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FINANCIAL REPORT

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THE SHOKO CHUKIN BANK

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THE BANK IN OUTLINE

The Shoko Chukin Bank—the Central Cooperative Bank for Commerce and Industry—was founded in 1936 as a government-affiliated financial institution. The Bank’s primary mission, as stipulated in the Shoko Chukin Bank Law, is to provide a stable source of long- and short-term financing to small and medium-sized enterprises (SMEs).

The Bank provides its clients with a full range of financial services through its extensive domestic network of 99 offices. It also has a strong overseas presence, with a branch in New York and representative offices in London and Hong Kong.

About eighty percent of the Bank’s capital is held by the Japanese government. The remainder is owned by cooperatives of SMEs. With total assets of around ¥13.6 trillion (US\$102 billion), the Bank is one of the world’s largest financial institutions devoted exclusively to serving SMEs.

The Shoko Chukin Bank is one of a select group of financial institutions privileged to issue debentures in Japan. As such, it is able to provide a stable source of funds to SMEs which play an important role in the Japanese economy.

FINANCIAL HIGHLIGHTS

The Shoko Chukin Bank						Millions of U.S. dollars
For the years ended March 31	Millions of yen					2002
	2002	2001	2000	1999	1998	
Interest Income	¥ 232,733	¥ 269,821	¥ 354,738	¥ 409,758	¥ 447,027	\$ 1,746
Interest Expenses	93,909	137,667	202,020	259,641	330,448	704
<hr/>						
As of March 31	2002	2001	2000	1999	1998	2002
Loans and Bills Discounted	¥10,539,282	¥10,886,595	¥11,169,303	¥11,378,031	¥11,326,427	\$ 79,094
Deposits and Debentures	12,264,705	12,600,396	12,778,070	13,009,325	13,220,786	92,042
Government Contribution	273,900	311,100	342,500	368,000	737,491	2,055
Total Assets	13,665,549	14,012,903	13,910,238	14,558,007	14,579,609	102,555
Capital	506,065	493,965	474,865	433,165	397,165	3,797
Government Subscription	403,167	394,067	377,967	339,267	306,267	3,025
Total Capital Funds	629,816	608,522	605,053	582,952	544,394	4,726
<hr/>						
Total Government Contribution and Subscription as a Percentage of Liabilities and Capital Funds	4.9%	5.0%	5.1%	4.8%	7.1%	

Notes: 1. All U.S. dollar figures are translated from Japanese yen amounts, for convenience only, at the rate of ¥133.25=US\$1, the prevailing rate of exchange as of March 31, 2002.

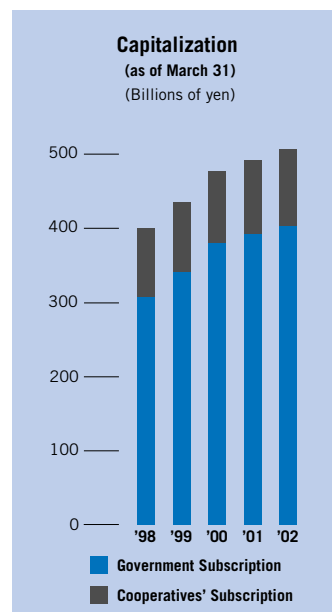
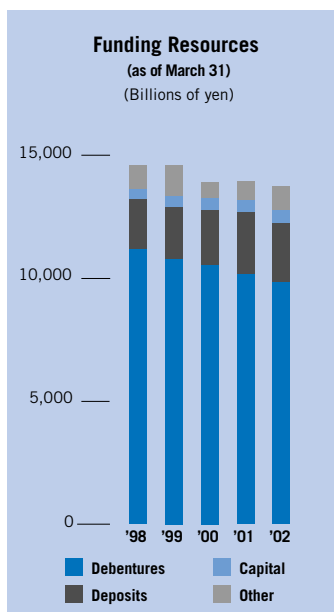
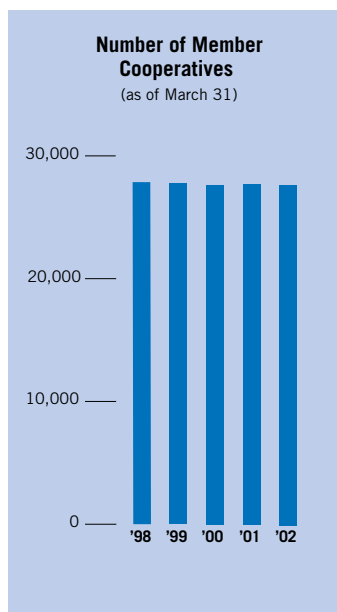
2. All amounts expressed have been rounded down to the nearest million yen.

