



# THE SHIMIZU BANK,LTD.

## Annual Report 2023

### 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, 2023

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

Date of Incorporation: July 1, 1928  
 Paid-up Capital: JP¥10,816,260,000  
 Number of Branches: 78  
 Number of Sub-branches: 1  
 Number of Employees: 892  
 Consolidated Capital Adequacy Ratio  
 (based on domestic standards): 8.69%  
 Non-Consolidated Capital Adequacy Ratio  
 (based on domestic standards): 8.47%



### Consolidated Subsidiaries

As of March 31, 2023

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 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 Credit Guarantee Co., Ltd.	50	100.00%	–	November 1, 1978	Credit guaranteeing
The Shimizu Lease and Card Co., Ltd.	60	15.13%	48.32%	April 14, 1999	Leasing, Credit card
The Shimizu General Computer Service Co., Ltd.	30	5.00%	50.00%	July 1, 1989	Calculation operations

**With love for the local community, we consider and co-create the future together with our customers.**

Yasuhiro Iwayama  
President and  
Representative  
Director



## Looking Back Over the 27th Medium-term Management Plan

We positioned our 27th Medium-term Management Plan “ZENSHIN – Building Bridges –,” launched in April 2020, as the first phase toward our 100th anniversary, and as an important period to raise our level of profitability, and have rolled out the various measures. We have strengthened systems supporting our customers through collaboration between sales branches and headquarters, including establishing the Corporate Support Office, which provides prompt and detailed cash management and business improvement support to corporate customers, and the Solution Sales Division, which has specialists in specialized fields such as business succession and M&A. We have also started handling sustainable finance, and have been working to provide funds in support of achieving a sustainable society. For our retail customers, we have reviewed financial products and services that contribute to asset creation to meet a wide range of needs at different life stages, and we have expanded our inheritance-related services to help customers pass on their assets smoothly.

As a result, despite growth in core business earnings such as interest on loans and discounts, and corporate service revenues, core operational net profit fell short of the target figure for the final fiscal year of the plan due to an increase in interest expenses associated with rising overseas interest rates. The balance of loans to small to medium-sized companies remained strong, achieving the target. The consolidated capital adequacy ratio remained above the target 8%, despite a trend increase in the amount of risk-weighted assets due to our proactive response to the financing needs of small to medium-sized companies in Shizuoka Prefecture. Although some targets were not achieved due to market factors, we believe that we have made steady progress in increasing the level of profitability, particularly in interest on loans and discounts, and fees and commissions.

# Top Message / Medium-term Management Plan

## Medium-term Management Plan “ZENSHIN – Building Bridges –” -- Basic Policies and Target Figures

### Basic policies

Pursuing customer-oriented business

Maximizing the power of human resources

Strengthening the business base

### Target figures

Core operational net profit  
<Final fiscal year of the plan>

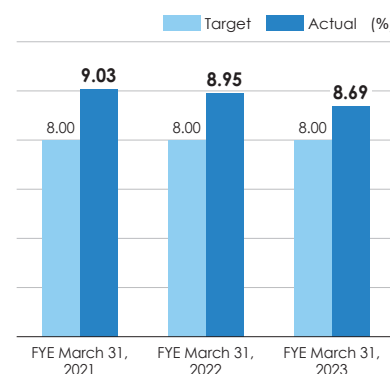
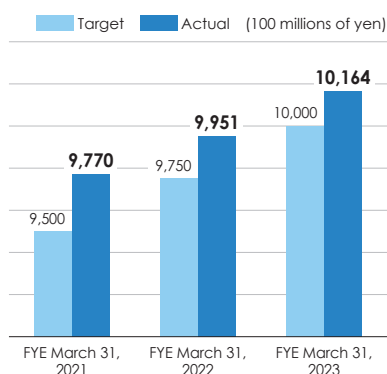
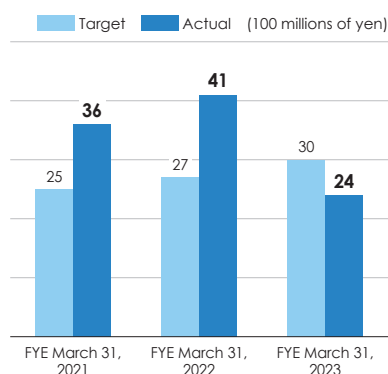
**¥3 billion** or more

Total loans to small to medium-sized companies  
<Final fiscal year of the plan>

**¥1 trillion** or more

Consolidated capital adequacy ratio  
<Final fiscal year of the plan>

**8%** or more



## Establishing our Purpose

In formulating the 28th Medium-term Management Plan, we formed a project team including young employees from the headquarters and sales branches for cross-organizational discussions. The environment surrounding financial institutions remains uncertain due to the effects of monetary tightening around the world. Turning to look at the local economy, in addition to shrinking and aging population with fewer children expected in the medium- to long-term, we face a range of changes, such as balancing infectious disease control and economic activity, responding to the advance of digitalization, and building a decarbonized society, and the issues facing our customers are growing increasingly sophisticated and diverse. Recognizing this, the project team held discussions and decided to take a fresh look at the significance of the Bank's presence in society in these rapidly changing times, and to clearly define the significance of the Bank's existence in the community and its aspirations for the future in the form of a Purpose. Purpose: "With love for the local community, we consider and co-create the future together with our customers" expresses our desire, as a bank with its main business base in Shizuoka Prefecture, to know our customers well from the past to the present, to consider a sustainable future together with our customers, and with them co-create their future and that of our community.



## From “ZENSHIN” to “SHINKA”

In April 2023, we launched our 28th Medium-term Management Plan, “SHINKA – Creating Connections – .” This plan, the second phase as we move toward the Bank’s 100th anniversary, is positioned as a key period for maintaining and expanding the earnings base that was raised during the first phase. SHINKA has the three meanings, “evolution,” “deepening,” and “true value,” and expresses our desire to demonstrate and provide real value by further advancing and strengthening the various measures implemented in the 27th Medium-term Management Plan, ZENSHIN, and by moving forward with new measures.

“More sophisticated solutions sales,” “Improved human capital,” and “Implement sustainable management” have been chosen as its basic policies. By accelerating investment in human capital (employees) and enhancing the strength of the organization as a whole, we will achieve more sophisticated solution sales to local customers, and practice sustainable management that contributes to the sustainable development of “environment,” “society,” and “economy.”

The numerical targets (for the final fiscal year of the plan) are “core operational net profit of ¥4 billion or more,” “profit of ¥2.5 billion or more,” “¥1 trillion or more in total loans to small to medium-sized companies in the prefecture” and “consolidated capital adequacy ratio of 8% or more.” As a regional financial institution, we will actively supply funds to small to medium-sized companies in Shizuoka Prefecture, and maintain a sound capital adequacy ratio in the 8% range, while accumulating risk-weighted assets. By strengthening top-line earnings through the implementation of various measures and reducing costs by improving management efficiency, we are aiming for core operational net profit of ¥4 billion, and adding a new target of ¥2.5 billion in profit, thereby demonstrating our commitment to continuing to pay stable dividends to shareholders while improving ROE.

## Overview of the 28th Medium-term Management Plan

Name	SHINKA — Creating Connections —										
Planning period	April 1, 2023 - March 31, 2026 (three years)										
Basic policy	More sophisticated solutions sales	Improved human capital	Implement sustainable management								
Target figure (Final fiscal year)	<table><tr><td>( i ) Core operational net profit</td><td>¥4 billion or more</td></tr><tr><td>( ii ) Profit</td><td>¥2.5 billion or more</td></tr><tr><td>(iii) Total loans to small to medium-sized companies in the prefecture</td><td>¥1 trillion or more</td></tr><tr><td>(iv) Consolidated capital adequacy ratio</td><td>8% or more</td></tr></table>			( i ) Core operational net profit	¥4 billion or more	( ii ) Profit	¥2.5 billion or more	(iii) Total loans to small to medium-sized companies in the prefecture	¥1 trillion or more	(iv) Consolidated capital adequacy ratio	8% or more
( i ) Core operational net profit	¥4 billion or more										
( ii ) Profit	¥2.5 billion or more										
(iii) Total loans to small to medium-sized companies in the prefecture	¥1 trillion or more										
(iv) Consolidated capital adequacy ratio	8% or more										

## Linkages Between Basic Policies

In this medium-term management plan, through the sharing of our Purpose between all our employees as common values, as well as accelerating investment in human capital (employees), we aim to realize our management philosophy through the interconnection of three basic policies. Each of these policies sets out what we want the bank to be and the cycle for achieving it. By implementing this cycle, we will increase the Bank’s corporate value and create connections with our stakeholders, including the community, customers, employees and shareholders.



