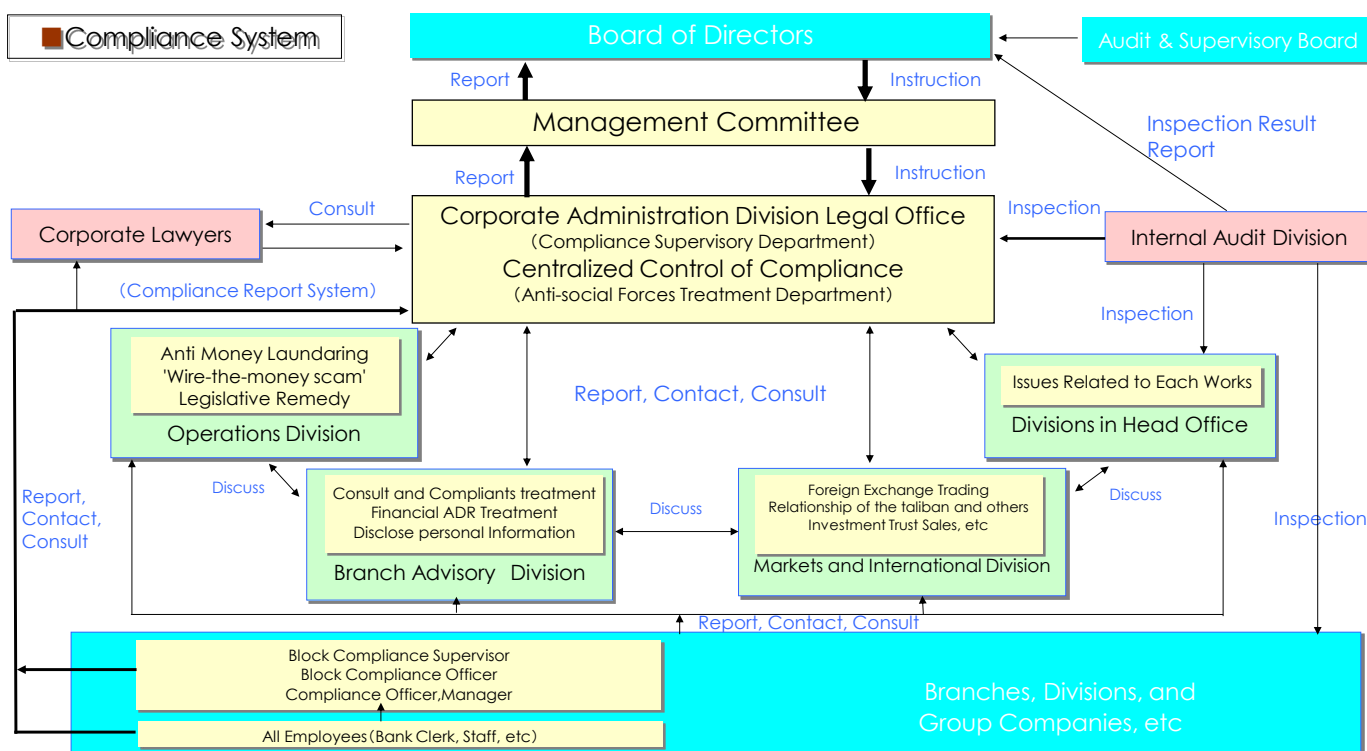
## Establishing a framework for compliance

For through compliance, the Shimizu Bank has created a "Legal and Regulatory Compliance Policy" as our basic policy for compliance in keeping with our management policy. This Compliance Policy is widely disseminated across the Shimizu Bank group.

At monthly expanded management meetings, members of bank management including the president meet with outside corporate lawyers to discuss matters concerning compliance.

In addition, we have established the Legal Office within the Corporate Administration Division to supervise compliance and entrusted that office with centralized control of information pertaining to compliance issues and providing guidance on the laws and regulations officers and employees must observe.

Furthermore, we have assigned individuals to be in charge of compliance at each division and branch to facilitate coordination with the office that oversees compliance (the Legal Office) and exhaustively enforce observance of laws and regulations. The Shimizu Bank also assigns regional compliance supervisor and the like in order to properly address compliance issues in relevant divisions.



### ● Legal and Regulatory Compliance Policy

#### **Bolster Readiness for Legal and Regulatory Compliance**

Regarding the observance of laws and regulations, which the Shimizu Bank and its group companies have already recognized as a top priority, we will continue to foster awareness of compliance and instill it in all executives and employees at all of our group companies to make sure that they all understand it and get into the habit of applying it.

#### **Preventing Legal and Regulatory Violations**

We have taken action to prevent legal and regulatory violations by forming a corporate culture which allows us to detect weaknesses and problem areas in our efforts toward legal and regulatory compliance, reflect on past conduct, and make improvements in those areas promptly.