3. Deposits and Debentures includes negotiable certificates of deposit.

4. The percentage of Government Contribution and Government Subscription=(government contribution+government subscription) x 100/(total liabilities and capital funds-acceptances and guarantees).

5. The percentage of Government Contribution and Government Subscription is rounded off to the first decimal place.

6. Up to and including the year ended March 31, 1999, the reserve for possible loan-losses was shown in the liabilities section. From the year ended March 31, 2000 onwards, it will be shown as a deduction at the end of the assets section.



THE ECONOMIC ENVIRONMENT

Looking back on the global economy during Fiscal 2001, the U.S. economy, which had been through a long-term expansionary phase, entered a recessionary phase due to factors such as a drop-off in demand for IT. The terrorist attacks in September gave rise to concerns of a further worsening of business conditions. However, from the year-end onward, the positive effect of financial deregulation and other factors brought movement toward economic recovery. Although the European and Asian economies, influenced by these trends in the U.S. economy, entered an adjustment phase, the deterioration of business conditions gradually improved.

In these circumstances, the Japanese economy, despite showing signs of bottoming out toward the end of the fiscal year, remained in a harsh adjustment phase. Analysis of final demand reveals that a global slump in demand, primarily in the IT sector, brought a reduction in exports, corporate profits dramatically worsened, and capital investment decreased. In addition, consumer spending continued to lack impetus as stagnation in personal income and deflation made people hesitant to spend, and both housing investment and public sector spending were lackluster.

These demand trends brought about a substantial buildup of inventories, and companies were forced to sharply curtail production. An increase in the number of corporate bankruptcies and increased inclination on the part of companies to restructure operations adversely affected the employment situation, and the unemployment rate reached a record high of 5.5% in December. These events kept the Japanese economy in a severe economic condition.

During the fiscal year under review, the business circumstances of small- and medium-sized enterprises (SMEs) worsened dramatically. In November, the Business Outlook Judgment Index from the Bank's Monthly Survey of the Condition of SMEs dropped to

38.1, far below the 50.0 borderline between "favorable" and "unfavorable" business sentiment. Although progress in inventory adjustments and a trend toward yen depreciation alleviated the degree of deterioration from the year-end onward, future prospects remain uncertain.

On the financial front, although in March 2001 the Bank of Japan introduced quantitative relaxation in the form of specific targets in market operations for the outstanding balance of current accounts with the Bank, it subsequently continued to increase the outstanding balance of current accounts and implemented further monetary easing. As a result, short-term interest rates remained at virtually zero percent. Long-term interest rates shifted to a low level, approximately at a range of 1.0 to 1.5% (the secondary market yield on newly issued 10-year government bonds), due to concerns about the economic slump and unbridled issuing of government bonds attendant on growing budget deficits.

Foreign exchange rates were stable from the beginning of the fiscal year, moving in a range between about ¥120 and ¥125. However, from December onward an underlying trend of yen depreciation gained momentum and the market closed at the year-end value of ¥132.71 (closing rate on the Tokyo Foreign Exchange market). Share prices remained soft, influenced by the terrorist attacks in the United States coming on top of the prevailing economic trend and the bad debt problem; prices dropped below the ¥10,000 level for a time and finished at ¥11,024 at the year end. Loans from financial institutions continued to decrease as demand for funds declined because of weak economic circumstances.

The Japanese economy is right in the middle of considerable structural changes, such as the weakening of domestic industries. In addition, companies continue to adjust their balance sheets and the business environment facing SMEs remains harsh. For such reasons, the government has implemented various measures to facilitate access to funds and step up its support for business restructuring to enable SMEs to build a solid foundation for growth.

SUMMARY OF RESULTS

Loans

Loans outstanding declined by ¥347.3 billion during fiscal 2001 from the previous fiscal year, reflecting a downturn in demand for funds from the SME sector. The total balance of loans outstanding at the fiscal year end was ¥10,539.2 billion. The balance of loans through agencies, including credit cooperatives, at the end of fiscal 2001 was ¥57.0 billion. Agencies numbered 219 as of March 31, 2002.