# Top Message / Medium-term Management Plan



## Dividend Policy and Reduction of Shares Held as Cross-shareholdings

The Bank's basic policy is to ensure stable earnings and to pay stable dividends to its shareholders by promoting sound management and by meeting the funding needs of local customers by providing greater convenience and information to our customers. We will maintain and improve dividend levels by implementing measures to increase corporate value, including medium-term management plan, and by increasing net income per share and net assets per share.

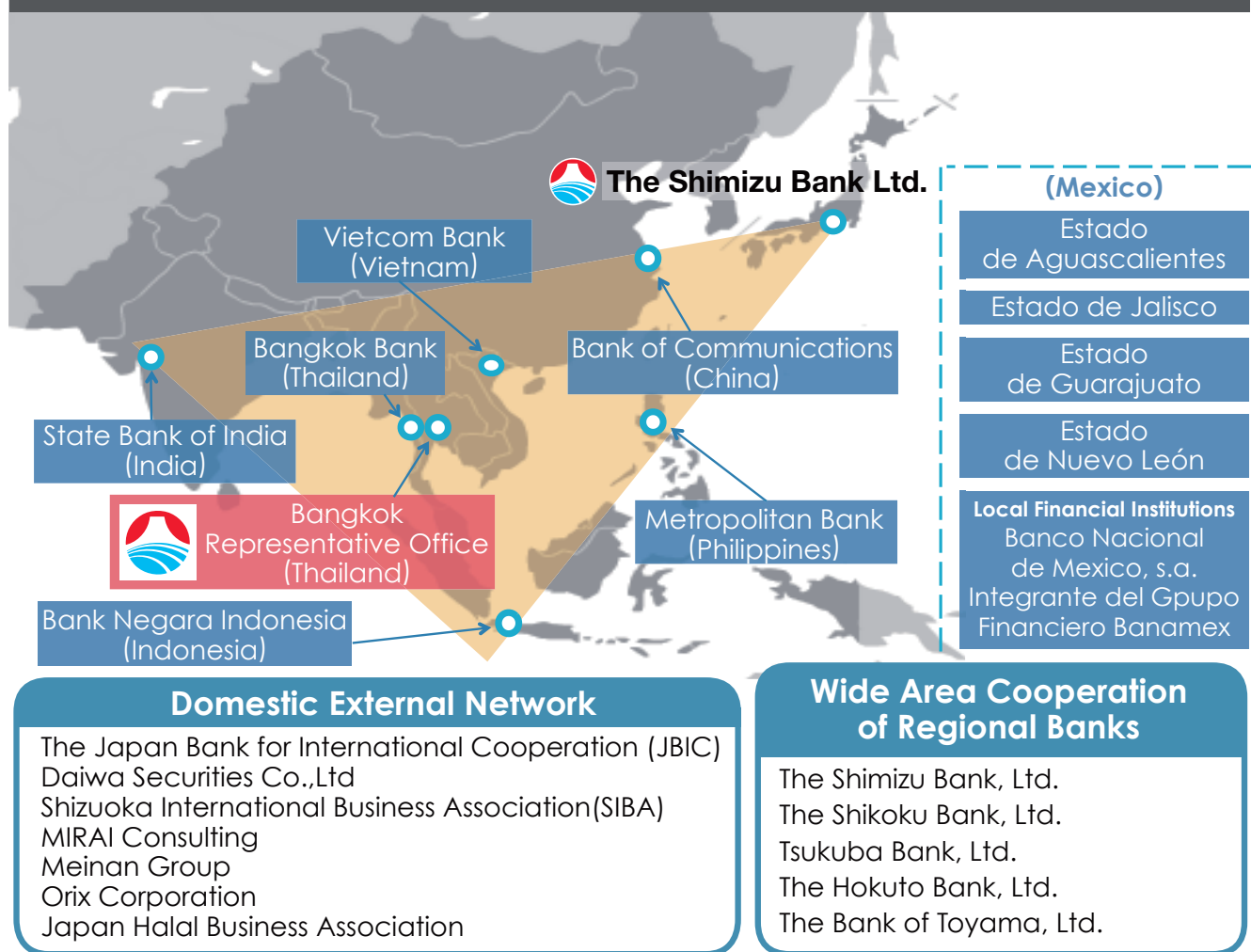
It is our policy to strategic investment shares only where it is deemed that such shareholdings will contribute to maintaining and expanding transactions with the investee company and the development of stable and sustainable corporate activities of both the investee company and the Bank. The Bank's policy is to reduce cross-shareholdings by periodically reviewing the significance of each of its holdings, taking into consideration whether the growth potential, future prospects, and medium- to long-term economic rationality of individual portfolio companies are commensurate their associated benefits and cost of capital.

## Creating Connections With All Stakeholders

Many regional banks, including us, must as financial institutions maintain a certain capital adequacy ratio, conduct highly public-oriented business that contributes to the development of the local economy, while at the same time, as a publicly listed company, we must increase profitability and capital efficiency, improve shareholder returns, and invest in further growth to increase its corporate value. While the Bank is required to consider various stakeholders such as the community, customers, employees, and shareholders, the Bank's newly established Purpose and its 28th Medium-term Management Plan focus on its employees, starting from the acceleration of investment in human capital (employees), the source of value creation. We are already engaged in ongoing dialogue with our employees as we move toward revision of the personnel system, scheduled for October 2023, and plan to improve our human capital through measures including "increasing the compensation paid to younger employees," "establishing a support system for career development," "lifting restrictions on double-employment and side jobs," and "improving our leave system." We believe that having all our employees act according to our Purpose and rolling out the measures set out in the 28th Medium-term Management Plan will generate a virtuous cycle that leads to the increased sophistication of solutions sales that solve customer problems, expand our revenue base, and increase the Bank's corporate value.

Lastly, we will continue to live up to the trust and expectations of our stakeholders. We appreciate your continued support and patronage.

## Network of Support for Overseas Expansion





# Mt. Fuji -Our Symbol-



## **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 since 1969 and have been using a corporate logo since 1974 whose design includes images of Mt. Fuji and Gulf of Suruga.

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.



# Summary of Business

## Consolidated Results

Ordinary income increased by ¥981 million year on year to ¥28,403 million due to increases in interest on loans and discounts as well as in fees and commissions. Ordinary expenses increased by ¥3,369 million year on year to ¥26,806 million due to an increase in interest expenses. As a result, an ordinary profit of ¥1,596 million was posted. In terms of deposits, as a result of striving to expand our business base, which has close ties to the region, total deposits increased by ¥27.1 billion from the end of the previous fiscal year to ¥1,542.9 billion. In personal deposit assets, by responding to increasing diverse customer needs, we succeeded in growing personal deposits and personal pension insurance, leading to an increase of ¥30.2 billion over the end of the previous fiscal year to ¥1,337.1 billion. Loans and bills discounted rose by ¥27.4 billion from the end of the previous fiscal year to ¥1,245.3 billion, as a result of responding proactively, as a regional financial institution, to demand from customers for funding. Securities decreased by ¥6.7 billion over the end of the previous fiscal year to ¥328.6 billion, the result of keeping a close eye on market fluctuations while taking a flexible approach to management.