### **Systems Targeting Anti-social Forces**

Due to their public nature and critical economic function, banks are required to exclude anti-social forces from financial transactions. For this reason, the Shimizu Bank has created a basic policy that we will stand firmly against anti-social forces which pose a threat to the order and safety of civic life, and will not provide any favors to such forces. In addition, at the Shimizu Bank we have given the Corporate Administrative Division the task of collecting, analyzing, and centrally managing information pertaining to anti-social forces, and have established a system whereby the bank systematically addresses such issues and excludes anti-social forces from business transactions in cooperation with external special agencies including law enforcement and the national and prefectural centers for the elimination of boryokudan (violent crime syndicates).

Furthermore, in order to make it clear that we exclude anti-social forces from our business, we have also introduced clauses regarding the exclusion of "boryokudan" crime syndicates in basic loan agreements and in our rules concerning deposits and other services. We require all customers to comply with an agreement by which they express and affirm that they are not associated with any anti-social forces.

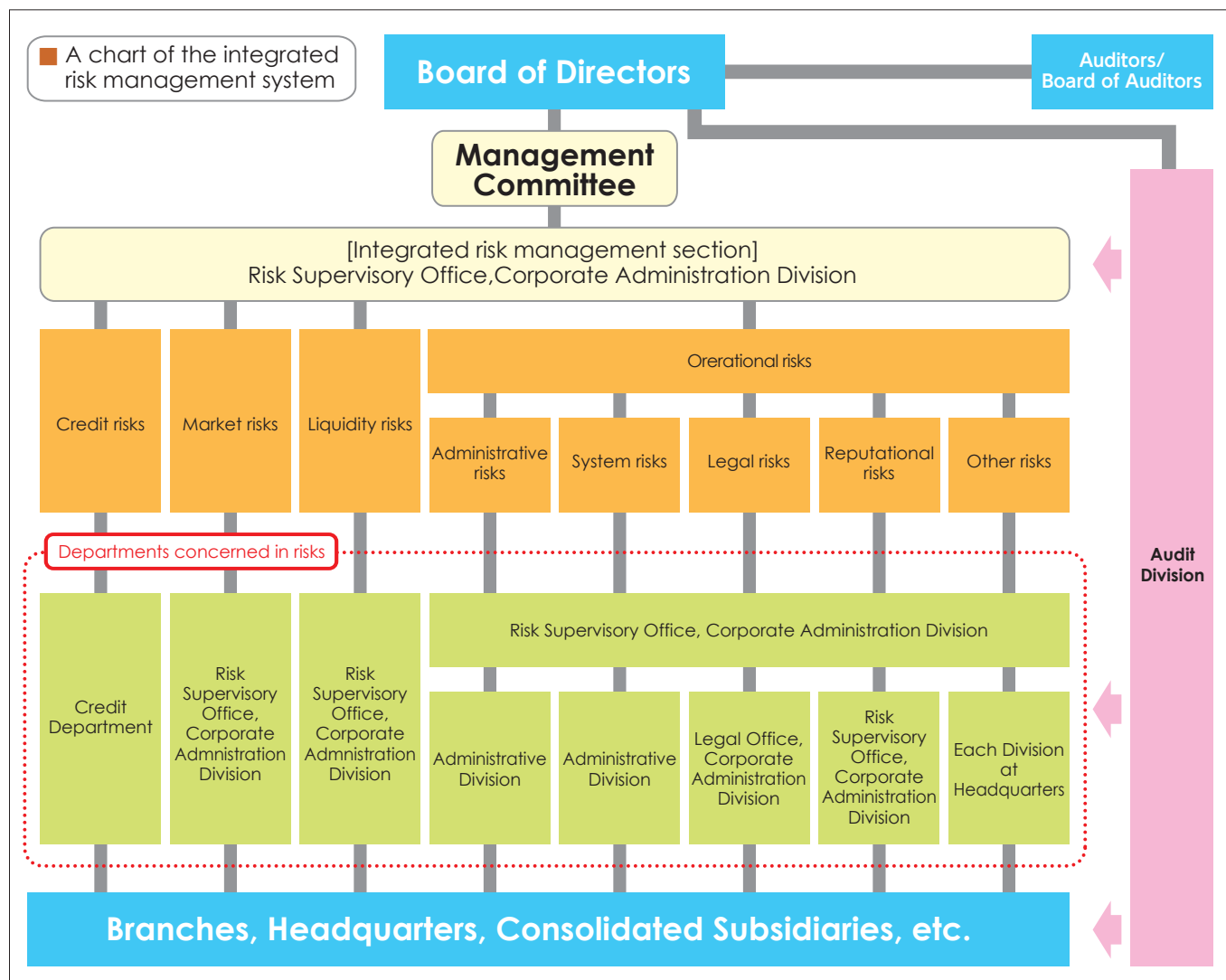
# Risk Management System

Because of changes in the surrounding environment of the financial institutions, the risks banks face are increasingly diverse and have become complex. As financial institutions have the responsibility to safely and effectively manage the deposits they receive from customers, it is increasingly important to upgrade the risk control system, which is used to properly control various risks according to their characteristics.