Debentures

Interest-bearing debentures decreased by ¥201.7 billion, while discount debentures increased by ¥189.5 billion, making a total decrease for the year of ¥391.2 billion. As a result, the balance at the fiscal year end was ¥9,779.3 billion, including ¥273.9 billion underwritten by the government.

Deposits and Negotiable Certificates of Deposit

The balance of deposits at the end of fiscal 2001 was ¥2,379.4 billion, a decrease of ¥9.6 billion from the previous year's level. Negotiable certificates of deposit were ¥105.8 billion, increasing by ¥65.2 billion from the previous year end.

Securities

Over-the-counter sales of government bonds and other securities amounted to ¥0.8 billion. Dealing in government bonds and other securities totaled ¥22.0 billion. The balance of trading securities at the end of fiscal 2001 was ¥0.8 billion.

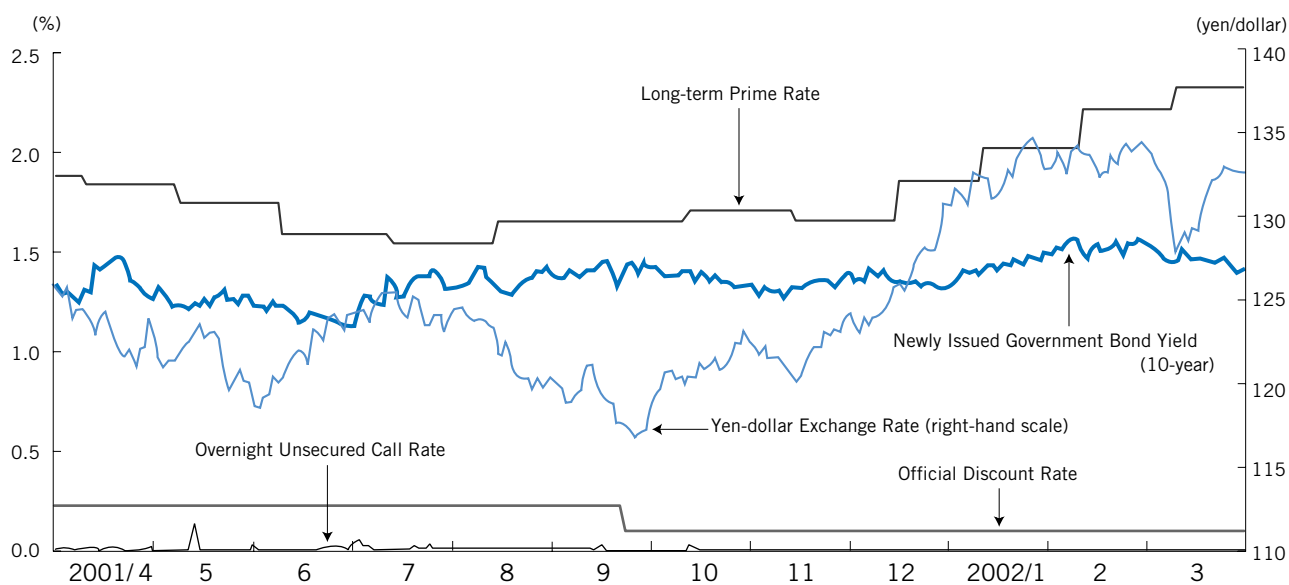
Domestic and Foreign Exchange

Domestic exchange transactions in fiscal 2001 totaled ¥23,695.5 billion. Foreign exchange transactions amounted to US\$10,283 million.

Income and Expenditures

Total operating income was ¥277.1 billion, while operating expenses were ¥272.6 billion, resulting in an operating profit of ¥4.5 billion.

Other gains totaled ¥5.5 billion, while other losses were ¥1.1 billion. Corporate taxes, residents' taxes and enterprise taxes totaled ¥1.6 billion, and there was a ¥1.3 billion adjustment relating to corporate taxes and other taxes. As a result, net income for the year came to ¥5.9 billion.



Note: The data in the graph may not match the results and implementation dates shown above.