(Millions of Yen)

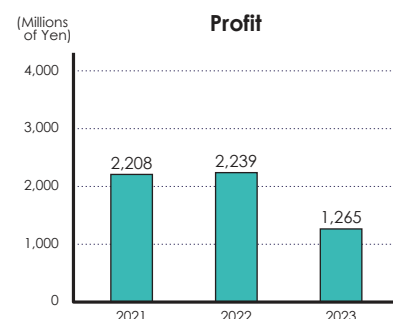
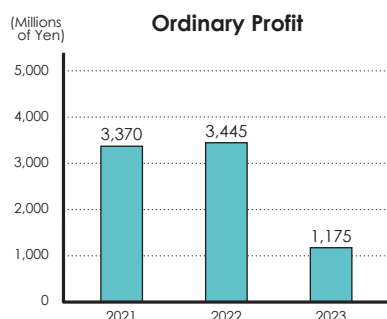
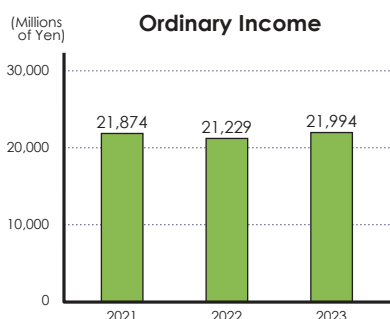
Consolidated Five-years Summary	2019	2020	2021	2022	2023
Ordinary Income	¥28,675	¥28,974	¥27,782	¥27,421	<b>¥28,403</b>
Ordinary Profit	3,620	▲4,230	3,475	3,984	<b>1,596</b>
Profit Attributable to Owners of Parent	2,521	▲3,968	2,163	2,580	<b>1,474</b>
Comprehensive Income	1,958	▲5,980	5,179	▲3,788	<b>▲6,642</b>
Total Net Assets	89,173	82,512	87,071	82,569	<b>75,158</b>
Total Assets	1,656,759	1,596,871	1,795,397	1,808,806	<b>1,889,075</b>
Net Assets per Share in Yen	7,584.31	7,001.06	7,388.40	6,993.66	<b>6,384.27</b>
Net Income per Share in Yen	225.83	▲342.58	186.69	222.69	<b>127.55</b>
Consolidated Capital Adequacy Ratio (based on domestic standards)	9.41%	8.63%	9.03%	8.95%	<b>8.69%</b>
Number of Employees	1,006	993	996	999	<b>985</b>

## Non-Consolidated Results

Ordinary income increased by ¥764 million year on year to ¥21,994 million due to increases in interest on loans and discounts as well as in fees and commissions. Ordinary expenses increased by ¥3,034 million year on year to ¥20,818 million. As a result, ordinary profit decreased by ¥2,269 million year on year to ¥1,175 million.

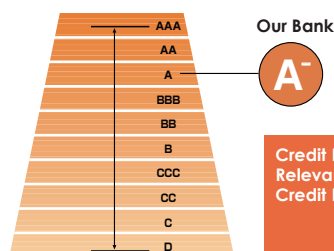
(Millions of Yen)

Non-Consolidated Five-years Summary	2019	2020	2021	2022	2023
Ordinary Income	¥23,048	¥23,245	¥21,874	¥21,229	<b>¥21,994</b>
Ordinary Profit	3,411	▲4,464	3,370	3,445	<b>1,175</b>
Profit	2,492	▲3,982	2,208	2,239	<b>1,265</b>
Capital Stock	10,816	10,816	10,816	10,816	<b>10,816</b>
Number of Shares Issued in Thousand Shares	11,641	11,641	11,641	11,641	<b>11,641</b>
Total Net Assets	85,524	78,956	82,912	77,904	<b>70,383</b>
Total Assets	1,646,792	1,585,837	1,784,805	1,797,996	<b>1,876,516</b>
Deposits	1,390,359	1,386,907	1,494,257	1,519,359	<b>1,546,805</b>
Loans and Bills Discounted	1,129,123	1,156,716	1,211,117	1,225,136	<b>1,251,148</b>
Securities	300,501	287,130	310,524	335,725	<b>329,005</b>
Net Assets Per Share in Yen	7,380.63	6,810.11	7,149.32	6,715.05	<b>6,098.80</b>
Dividends per Share in Yen	65	55	60	60	<b>60</b>
Dividends per Share at mid-term in Yen	35	30	30	30	<b>30</b>
Net Income per Share in Yen	223.23	▲343.75	190.65	193.24	<b>109.40</b>
Dividends Payment ratio	29.11%	-%	31.47%	31.04%	<b>54.84%</b>
Non-Consolidated Capital Adequacy Ratio (based on domestic standards)	9.14%	8.42%	8.79%	8.71%	<b>8.47%</b>
Number of Employees	914	901	904	906	<b>892</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<sup>-</sup>  
 Relevant Debt : long-term Preferred Debt  
 Credit Rating Agency :  
 Japan Credit Rating Agency, Ltd.  
 (As of March 31, 2023)



# Corporate Governance Structure

## Fundamental Approach to Corporate Governance

At a time when companies are required to enhance corporate governance, the Shimizu Bank believes its mission is to perform business management fairly through delivering increased transparency to shareholders and customers.

To this end, it is necessary for us to bolster the functions of the Board of Directors, realize swift decision-making and develop a framework to strictly monitor the business management execution.

### 1) Outline of our corporate governance system

The Audit & Supervisory Committee composed of four Directors serving as Audit & Supervisory Committee Members has been established, which conducts appropriate audits of the business execution by Directors, leading to more substantial checks on management.

The Board of Directors consists of eleven Directors (excluding Directors serving as Audit & Supervisory Committee Members), of which three are Outside Directors, and four Directors serving as Audit & Supervisory Committee Members, of which three are Outside Directors, for a total of 15. The Chairman of the Bank serves as the Chair, and the Board supervises the execution of business, such as by taking decisions on important management strategies, etc., based on our business philosophy. Ordinary meetings of the Board of Directors are held once a month as a rule, in addition to which extraordinary meetings of the Board of Directors are held as required.

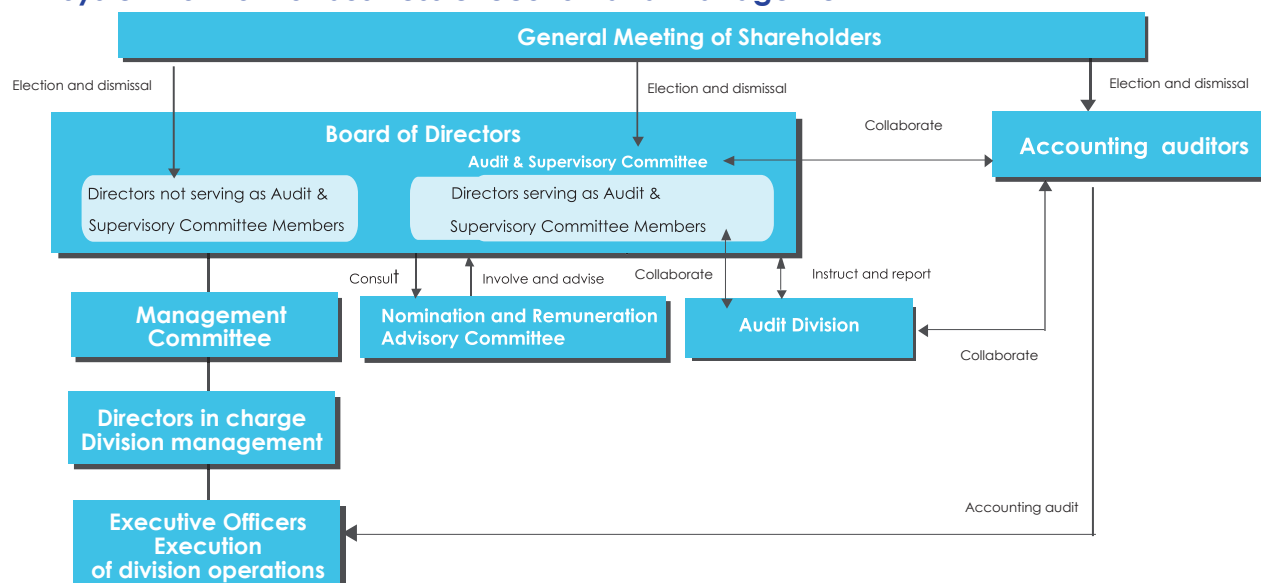
The Audit & Supervisory Committee deliberates and reports on the status of audits, with a particular focus on the duties of Directors. Ordinary meetings of the Audit & Supervisory Committee are held once a month as a rule, in addition to which extraordinary meetings are held as required.

The Nomination and Remuneration Advisory Committee has been established with the aim of strengthening the independence, objectivity, and explanatory functions of the Board of Directors through the appropriate involvement and council of the Independent Outside Directors when considering particularly important matters such as the nomination and remuneration of Directors (excluding Directors serving as Audit & Supervisory Committee Members). A majority of the Committee members are Independent Outside Directors, and the Committee is composed entirely of Directors with representative rights or Independent Outside Directors (excluding Directors serving as Audit & Supervisory Committee Members).