Shimizu Bank is fully aware of the significance of risk management and endeavors to strengthen our risk management system.

## Risk Management System

Shimizu Bank stipulated the "Integrated risk management provisions" as basic provisions on risk management, and established a risk management system, in which the Board of Directors plays the central role. Based on the provisions, the Bank draws up "Risk Management Regulations" and "Risk Management Procedures" according to various risk categories which prescribe the specific management methods, etc., as well as reporting to the Board of Directors and the Management Committee. The Bank formulates its risk management plan every fiscal year to control risks effectively, and identifies, analyzes and assesses risks based on these plans.



## Integrated Risk Management

From the perspective of enhancing soundness in management, Shimizu Bank comprehensively identifies major risks that the bank faces, compares them with our corporate strength (equity capital), then establishes a self-controlling type risk management environment, as well as addressing the tasks of enhancing risk management so as to maintain a proper risk management environment.

# Risk Management System

## Management of credit risks

Shimizu Bank collectively administers loans and bills discounted, assets with a credit risk, and off-balance sheet assets, managing credit risks of the Bank itself and its consolidated subsidiaries.

Our screening system is composed of two sections, Sales Promotion and Screening, in order to maintain and improve the soundness of loan assets. In addition, the Bank strictly manages credits above a certain level by screening and passing a resolution for financing policy at the Management Meeting, which consists of the Executives.

Moreover, the Bank defined its credit policy (the basic code of conduct for financing) to clarify the bank's basic action guidance in the loan business, and thoroughly enforces it among our bank clerks, so as to maintain and improve the level of our bank clerks' observation of the financing rules.

A credit rating system was introduced to measure the credit risks of borrowers with a unified standard, and it is utilized to set lending rate guidelines according to creditworthiness. Furthermore, in terms of credit management, the Bank endeavors to manage appropriate portfolios, to disperse risks, and to ensure stable profits by measuring risk quantities with the credit rating system, etc. and acknowledging the status of loan concentration in specific business types, etc.

## Market risk management

The Shimizu Bank manages market risks to securely earn stable profits through market transactions. The Bank has installed both a front office and back office in the Market Sales Department, as well as a middle office in the Risk Supervisory Office of the Comprehensive Supervisory Department, which is the Department concerned with risk, thus establishing a system of mutual checks and balances.

The status of measured risks is reported at the Board of Directors and Management Meeting so that the Executives can accurately acknowledge and appropriately make decisions on the market risks.

## Liquidity risk management

The Bank manages funds daily, weekly, and monthly at the Market Sales Department, which is a fund raising management section, while the Risk Supervisory Office of the Comprehensive Supervisory Department, which is the department concerned with risk, manages the risks.

In addition, as a preparation for contingencies, the Bank set two phases of emergencies and prepares to secure financing methods according to respective situations.

## Operational risk management

The Bank recognizes administrative risks, system risks, legal risks, reputational risks, and other risks as operational risks; endeavors to prevent such risks from becoming tangible; and minimizes the impacts caused by such risks when they become apparent.

Regarding administrative risks, for the purpose of establishing a routine of impartial and swift office work, the Bank has been improving the quality of office work through the creation of various rules on office work, implementation of training programs, and centralization at the headquarters of the branch office work.

In relation to system risk management, the Bank uses as its core banking system "PROBANK-R2" created by Fujitsu Ltd. We established a backup center for "PROBANK-R2", reinforcing security against disasters (like the Tokai earthquake), whose occurrence is a concern. Moreover, the Audit Department audits the computing systems and programs regularly, auditing system development and the administrative status of system operations, and verifying the effectiveness of risk management.

The legal risks are risks in which the Bank suffers losses by violating laws and regulations, etc. The Shimizu Bank places the observance of laws and regulations, etc. as its priority issue in management to avoid the occurrence of the legal risks, and vigorously addresses actions to strengthen our preparedness to further observe laws and regulations.

Reputational risks are risks suffered from unexpected damages by media coverage, etc. about the entire financial industry and our bank. The Bank takes measures, such as establishing rules and manuals which prescribe our actions, to prevent circulation of unfounded rumors and to respond to them.

The Bank has also established internal control systems to appropriately manage other operational risks, respectively.