The Shimizu Bank has in place three categories of management meeting, namely, Ordinary Management Meeting, Expanded Management Meeting and Project Meeting. These serve as consultation bodies designed to have operations executed nimbly and with a mutual restraint function. An Ordinary Management Meeting is held daily, in principle, to bolster governance and expedite decision-making. To deliberate and resolve more rigorously, an Expanded Management Meeting is held twice-monthly, in principle, under specified themes such as: 1) loan screening aimed at reinforcing credit risk control; 2) revenue management for controlling revenue and examining revenue improvement measures; 3) risk management intended to oversee various risks comprehensively; 4) compliance control designed to ensure strict compliance with laws and regulations and check and give guidance on such compliance; 5) system strategies to deliberate on system strategies for operations; 6) financial reporting to determine a financial closing policy. A Project Meeting is allowed to be held any time as a meeting to resolve (deliberate) on a specific subject continuously for a limited period of time, and an Ordinary Management Meeting is supposed to resolve on the subjects and operation for such meeting each time. An Ordinary Management Meeting is chaired by the President and its other members are determined by the Board of Directors, based on a proposal by the Chair. An Expanded Management Meeting is attended by officers comprising members of an Ordinary Management Meeting as well as employees who are designated separately in subsidiary rules on a subject-by-subject basis. A Project Meeting is attended by officers more or less identical to attendees of an Ordinary Management Meeting. Each Management Meeting is regarded as a body designed to resolve and deliberate at the commission of the Board of Directors, so minutes are created on the resolutions before being reported to the Board.

The ALM Earnings Management Committee, established as a body to comprehensively manage assets and liabilities and be involved in the formulation of strategic goals, seeks to bolster the framework for earnings management and asset liability management (ALM).

### System to monitor business execution and management



## 2) State of development of internal control system

In addition to prescribing the following Basic Policy on Internal Control System, the Bank strives to develop its internal control system.

- a. System to ensure that duty execution by Directors and employees adheres to laws and regulations as well as the Articles of Incorporation
  - Establish the Compliance Manual to specify laws, regulations and rules that directors and employees must observe
  - Install a business unit charged with supervising compliance and strive to develop the compliance framework of the Bank and the Shimizu Bank Group as a whole and ascertain compliance issues. Hold an Expanded Management Meeting monthly on the theme of compliance as a meeting chaired by the President and attended by our corporate lawyer
  - Install compliance managers and administrators at the headquarters and branches; they are to verify the conformity of routine operations to laws. Establish the Compliance Reporting Scheme to prevent any violation from occurring with respect to the user of this reporting scheme, management will not take any action detrimental to the reporting officer such as a disciplinary action and employee evaluation downgrade on account of the reporting.
  - The Awards and Discipline Committee takes a penalty action against an employee for a violation of laws and regulations or the Articles of Incorporation. As for a violation of laws and regulations or the Articles of Incorporation by a Director, the Management Committee investigates the violation pursuant to the "Director Compliance Rules," following which the Board of Directors resolves to take specific action.
  - The Bank will battle determinedly against what are generally referred to in Japan as "anti-social forces" and anti-community groups that threaten order and security in local communities, and will not provide any benefit to such entities.
- b. System for the storage and management of information on duty execution by Directors
  - We store and manage information on duty execution by Directors such as minutes of Board of Directors meetings and ringi approval letters in an appropriate manner pursuant to internal rules
- c. Regulations and other systems for management of risk of loss
  - To perform risk management appropriately, we establish the Integrated Risk Management Provisions before designating departments in charge on a category-by-category basis, thereby building a system to manage various types of risks.
  - We also install a department charged with performing risk supervision for the entire Bank. This department is to report on the state of various risks to the Board of Directors and the Management Committee, as required.
  - In addition to establishing the Business Continuity Regulations for us to continue operations appropriately in an emergency, we will respond swiftly and adequately, thus developing a system capable of minimizing effects on our business activities.
- d. System to ensure that Directors execute their duties efficiently
  - Directors (excluding Directors serving as Audit & Supervisory Committee Members) are to execute their duties according to the Organization Regulations and the Job Authority Regulations. The Bank has the Management Committee in place as a body to deliberate and resolve within the scope assigned to it by the Board of Directors, and this committee is to expedite decision-making for business execution.
  - The personnel are to report to the Board of Directors on the state of progress for any matter resolved by the Board of Directors every three months, thereby managing and ascertaining the progress until completion.
- e. System to secure the appropriateness of operations at the corporate group comprising the Bank and its subsidiaries
  - We strive to secure the appropriateness of our operations with respect to compliance at the Shimizu Bank Group companies and adequate reporting to the Bank, as well as the efficiency of our risk management and duty execution. To this end, we install a supervision department to be charged with operating and managing the Shimizu Bank Group companies. Moreover, we establish the Shimizu Bank Group Operation and Management Regulations. Our group companies are to submit reports to the Bank and consult with it according to the List of Matters for Consultation and Reporting by Group Companies.
  - The Bank's personnel are to visit our group companies and audit them, as required.
  - The Bank and its group companies are to comply with accounting standards and other relevant laws and regulations, and develop a system to secure the trustworthiness of their financial reporting.
- f. Matters related to employees who are obliged to assist with the duties of the Audit & Supervisory Committee
  - At least one person is assigned to assist the Audit & Supervisory Committee in its duties.
- g. Matters related to ensuring the independence of the employees mentioned in the previous item from Directors (excluding Directors serving as Audit & Supervisory Committee Members) and the effectiveness of instructions to said employees
  - In cases where the employees are also obliged to assist in audit operations, for the purposes of assisting in such duties, said employees are detached from the instructions of the operating departments, such as Directors (excluding Directors serving as Audit & Supervisory Committee Members), and obey the instructions and orders of the Audit & Supervisory Committee.
  - With regard to internal transfers and evaluations for employees obliged to assist in such matters, the opinion of the Audit & Supervisory Committee is respected.
- h. Systems for Directors (excluding Directors serving as Audit & Supervisory Committee Members) and employees to report to the Audit & Supervisory Committee, and other systems for reporting to the Audit & Supervisory Committee.
  - The Directors (excluding Directors serving as Audit & Supervisory Committee Members) of the Bank and its group companies are to report without delay to the Audit & Supervisory Committee on any significant matter that affects the Bank's operations or financial results. The employees of the Bank and its group companies are to report on such matter through a control department and by way of a Director in charge and a group company Director. The Directors (excluding Directors serving as Audit & Supervisory Committee Members) and employees of the Bank and its group companies must provide cooperation if asked by the Audit & Supervisory Committee to report on operations.
  - Management must not take any action detrimental to the reporting officer such as a disciplinary action and employee evaluation downgrade on account of the above-mentioned reporting.
- i. Other systems to ensure that audits of the Audit & Supervisory Committee are conducted effectively
  - The Audit & Supervisory Committee cooperates with the internal audit department, etc., and regularly exchanges opinions in relation to issues facing the Bank, issues with internal management structures, and so on. In addition, the Audit & Supervisory Committee works to achieve appropriate audits, such as by listening to the opinions of the Accounting Auditor and external specialists.
- j. Matters related to policies for the processing of expenses and obligations arising from the execution of duties by the Audit & Supervisory Committee, such as procedures for prepayment of expenses or for reimbursement arising from the execution of said duties
  - When an Audit & Supervisory Committee Member requests prepayment of expenses required for the execution of duties, or reimbursement, etc., the expense or obligation in question shall be processed promptly.

# 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.

## Corporate Culture Attaching Importance to Compliance

The Bank formulated the Compliance Manual which illustrates the Ethics Charter and laws and regulations required to be observed and which specifically outlines how to deal with any illegal act discovered. Each time laws or regulations are amended, the provisions of the Compliance Manual are revised with the approval of the Board of Directors. We ensure that the Compliance Manual is adhered to in the Bank by organizing training and in-branch learning programs.

This manual, in electronic format, is allowed to be viewed by any employee via a PC at all times. Thus, we seek to foster compliance awareness in the organization while striving to cause specific actions to be taken.

Each fiscal year, we formulate the Compliance Program, a specific action plan aimed at securing the state of compliance in the Bank. Thus, we engage in effective monitoring activities while developing a compliance framework.

Specifically, based on our training programs, all Shimizu Bank employees take e-learning-based compliance study and testing courses, among other efforts to grasp rules including various laws and regulations.

The results of such courses are analyzed by the Compliance Supervisory Department before being reported to the Expanded Management Meeting. Then, the personnel discuss measures such as those for preventing any violation of laws and regulations and stopping their recurrence before reflecting such measures in our business execution, in a move to further bolster our compliance system.

The Shimizu Bank Group has in place the Compliance Reporting Scheme, a system in which to report any issue or problem detected. We secured neutrality for the system by arranging for the General Manager of the Legal Office at the Corporate Administration Division and our corporate lawyers to serve as reporting desks. Moreover, we built a platform to prevent any user of this reporting scheme from being subjected to detrimental treatment on account of the reporting, thereby striving to avert misconduct and fraud.

## 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 Administration 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.

## Charter of Ethics

### 1. Establishing trust

In order to maintain the structure of credit and to smooth financial processes in the regions, while remaining aware of the social responsibility of banks and the gravity of their public mission, we will conduct business in a sound and appropriate manner, with the goal of establishing unshakable trust.

### 2. Contributing to the economy and to society by providing high-quality services

In addition to the function of providing infrastructure to support economic activity that we have fulfilled from the beginning, we contribute to the economy and to society, both in Japan and overseas, by providing high-quality financial services that respond to the needs of users.

### 3. Compliance with laws, regulations and rules

We comply with laws and regulations as well as with internal rules in the course of executing our business. We respect social rules, perform corporate activities with conscientiousness, integrity and fairness.

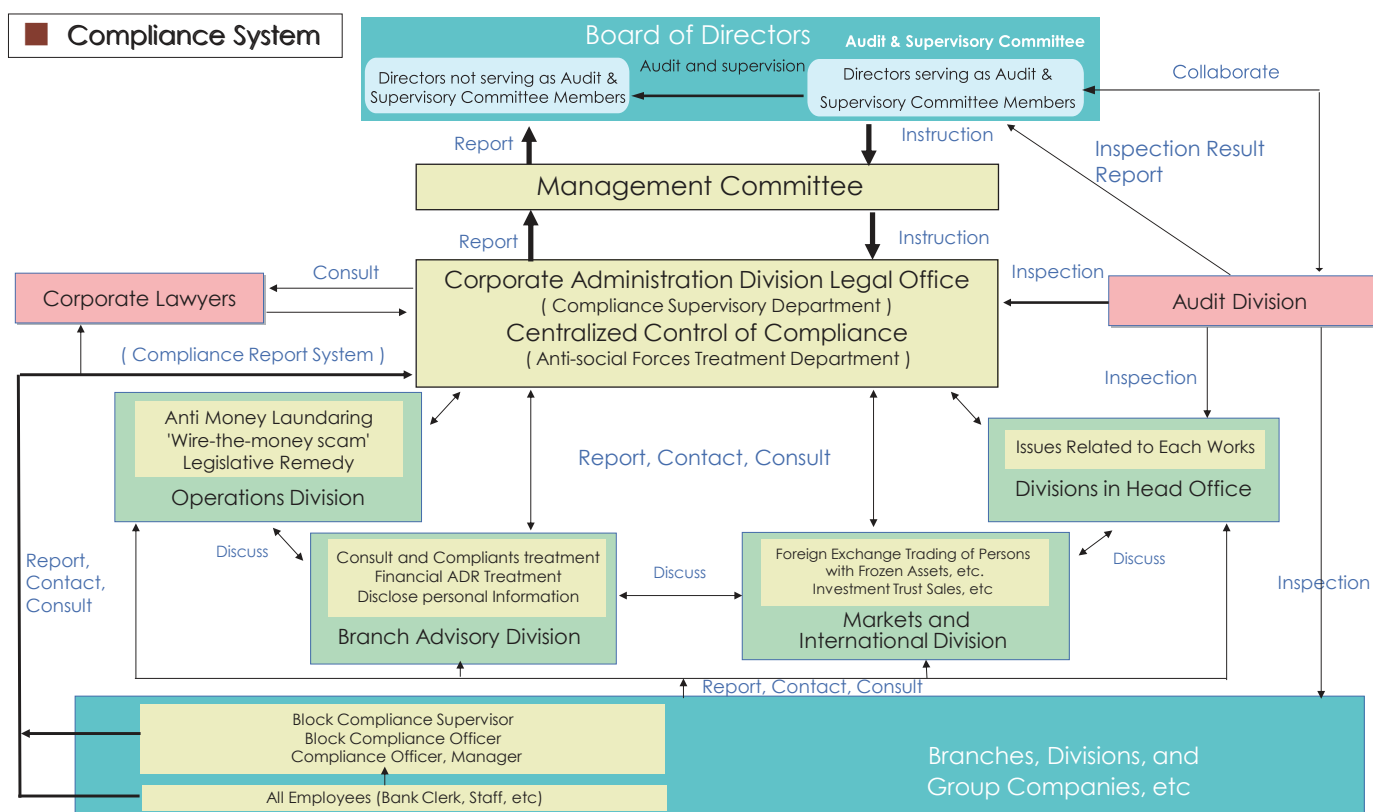
### 4. Blocking all relationships with anti-social forces

We resolutely reject illegal demands made by antisocial forces of the kind that threaten the safety and order of society, and will eliminate any and all relationships with them.

### 5. Proactive communication

In order to obtain wide-ranging understanding and trust from society at large, we will proactively and fairly disclose business information, make every effort to ensure the soundness of business, and strive to establish broad communications between the Bank and society.





- ## ● Legal and Regulatory Compliance Policy

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.

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.

With the diversification of payment methods and the globalization of transactions, the proceeds of crime are being transferred across national borders and becoming a source of activity for criminal organizations and terrorists, making preventing money laundering and countering the financing of terrorism international challenges. The Bank considers preventing money laundering and countering the financing of terrorism to be important management issues. We have established an effective control system and are working to maintain and improve the healthiness and appropriateness of our business operations through the establishment of various regulations and ongoing customer management.

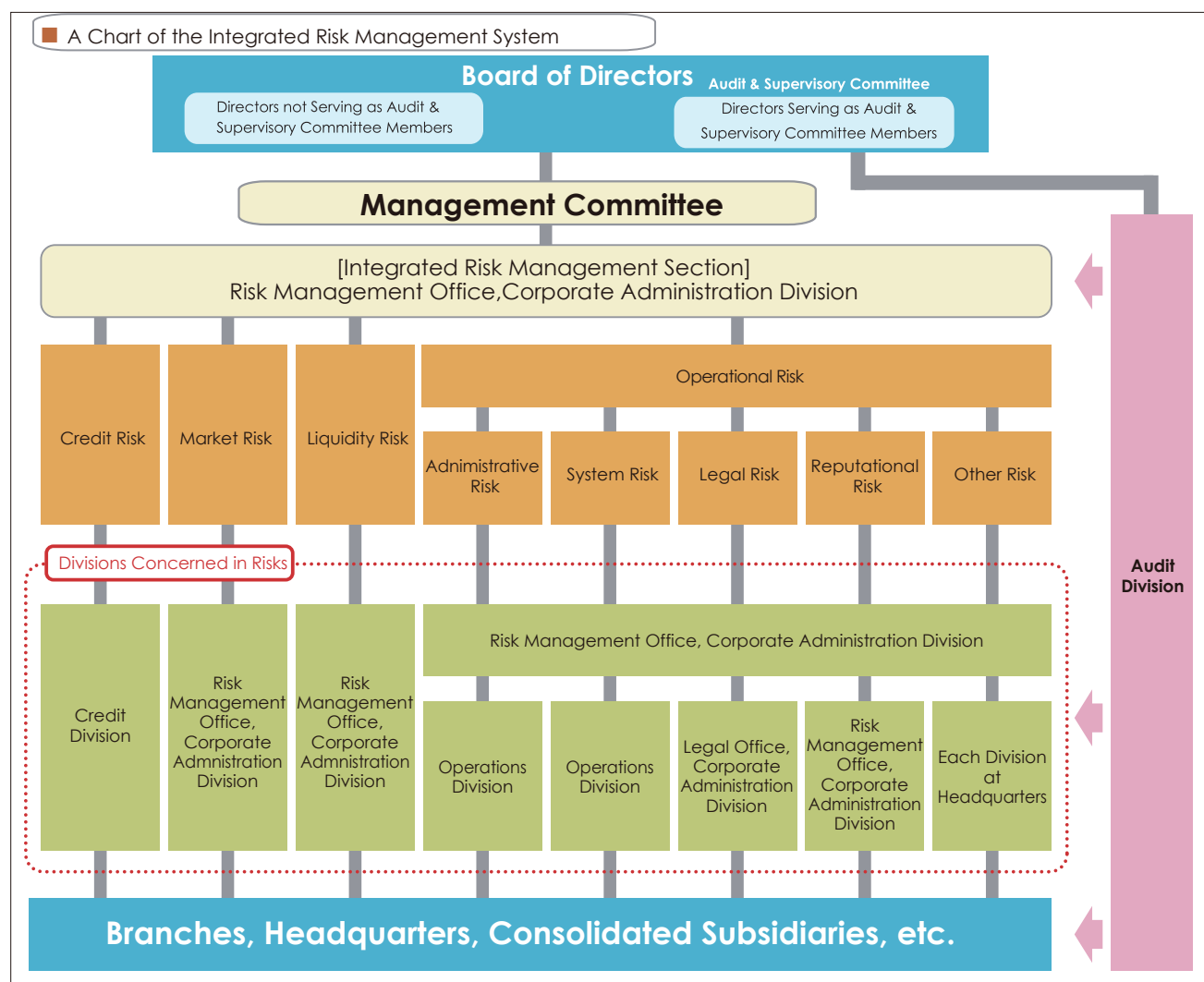
- ## ● Solicitation Policy

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

## Risk Management System

The 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 Shimizu 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 Shimizu 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, the 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.