In order to be ready for emergency events such as natural disasters, and to continue or swiftly restore our essential business in order to provide stable financial function to our customers, Shimizu Bank established an action plan that assumes the outbreak of a state of emergency, and has built a business continuity management based on this plan.

## ALM System

The Bank regularly holds Management Meetings, which mainly consist of Executives, and the ALM Earnings Management Committee which in turn consists of General Managers, to examine proper assets and liability structures, etc. based on the financial and economic environment and forecasts of future interest rates, etc., so that the bank can fully exert the functions of ALM, with the goal to maximize profits while managing assets and liabilities in an integral manner balanced with adequate risks.



# Corporate Data

## Consolidated Balance Sheets

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars)
	March 31,2014	March 31,2015	March 31,2015
<b>Assets</b>			
Cash and Due from Banks	¥123,208	¥194,095	US\$1,615,173
Call Loans	5,000	-	-
Trading Account Securities	253	221	1,843
Money Held in Trust	1,800	1,201	9,997
Securities	301,265	318,174	2,647,699
Loans and Bills Discounted	1,031,426	1,045,630	8,701,261
Foreign Exchanges	590	522	4,345
Lease Receivables and Investment Assets	9,543	9,691	80,650
Other Assets	5,070	8,285	68,949
Tangible Fixed Assets	20,311	19,524	162,472
Building, Net	9,545	8,971	74,660
Land	9,174	9,288	77,291
Lease Assets, Net	207	78	653
Construction in Progress	-	0	1
Other Tangible Fixed Assets	1,384	1,185	9,866
Intangible Fixed Assets	802	873	7,268
Software	611	703	5,854
Lease Assets	18	8	73
Others Intangible Fixed Assets	173	161	1,340
Net Defined Benefit Assets	-	477	3,976
Deferred Tax Assets	2,336	330	2,747
Customers' Liabilities for Acceptances and Guarantees	2,756	2,773	23,077
Allowance for Loan Losses	(9,536)	(9,891)	(82,308)
<b>Total Assets</b>	1,494,830	1,591,910	13,247,155

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars)
	March 31,2014	March 31,2015	March 31,2015
<b>Liabilities</b>			
Deposits	¥1,377,456	¥1,399,738	US\$11,647,990
Negotiable Certificates of Deposit	-	68,215	567,658
Borrowed Money	10,454	19,788	164,670
Foreign Exchanges	16	26	224
Bonds Payable	18,000	10,000	83,215
Other Liabilities	7,813	7,257	60,392
Provision for Bonuses	529	522	4,344
Net Defined Benefit Liabilities	3,379	2,361	19,654
Provision for Directors' Retirement Benefits	115	106	884
Provision for Reimbursement of Deposits	58	45	375
Deferred Tax Liabilities	-	357	2,978
Acceptances and Guarantees	2,756	2,773	23,077
<b>Total Liabilities</b>	1,420,580	1,511,193	12,575,464
<b>Net Assets</b>			
Capital Stock	8,670	8,670	72,151
Capital Surplus	5,272	5,272	43,877
Retained Earnings	55,129	58,475	486,609
Treasury Shares	(290)	(294)	(2,446)
Total Shareholders' Equity	68,781	72,125	600,191
Valuation Difference on Available-for-Sale Securities	3,452	7,177	59,725
Deferred Gains or Losses on Hedges	0	0	2
Remeasurements of Defined Benefit Plans	(191)	147	1,228
Total Accumulated Other Comprehensive Income	3,260	7,325	60,956
Minority Interests	2,208	1,266	10,542
<b>Total Net Assets</b>	74,250	80,717	671,690
<b>Total Liabilities and Net Assets</b>	1,494,830	1,591,910	13,247,155

## Notes

1.The Japanese yen figures are rounded down to the nearest one million yen in this financial report.

2.Figures stated in U.S.dollars are translated solely for convenience at the rate of ¥120.17per U.S.\$1, the approximate rate of exchange prevailing on March 31,2015.