## Credit Risk Management

The Shimizu Bank collectively administers loans and bills discounted, assets with a credit risk, and off-balance sheet assets, managing credit risk 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 risk 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 risk to securely earn stable profits through market transactions. The Bank has installed both a front office and back office in the Markets and International Division, as well as a middle office in the Risk Management Office of the Corporate Administration Division, 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 Shimizu Bank manages funds daily, weekly, and monthly at the Markets and International Division, which is a fund raising management section, while the Risk Management Office of the Corporate Administration Division, 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 Shimizu Bank recognizes administrative risk, system risk, legal risk, reputational risk, and other risks as operational risk; endeavors to prevent such risks from becoming tangible; and minimizes the impacts caused by such risks when they become apparent.

Regarding administrative risk, 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 Internal Audit Division 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 risk is the risk 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 risk, and vigorously addresses actions to strengthen our preparedness to further observe laws and regulations.

Reputational risk is the risk 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 risk, 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, the 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.

## Cyber Security

The risk of cyber-attacks is continuing to increase due to the advancement of digital technology and changes in the international situation. As attack methods become more diverse and sophisticated, the difficulty of managing system vulnerabilities and other issues is also increasing. The Bank recognizes cybersecurity management as one of its most important management issues. We have established "Cybersecurity Management Regulations" to clarify our basic policies, management structure, and roles during normal operations and in the event of an incident, and have also established a Computer Security Incident Response Team (CSIRT) to conduct cyber attack-related training, exercises, and education to improve the effectiveness of our countermeasures.

## ALM System

The Shimizu 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 Sheet

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars)
	March 31,2022	March 31,2023	March 31,2023
<b>Assets</b>			
Cash and Due from Banks	¥186,746	¥248,749	US\$1,862,730
Trading Securities	563	577	4,324
Money Held in Trust	1,000	1,000	7,493
Securities	335,368	328,664	2,461,168
Loans and Bills Discounted	1,217,888	1,245,342	9,325,613
Foreign Exchanges	771	1,601	11,994
Lease Receivables and Investments in Leases	14,397	14,542	108,900
Other Assets	30,723	27,979	209,518
Property, Plant and Equipment	17,291	17,012	127,399
Buildings, Net	6,958	6,631	49,657
Land	8,999	8,999	67,393
Leased Assets, Net	4	6	50
Construction in Progress	-	74	557
Other Tangible Fixed Assets	1,328	1,300	9,738
Intangible Assets	621	955	7,153
Software	516	832	6,235
Leased Assets	1	4	31
Other Intangible Fixed Assets	104	118	886
Retirement Benefit Asset	358	265	1,987
Deferred Tax Assets	4,755	4,584	34,326
Customers' Liabilities for Acceptances and Guarantees	5,344	5,587	41,841
Allowance for Loan Losses	(7,025)	(7,787)	(58,318)
<b>Total Assets</b>	¥1,808,806	¥1,889,075	US\$14,146,136

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars)
	March 31,2022	March 31,2023	March 31,2023
<b>Liabilities</b>			
Deposits	¥1,515,749	¥1,542,937	US\$11,554,119
Negotiable Certificates of Deposit	-	79,550	595,701
Cash Collateral Received for Securities Lent	41,212	50,235	376,182
Borrowed Money	151,452	126,685	948,674
Foreign Exchanges	9	54	409
Other Liabilities	11,271	7,542	56,481
Provision for Bonuses	469	462	3,461
Retirement Benefit Liability	305	438	3,286
Provision for Retirement Benefits for Directors(and Other Officers)	38	51	386
Provision for Loss on Cancellation of System Contracts	295	283	2,120
Deferred Tax Liabilities	88	87	656
Acceptances and Guarantees	5,344	5,587	41,841
<b>Total Liabilities</b>	1,726,237	1,813,916	13,583,322
<b>Net Assets</b>			
Share Capital	10,816	10,816	80,996
Capital Surplus	7,642	7,642	57,226
Retained Earnings	65,922	66,701	499,489
Treasury Shares	(246)	(346)	(2,595)
Total Shareholders' Equity	84,134	84,813	635,117
Valuation Difference on Available-for-Sale Securities	(3,785)	(11,819)	(88,512)
Deferred Gains or Losses on Hedges	274	297	2,227
Remeasurements of Defined Benefit Plans	415	257	1,928
Total Accumulated Other Comprehensive Income	(3,095)	(11,264)	(84,355)
Share Acquisition Rights	93	123	926
Non-Controlling Interests	1,436	1,485	11,125
<b>Total Net Assets</b>	82,569	75,158	562,814
<b>Total Liabilities and Net Assets</b>	¥1,808,806	¥1,889,075	US\$14,146,136

## 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 ¥133.54per U.S.\$1, the approximate rate of exchange prevailing on March 31,2023.

## Consolidated Statement of Income

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars)
	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2023
<b>Ordinary Income</b>	<b>¥27,421</b>	<b>¥28,403</b>	<b>US\$212,694</b>
Interest Income	15,835	15,982	119,679
Interest on Loans and Discounts	12,478	12,757	95,536
Interest and Dividends on Securities	3,046	2,812	21,061
Interest on Deposits with Banks	307	366	2,745
Other Interest Income	2	44	336
Fees and Commissions	10,559	11,315	84,736
Other Ordinary Income	638	151	1,136
Other Income	388	953	7,141
Other	388	953	7,141
<b>Ordinary Expenses</b>	<b>23,436</b>	<b>26,806</b>	<b>200,738</b>
Interest Expenses	454	1,659	12,425
Interest on Deposits	278	238	1,786
Interest on Negotiable Certificates of Deposit	0	0	7
Interest on Call Money	(5)	(13)	(97)
Interest Expenses on Cash Collateral Received for Securities Lent	142	1,404	10,515
Interest on Borrowings and Rediscounts	29	26	199
Other Interest Expenses	10	1	13
Fees and Commissions Payments	6,067	6,388	47,838
Other Ordinary Expenses	911	2,252	16,865
General and Administrative Expenses	15,165	15,208	113,887
Other Expenses	837	1,298	9,722
Provision of Allowance for Loan Losses	476	816	6,118
Other	360	481	3,604
<b>Ordinary Profit (Loss)</b>	<b>3,984</b>	<b>1,596</b>	<b>11,955</b>
<b>Extraordinary Income</b>	<b>40</b>	<b>12</b>	<b>93</b>
Gain on Disposal of Non-Current Assets	40	0	0
Reversal of Provision for Loss on Cancellation of System Contracts	-	12	92
<b>Extraordinary Losses</b>	<b>355</b>	<b>30</b>	<b>226</b>
Loss on Disposal of Non-Current Assets	0	30	226
Impairment Losses	59	-	-
Provision for Loss on Cancellation of System Contracts	295	-	-
Profit (Loss) Before Income Taxes	3,669	1,578	11,822
Income Taxes - Current	985	271	2,033
Income Taxes - Deferred	31	(217)	(1,628)
Total Income Taxes	1,016	54	404
Profit (Loss)	2,652	1,524	11,417
Profit Attributable to Non-Controlling Interests	71	49	372
<b>Profit (Loss) Attributable to Owners of Parent</b>	<b>¥2,580</b>	<b>¥1,474</b>	<b>US\$11,045</b>

## Consolidated Statement of Comprehensive Income

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars)
	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2023
<b>Profit (Loss)</b>	<b>¥2,652</b>	<b>¥1,524</b>	<b>US\$11,417</b>
<b>Other Comprehensive Income</b>	<b>(6,441)</b>	<b>(8,167)</b>	<b>(61,162)</b>
Valuation Difference on Available-for-Sale Securities	(6,784)	(8,032)	(60,150)
Deferred Gains or Losses on Hedges	203	22	169
Remeasurements of Defined Benefit Plans, Net of Tax	140	(157)	(1,181)
<b>Comprehensive Income</b>	<b>(3,788)</b>	<b>(6,642)</b>	<b>(49,744)</b>
Comprehensive Income Attributable to Owners of Parent	(¥3,852)	(¥6,694)	(US\$50,130)
Comprehensive Income Attributable to Non-Controlling Interests	63	51	386

## 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 ¥133.54per U.S.\$1, the approximate rate of exchange prevailing on March 31, 2023.

## Consolidated Statement of Changes in Net Assets

Year ended March 31, 2022

(Millions of Yen)

	Shareholders' Equity				
	Share Capital	Capital Surplus	Retained Earnings	Treasury Shares	Total Shareholders' Equity
Balance at April 1, 2021	¥10,816	¥7,643	¥64,060	(¥248)	¥82,272
Cumulative Effects of Changes in Accounting Policies			(23)		(23)
Restated Balance	10,816	7,643	64,036	(248)	82,248
Changes During Period					
Dividends of Surplus			(695)		(695)
Profit Attributable to Owners of Parent			2,580		2,580
Purchase of Treasury Shares				(0)	(0)
Disposal of Treasury Shares		(1)		2	0
Net Changes in Items Other Than Shareholders' Equity					
Total Changes During Period	-	(1)	1,885	2	1,885
Balance at March 31, 2022	¥10,816	¥7,642	¥65,922	(¥246)	¥84,134

	Accumulated Other Comprehensive Income				Share Acquisition Rights	Non-Controlling Interests	Total Net Assets
	Valuation Difference on Available-for-Sale Securities	Deferred Gains or Losses on Hedges	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income			
Balance at April 1, 2021	¥2,991	¥71	¥275	¥3,337	¥72	¥1,388	¥87,071
Cumulative Effects of Changes in Accounting Policies						(13)	(37)
Restated Balance	2,991	71	275	3,337	72	1,374	87,033
Changes During Period							
Dividends of Surplus							(695)
Profit Attributable to Owners of Parent							2,580
Purchase of Treasury Shares							(0)
Disposal of Treasury Shares							0
Net Changes in Items Other Than Shareholders' Equity	(6,776)	203	140	(6,433)	21	61	(6,349)
Total Changes During Period	(6,776)	203	140	(6,433)	21	61	(4,464)
Balance at March 31, 2022	(¥3,785)	¥274	¥415	(¥3,095)	¥93	¥1,436	¥82,569

Year ended March 31, 2023

(Millions of Yen)

	Shareholders' Equity				
	Share Capital	Capital Surplus	Retained Earnings	Treasury Shares	Total Shareholders' Equity
Balance at April 1, 2022	¥10,816	¥7,642	¥65,922	(¥246)	¥84,134
Cumulative Effects of Changes in Accounting Policies					-
Restated Balance	10,816	7,642	65,922	(246)	84,134
Changes During Period					
Dividends of Surplus			(695)		(695)
Profit Attributable to Owners of Parent			1,474		1,474
Purchase of Treasury Shares				(100)	(100)
Disposal of Treasury Shares		-		-	-
Net Changes in Items Other Than Shareholders' Equity					
Total Changes During Period	-	-	779	(100)	679
Balance at March 31, 2023	¥10,816	¥7,642	¥66,701	(¥346)	¥84,813

	Accumulated Other Comprehensive Income				Share Acquisition Rights	Non-Controlling Interests	Total Net Assets
	Valuation Difference on Available-for-Sale Securities	Deferred Gains or Losses on Hedges	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income			
Balance at April 1, 2022	(¥3,785)	¥274	¥415	(¥3,095)	¥93	¥1,436	¥82,569
Cumulative Effects of Changes in Accounting Policies							-
Restated Balance	(3,785)	274	415	(3,095)	93	1,436	82,569
Changes During Period							
Dividends of Surplus							(695)
Profit Attributable to Owners of Parent							1,474
Purchase of Treasury Shares							(100)
Disposal of Treasury Shares							-
Net Changes in Items Other Than Shareholders' Equity	(8,034)	22	(157)	(8,169)	29	49	(8,090)
Total Changes During Period	(8,034)	22	(157)	(8,169)	29	49	(7,410)
Balance at March 31, 2023	(¥11,819)	¥297	¥257	(¥11,264)	¥123	¥1,485	¥75,158

## 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 ¥133.54 per U.S.\$1, the approximate rate of exchange prevailing on March 31, 2023.



## Consolidated Statements of Changes in Net Assets

Year ended March 31, 2023

(Thousands of U.S.Dollars)

	Shareholders' Equity				
	Share Capital	Capital Surplus	Retained Earnings	Treasury Shares	Total Shareholders' Equity
Balance at April 1, 2022	US\$80,996	US\$57,226	US\$493,650	(US\$1,842)	US\$630,031
Cumulative Effects of Changes in Accounting Policies					-
Restated Balance	80,996	57,226	493,650	(1,842)	630,031
Changes During Period					
Dividends of Surplus			(5,206)		(5,206)
Profit Attributable to Owners of Parent			11,045		11,045
Purchase of Treasury Shares				(752)	(752)
Disposal of Treasury Shares		-		-	-
Net Changes in Items Other Than Shareholders' Equity					
Total Changes During Period	-	-	5,838	(752)	5,086
Balance at March 31, 2023	US\$80,996	US\$57,226	US\$499,489	(US\$2,595)	US\$635,117

	Accumulated Other Comprehensive Income				Share Acquisition Rights	Non-Controlling Interests	Total Net Assets
	Valuation Difference on Available-for-Sale Securities	Deferred Gains or Losses on Hedges	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income			
Balance at April 1, 2022	(US\$28,348)	US\$2,058	US\$3,110	(US\$23,179)	US\$703	US\$10,754	US\$618,309
Cumulative Effects of Changes in Accounting Policies							-
Restated Balance	(28,348)	2,058	3,110	(23,179)	703	10,754	618,309
Changes During Period							
Dividends of Surplus							(5,206)
Profit Attributable to Owners of Parent							11,045
Purchase of Treasury Shares							(752)
Disposal of Treasury Shares							-
Net Changes in Items Other Than Shareholders' Equity	(60,163)	169	(1,181)	(61,176)	223	371	(60,581)
Total Changes During Period	(60,163)	169	(1,181)	(61,176)	223	371	(55,495)
Balance at March 31, 2023	(US\$88,512)	US\$2,227	US\$1,928	(US\$84,355)	US\$926	US\$11,125	US\$562,814

## 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 ¥133.54per U.S.\$1, the approximate rate of exchange prevailing on March 31, 2023.