## Consolidated Statement of Income

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars)
	Years ended March 31, 2014	Years ended March 31, 2015	Years ended March 31, 2015
<b>Ordinary Income</b>	¥30,265	¥29,070	US\$241,907
Interest Income	18,404	18,320	152,455
Interest on Loans and Discounts	14,866	14,028	116,741
Interest and Dividends on Securities	3,481	4,213	35,059
Interest on Call Loans	20	1	9
Interest on Deposits with Banks	34	76	636
Other Interest Income	0	0	7
Fees and Commissions	7,929	8,162	67,923
Other Ordinary Income	1,515	1,056	8,794
Other Income	2,415	1,530	12,733
Recoveries of Written off Claims	1	2	17
Others	2,414	1,528	12,715
<b>Ordinary Expenses</b>	26,604	24,454	203,498
Interest Expenses	1,249	1,254	10,442
Interest on Deposits	892	862	7,180
Interest on Negotiable Certificates of Deposit	5	82	689
Interest on Call Money	44	11	93
Interest on Borrowings and Rediscounts	54	64	532
Interest on Bonds	220	229	1,905
Interest on Bonds with Subscription Rights to Shares	5	-	-
Other Interest Expenses	26	4	41
Fees and Commissions Payments	4,575	4,475	37,239
Other Ordinary Expenses	195	314	2,617
General and Administrative Expenses	17,441	17,180	142,968
Other Expenses	3,143	1,229	10,229
Provision of Allowance for Loan Losses	2,516	985	8,200
Others	626	243	2,029
<b>Ordinary Profit</b>	3,660	4,615	38,409
<b>Extraordinary Income</b>	84	938	7,807
Gain on Disposal of Fixed Assets	84	-	-
Gain on Bargain Purchase	-	938	7,807
<b>Extraordinary Losses</b>	17	84	700
Loss on Disposal of non-Current Assets	1	4	36
Impairment Loss	15	79	664
Income Before Income Taxes	3,727	5,469	45,515
Income Taxes - Current	1,289	1,488	12,385
Income Taxes - Deferred	285	567	4,723
Total Income Taxes	1,575	2,055	17,108
Income Before Minority Interests	2,152	3,413	28,406
Minority Interests in Income	74	13	112
<b>Net Income</b>	2,077	3,400	28,293

## Consolidated Statement of Comprehensive Income

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars)
	Years ended March 31, 2014	Years ended March 31, 2015	Years ended March 31, 2015
Income Before Minority Interests	¥2,152	¥3,413	US\$28,406
Other Comprehensive Income	(1,484)	4,050	33,705
Valuation Difference on Available-for-Sale Securities	(1,484)	3,710	30,876
Deferred Gains or Losses on Hedges	0	0	2
Remeasurements of Defined Benefit Plans	-	339	2,826
Comprehensive Income	668	7,463	62,111
Comprehensive Income Attributable to Owners of the Parent	578	7,464	62,119
Comprehensive Income Attributable to Minority Interests	89	(0)	(7)

## Notes

1.The Japanese yen figures are rounded down to the nearest one million yen in this financial report.

2.Figures stated in U.S.dollars are translated solely for convenience at the rate of ¥120.17 per U.S.\$1, the approximate rate of exchange prevailing on March 31, 2015.

# Consolidated Statements of Changes in Equity

Years ended March 31, 2014

(Millions of Yen)

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Shares	Total Shareholders' Equity
Balance at the Beginning of Current Period	¥8,670	¥5,272	¥53,624	(¥287)	¥67,279
Cumulative Effects of Changes in Accounting Policies			-		-
Restated Balance	8,670	5,272	53,624	(287)	67,279
Changes of Items During Period					
Dividends of Surplus			(572)		(572)
Net Income			2,077		2,077
Purchase of Treasury Shares				(3)	(3)
Disposal of Treasury Shares				-	-
Net Changes of Items Other Than Shareholders' Equity					
Total Changes of Items During Period	-	-	1,505	(3)	1,501
Balance at the End of Current Period	8,670	5,272	55,129	(290)	68,781

	Accumulated Other Comprehensive Income				Minority Interests	Total Net Assets
	Valuation Difference on Available-for-Sale Securities	Deferred Gains (Losses) on Hedges	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income		
Balance at the Beginning of Current Period	¥4,951	(¥0)	-	¥4,951	¥2,201	¥74,432
Cumulative Effects of Changes in Accounting Policies						-
Restated Balance	4,951	(0)	-	4,951	2,201	74,432
Changes of Items During Period						
Dividends of Surplus						(572)
Net Income						2,077
Purchase of Treasury Shares						(3)
Disposal of Treasury Shares						-
Net Changes of Items Other Than Shareholders' Equity	(1,499)	0	(191)	(1,691)	6	(1,684)
Total Changes of Items During Period	(1,499)	0	(191)	(1,691)	6	(182)
Balance at the End of Current Period	3,452	0	(191)	3,260	2,208	74,250

Years ended March 31, 2015

(Millions of Yen)

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Shares	Total Shareholders' Equity
Balance at the Beginning of Current Period	¥8,670	¥5,272	¥55,129	(¥290)	¥68,781
Cumulative Effects of Changes in Accounting Policies			518		518
Restated Balance	8,670	5,272	55,648	(290)	69,300
Changes of Items During Period					
Dividends of Surplus			(572)		(572)
Net Income			3,400		3,400
Purchase of Treasury Shares				(3)	(3)
Disposal of Treasury Shares		(0)		0	0
Net Changes of Items Other Than Shareholders' Equity					
Total Changes of Items During Period	-	(0)	2,827	(3)	2,824
Balance at the End of Current Period	8,670	5,272	58,475	(294)	72,125

	Accumulated Other Comprehensive Income				Minority Interests	Total Net Assets
	Valuation Difference on Available-for-Sale Securities	Deferred Gains (Losses) on Hedges	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income		
Balance at the Beginning of Current Period	¥3,452	¥0	(¥191)	¥3,260	¥2,208	¥74,250
Cumulative Effects of Changes in Accounting Policies						518
Restated Balance	3,452	0	(191)	3,260	2,208	74,768
Changes of Items During Period						
Dividends of Surplus						(572)
Net Income						3,400
Purchase of Treasury Shares						(3)
Disposal of Treasury Shares						0
Net Changes of Items Other Than Shareholders' Equity	3,724	0	339	4,064	(941)	3,123
Total Changes of Items During Period	3,724	0	339	4,064	(941)	5,948
Balance at the End of Current Period	7,177	0	147	7,325	1,266	80,717

## Notes

1. The Japanese yen figures are rounded down to the nearest one million yen in this financial report.

2. Figures stated in U.S. dollars are translated solely for convenience at the rate of ¥120.17 per U.S.\$1, the approximate rate of exchange prevailing on March 31, 2015.

## Consolidated Statements of Changes in Equity

Years ended March 31, 2015

(Thousands of U.S.Dollars)

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Shares	Total Shareholders' Equity
Balance at the Beginning of Current Period	<b>US\$72,151</b>	<b>US\$43,877</b>	<b>US\$458,760</b>	<b>(US\$2,420)</b>	<b>US\$572,369</b>
Cumulative Effects of Changes in Accounting Policies			<b>4,318</b>		<b>4,318</b>
Restated Balance	<b>72,151</b>	<b>43,877</b>	<b>463,079</b>	<b>(2,420)</b>	<b>576,687</b>
Changes of Items During Period					
Dividends of Surplus			<b>(4,762)</b>		<b>(4,762)</b>
Net Income			<b>28,293</b>		<b>28,293</b>
Purchase of Treasury Shares				<b>(26)</b>	<b>(26)</b>
Disposal of Treasury Shares		<b>(0)</b>		<b>0</b>	<b>0</b>
Net Changes of Items Other Than Shareholders' Equity					
Total Changes of Items During Period		<b>(0)</b>	<b>23,530</b>	<b>(26)</b>	<b>23,504</b>
Balance at the End of Current Period	<b>72,151</b>	<b>43,877</b>	<b>486,609</b>	<b>(2,446)</b>	<b>600,191</b>

	Accumulated Other Comprehensive Income				Minority Interests	Total Net Assets
	Valuation Difference on Available-for-Sale Securities	Deferred Gains (Losses) on Hedges	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income		
Balance at the Beginning of Current Period	<b>US\$28,728</b>	<b>US\$0</b>	<b>(US\$1,597)</b>	<b>US\$27,131</b>	<b>US\$18,374</b>	<b>US\$617,874</b>
Cumulative Effects of Changes in Accounting Policies						<b>4,318</b>
Restated Balance	<b>28,728</b>	<b>0</b>	<b>(1,597)</b>	<b>27,131</b>	<b>18,374</b>	<b>622,192</b>
Changes of Items During Period						
Dividends of Surplus						<b>(4,762)</b>
Net Income						<b>28,293</b>
Purchase of Treasury Shares						<b>(26)</b>
Disposal of Treasury Shares						<b>0</b>
Net Changes of Items Other Than Shareholders' Equity	<b>30,997</b>	<b>2</b>	<b>2,826</b>	<b>33,825</b>	<b>(7,832)</b>	<b>25,993</b>
Total Changes of Items During Period	<b>30,997</b>	<b>2</b>	<b>2,826</b>	<b>33,825</b>	<b>(7,832)</b>	<b>49,497</b>
Balance at the End of Current Period	<b>59,725</b>	<b>2</b>	<b>1,228</b>	<b>60,956</b>	<b>10,542</b>	<b>671,690</b>

## Notes

1.The Japanese yen figures are rounded down to the nearest one million yen in this financial report.

2.Figures stated in U.S.dollars are translated solely for convenience at the rate of ¥ 120.17per U.S.\$1, the approximate rate of exchange prevailing on March 31,2015.