## Consolidated Statement of Cash Flows

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars)
	Year ended March.31,2022	Year ended March.31,2023	Year ended March.31,2023
<b>Cash Flows from Operating Activities</b>			
Profit (Loss) Before Income Taxes	¥3,669	¥1,578	US\$11,822
Depreciation	1,018	994	7,445
Impairment Losses	59	-	-
Increase (Decrease) in Allowance for Loan Losses	(872)	762	5,711
Increase (Decrease) in Provision for Bonuses	(0)	(6)	(50)
Decrease (Increase) in Retirement Benefit Asset	(152)	92	695
Increase (Decrease) in Retirement Benefit Liability	(51)	133	999
Increase (Decrease) in Provision for Retirement Benefits for Directors (and Other Officers)	(9)	13	98
Increase (Decrease) in Provision for Loss on Cancellation of system contracts	295	(12)	(92)
Interest Income	(15,835)	(15,982)	(119,679)
Interest Expenses	454	1,659	12,425
Loss (Gain) Related to Securities	190	899	6,735
Loss (Gain) on Money Held in Trust	(6)	(8)	(62)
Foreign Exchange Losses (Gains)	(5,286)	(6,504)	(48,707)
Loss (Gain) on Disposal of Non-Current Assets	(39)	30	226
Net Decrease (Increase) in Trading Securities	(39)	(13)	(102)
Net Decrease (Increase) in Loans and Bills Discounted	(13,604)	(27,454)	(205,588)
Net Increase (Decrease) in Deposits	24,967	27,187	203,589
Net Increase (Decrease) in Negotiable Certificates of Deposit	(69,400)	79,550	595,701
Net Increase (Decrease) in Borrowed Money (Excluding Subordinated Borrowings)	39,997	(24,766)	(185,460)
Net Decrease (Increase) in Due from Banks (Excluding Due from Bank of Japan)	448	351	2,628
Net Increase (Decrease) in Cash Collateral Received for Securities Lent	18,298	9,022	67,563
Net Decrease (Increase) in Foreign Exchanges-Assets	1,168	(830)	(6,218)
Net Increase (Decrease) in Foreign Exchanges-Liabilities	(0)	45	339
Net Decrease (Increase) in Lease Receivables and Investments in Leases	(1,382)	(760)	(5,695)
Interest Received	16,179	16,569	124,077
Interest Paid	(546)	(1,687)	(12,636)
Other, Net	2,030	(1,599)	(11,980)
<b>Subtotal</b>	<b>1,551</b>	<b>59,263</b>	<b>443,785</b>
<b>Income Taxes Paid</b>	<b>(1,474)</b>	<b>(939)</b>	<b>(7,037)</b>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>77</b>	<b>58,323</b>	<b>436,748</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of Securities	(143,874)	(60,534)	(453,303)
Proceeds from Sale of Securities	97,233	49,721	372,334
Proceeds from Redemption of Securities	19,000	16,153	120,960
Decrease in Money Held in Trust	6	8	60
Purchase of Property, Plant and Equipment	(865)	(440)	(3,297)
Purchase of Intangible Assets	(285)	(486)	(3,641)
Proceeds from Sale of Property, Plant and Equipment	440	404	3,032
Payments for Asset Retirement Obligations	(9)	-	-
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(28,354)</b>	<b>4,826</b>	<b>36,145</b>
<b>Cash Flows from Financing Activities</b>			
Repayments of Lease Obligations	(22)	(3)	(25)
Purchase of Treasury Shares	(0)	(100)	(752)
Proceeds from Sale of Treasury Shares	0	-	-
Dividends Paid	(694)	(691)	(5,181)
Dividends Paid to Non-Controlling Interests	(1)	(1)	(14)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>(719)</b>	<b>(797)</b>	<b>(5,974)</b>
<b>Effect of Exchange Rate Change on Cash and Cash Equivalents</b>	<b>1</b>	<b>0</b>	<b>5</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(28,994)</b>	<b>62,353</b>	<b>466,924</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<b>214,634</b>	<b>185,640</b>	<b>1,390,150</b>
<b>Cash and Cash Equivalents at End of Period</b>	<b>¥185,640</b>	<b>¥247,993</b>	<b>US\$1,857,075</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 ¥133.54per U.S.\$1, the approximate rate of exchange prevailing on March 31,2023.

# Board of Directors and Executive Officers

As of June 30, 2023

● **Chairman**  
Katsuichiro Toyoshima\*<sup>1</sup>

● **President**  
Yasuhiro Iwayama\*<sup>1</sup>

● **Senior Managing Directors**  
Ayato Mochizuki\*<sup>1</sup>  
Fumitoshi Yabuzaki

● **Managing Director**  
Masashi Hiraiwa

● **Directors**  
Keiko Higashi\*<sup>2</sup>  
Yoshiki Shimma\*<sup>2</sup>  
Makoto Kono\*<sup>2</sup>  
Naoyuki Tamura  
Nobuhide Fukazawa  
Masaki Yagi  
Akihiro Mochizuki\*<sup>3</sup>  
Kazuaki Isobe\*<sup>2,\*3</sup>  
Shigeyuki Konagaya\*<sup>2,\*3</sup>  
Kanako Ito\*<sup>2,\*3</sup>

\*<sup>1</sup>Representative Director

\*<sup>2</sup>Outside Director

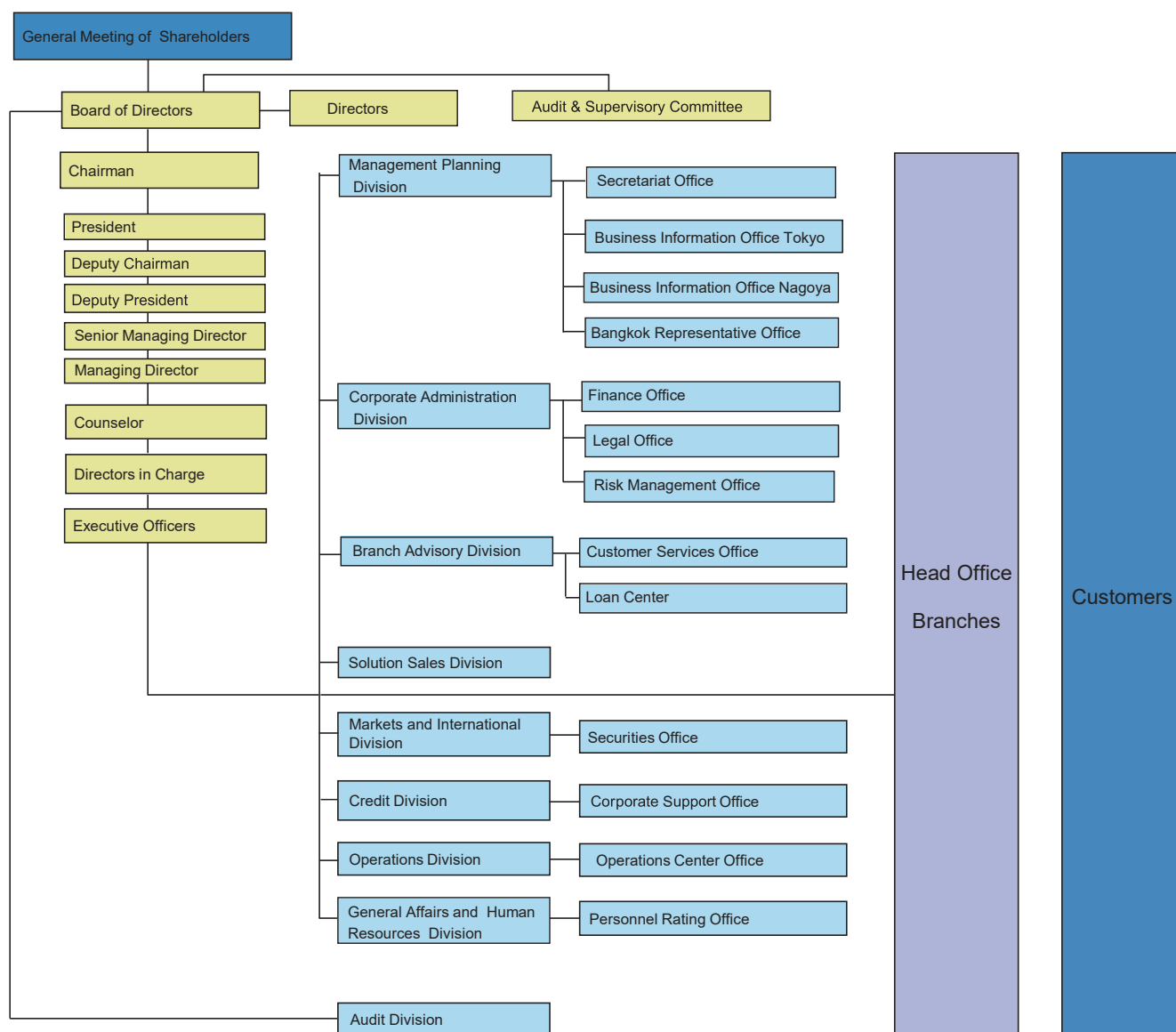
\*<sup>3</sup>Audit & Supervisory Committee Members

● **Managing Executive Officers**  
Hiroshi Nonomura

● **Executive Officers**  
Yasunobu Sugimoto  
Yoshiyasu Ohata  
Masaki Suzuki  
Yasumasa Oki  
Takafumi Okada  
Kunihiko Maeda

## Organization Chart

As of June 30, 2023



**THE SHIMIZU BANK, LTD.**

**MARKETS AND INTERNATIONAL DIVISION**

TEL 81-54-353-5164 SWIFT : SMZGJPJT

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