## Consolidated Statement of Cash Flows

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars)
	Years ended March.31.2014	Years ended March.31.2015	Years ended March.31.2015
<b>Cash Flows from Operating Activities</b>			
Income Before Income Taxes	¥3,727	¥5,469	US\$45,515
Depreciation and Amortization	1,386	1,302	10,842
Impairment Loss	15	79	664
Gain on Disposal of Fixed Assets	(84)	-	-
Gain on Bargain Purchase	-	(938)	(7,807)
Increase (Decrease) in Allowance for Loan Losses	(402)	354	2,953
Increase (Decrease) in Reserve for Employees' Bonuses	(30)	(7)	(59)
Increase (Decrease) in Reserve for Employees' Retirement Benefits	(3,190)	-	-
Increase (Decrease) in Net Defined Benefit Assets	-	(183)	(1,523)
Increase (Decrease) in Net Defined Benefit Liability	3,085	(802)	(6,675)
Increase (Decrease) in Reserve for Directors' Retirement Benefits	5	(9)	(80)
Increase (Decrease) in Provision for Reimbursement of Deposits	22	(12)	(108)
Gain on Fund Management	(18,404)	(18,320)	(152,455)
Financial Expenses	1,249	1,254	10,442
Loss (Gain) Related to Securities	(3,059)	(2,013)	(16,755)
Loss (Gain) on Money Held in Trust	(12)	(11)	(98)
Loss (Gain) on Disposal of non-current Assets	1	4	36
Net Decrease (Increase) in Trading Account Securities	(47)	31	266
Net Decrease (Increase) in Loans and Bills Discounted	(20,038)	(14,204)	(118,201)
Net Increase (Decrease) in Deposits	31,456	22,282	185,422
Net Increase (Decrease) in Negotiable Certificates of Deposit	(31,900)	68,215	567,658
Net Increase (Decrease) in Borrowed Money (Excluding Subordinated Borrowings)	6,408	9,333	77,672
Net Decrease (Increase) in Deposit (Excluding Deposit Paid to Bank of Japan)	(131)	(151)	(1,260)
Net Decrease (Increase) in Call Loans	65,000	5,000	41,607
Net Increase (Decrease) in Call Money	(3,978)	-	-
Net Decrease (Increase) in Foreign Exchange Assets	134	68	565
Net Increase (Decrease) in Foreign Exchange Liabilities	6	10	85
Net Decrease (Increase) in Lease Receivables and Investment Assets	150	(629)	(5,236)
Proceeds from Fund Management	18,884	18,550	154,367
Payments for Finance	(1,389)	(1,340)	(11,152)
Other, net	(4,304)	(7,682)	(63,928)
<b>Subtotal</b>	<b>44,561</b>	<b>85,652</b>	<b>712,759</b>
Income Taxes Paid	(757)	(1,692)	(14,080)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>43,803</b>	<b>83,960</b>	<b>698,678</b>
<b>Cash Flows from Investing Activities</b>			
Purchases of Securities	(200,733)	(426,436)	(3,548,612)
Proceeds from Sales of Securities	151,660	416,469	3,465,666
Proceeds from Maturities of Securities	37,843	5,849	48,677
Decrease in Money Held in Trust	11	611	5,086
Purchases of Property, Plant and Equipment	(317)	(813)	(6,771)
Purchases of Intangible Fixed Assets	(168)	(338)	(2,817)
Proceeds from Sales of Property, Plant and Equipment	101	168	1,400
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(11,601)</b>	<b>(4,490)</b>	<b>(37,368)</b>
<b>Cash Flows from Financing Activities</b>			
Cash Dividends Paid	(570)	(571)	(4,754)
Cash Dividends Paid to Minority Shareholders	(2)	(2)	(17)
Purchases of Treasury Shares	(3)	(3)	(26)
Proceeds from Sales of Treasury Shares	-	0	0
Repayments of Lease Liabilities	(175)	(147)	(1,228)
Redemption of Bonds with Warrants	(5,999)	-	-
Issuance of Subordinated Bonds	10,000	-	-
Redemption of Subordinated Bonds	-	(8,000)	(66,572)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>3,249</b>	<b>(8,724)</b>	<b>(72,598)</b>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>(5)</b>	<b>(9)</b>	<b>(82)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>35,445</b>	<b>70,735</b>	<b>588,628</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<b>86,319</b>	<b>121,765</b>	<b>1,013,275</b>
<b>Cash and Cash Equivalents at End of Period</b>	<b>121,765</b>	<b>192,500</b>	<b>1,601,903</b>

## Notes

1.The Japanese yen figures are rounded down to the nearest one million yen in this financial report.

2.Figures stated in U.S.dollars are translated solely for convenience at the rate of ¥ 120.17per U.S.\$1, the approximate rate of exchange prevailing on March 31,2015.

# Board of Directors and Corporate Auditors

As of June 30, 2015

● **Chairman**  
(Representative Director)  
Noriji Yamada

● **President**  
(Representative Director)  
Katsuichiro Toyoshima

● **Senior Managing Director**  
Akihiro Mochizuki

● **Managing Directors**  
Shigeru Nonoyama  
Ayato Mochizuki

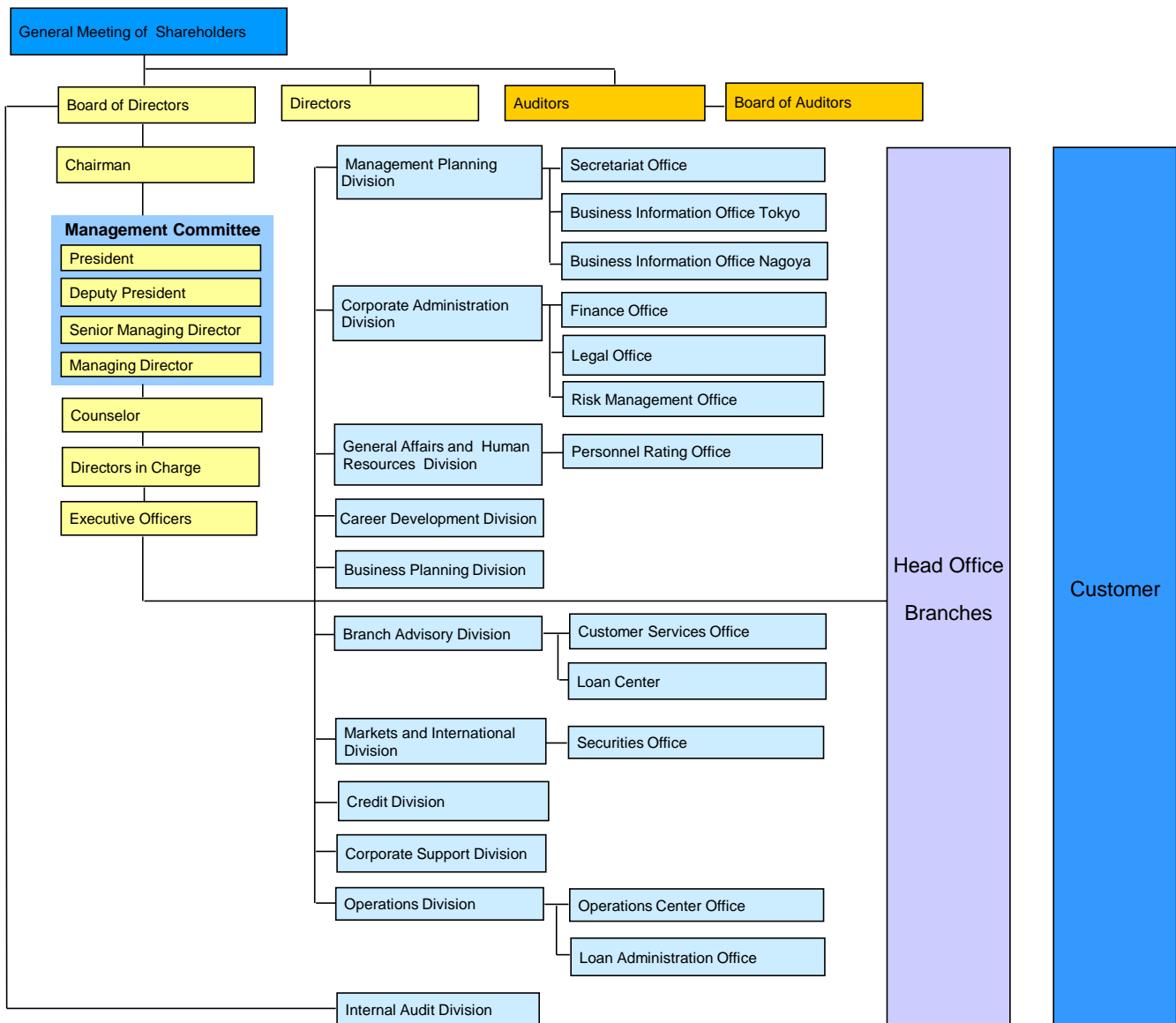
● **Directors**  
Sumiko Suzuki  
Fujio Kaneda  
Keiko Higashi  
Naoyuki Shirakawa  
Syunji Usami  
Yasuhiro Iwayama

● **Corporate Auditors**  
Kazuhito Kobayashi  
Akihiro Sei  
Youichiro Ito  
Kazuaki Isobe

● **Managing Executive Officers**  
Syuji Sano  
Masashi Harada  
Fumitoshi Yabuzaki  
Yoshiaki Harada

## Organization Chart

As of March 31, 2015



**THE SHIMIZU BANK, LTD.**

**MARKETS AND INTERNATIONAL DIVISION**

TEL 81-54-353-5164 SWIFT : SMZGJPJT

<http://www.shimizubank.co.jp/>