TRENDS IN PRINCIPAL FINANCIAL INDICATORS

(100 millions of yen)

	Fiscal 2001	Fiscal 2000	Fiscal 1999	Fiscal 1998	Fiscal 1997
Total Operating Income	2,771	3,056	3,932	4,510	5,296
Income (Loss) before Income Taxes and Others	45	(192)	(214)	(624)	43
Net Income (Loss)	59	(128)	(159)	(445)	45
Capital	5,060	4,939	4,748	4,331	3,971
Outstanding Debentures	97,793	101,706	105,286	107,770	111,663
Outstanding Deposits	23,794	23,891	22,378	21,242	20,451
Outstanding Loans	105,392	108,865	111,693	113,780	113,264
Balance of Investment Securities	25,888	23,183	22,398	20,707	20,946
Total Assets	136,655	140,129	139,102	145,580	145,796
Capital Ratio (%)	7.30	6.94	6.95	6.66	6.19
Dividend per Unit Cooperatives' Subscription (yen)	3.00	3.00	3.00	4.00	4.00
Dividend Payment Ratio (%)	50.50	—	—	—	77.18

Note: Up to and including the year ended March 31, 1999, the reserve for possible loan-losses was shown in the liabilities section. From the year ended March 31, 2000 onwards, it will be shown as a deduction at the end of the assets section.

Balance Sheets

The Shoko Chukin Bank
As of March 31, 2002 and 2001

	Millions of yen		Millions of U.S. dollars
	2002	2001	2002
ASSETS			
Loans	¥10,539,282	¥10,886,595	\$ 79,094
Loans on Deeds	6,746,854	6,814,251	50,633
Loans on Notes	1,913,467	2,192,737	14,359
Overdrafts	1,010,252	912,477	7,581
Bills Discounted	868,708	967,128	6,519
Foreign Exchange	6,992	7,172	52
Foreign Exchange Bills Purchased	783	806	5
Foreign Exchange Bills Receivable	3,458	4,041	25
Due Bills from Foreign Banks	2,750	2,323	20
Investment Securities	2,588,800	2,318,388	19,428
National Government Bonds	1,809,825	1,608,474	13,582
Local Government Bonds	88,335	110,921	662
Corporate Bonds	434,656	316,880	3,261
Stocks	26,642	30,468	199
Other Securities	229,340	251,643	1,721
Monetary Trusts	70,000	70,000	525
Trading Assets	57,568	63,037	432
Trading Securities	852	12,664	6
Derivatives of Trading Securities	—	1	—
Derivatives of Securities related to Trading Transactions	—	0	—
Trading-related Financial Derivatives Transactions	5,723	6,376	42
Other Trading Assets	50,992	43,994	382
Monetary Claims Purchased	75,528	45,897	566
Bills Purchased	—	15,000	—
Call Loans	31,662	17,425	237
Receivables under Resale Agreements	4,998	—	37
Cash and Due Bills from Banks	512,331	793,271	3,844
Cash	31,320	30,477	235
Due Bills from Banks	481,011	762,794	3,609
Other Assets	63,494	48,104	476
Settlements Receivable	28	15	0
Prepaid Expenses	166	204	1
Accrued Income	14,172	16,296	106
Forward Contract Margins	43	36	0
Forward Contract Deposits Receivable	5	—	0
Financial Derivatives Transaction	23,022	4,453	172
Other Assets	26,054	27,098	195
Premises and Equipment	54,370	57,256	408
Land, Buildings and Equipment	49,532	52,413	371
Construction in Progress	183	—	1
Security Deposits	4,654	4,843	34
Deferred Assets on Debenture Issue	1,725	4,339	12
Debenture Issue Discounts	1,725	4,339	12
Deferred Income Taxes	77,824	81,757	584
Customers' Liabilities for Acceptances and Guarantees	69,486	69,283	521
Customers' Liabilities for Acceptances and Guarantees	60,924	58,757	457
Customers' Liabilities for Guaranteeing Agency Loans	8,562	10,525	64
Reserve for Possible Loan Losses	(488,517)	(464,625)	(3,666)
Total Assets	¥13,665,549	¥14,012,903	\$102,555

	Millions of yen		Millions of U.S. dollars
	2002	2001	2002
LIABILITIES			
Shoko Chukin Bank Debentures	¥ 9,779,391	¥10,170,673	\$ 73,391
Shoko Chukin Bank Debentures Issued	9,779,391	10,170,673	73,391
Deposits	2,379,494	2,389,177	17,857
Time Deposits	1,204,658	1,256,761	9,040
Deposits at Notice	85,142	109,135	638
Ordinary Deposits	505,082	398,560	3,790
Current Deposits	440,626	439,883	3,306
Government Deposits	24,857	37,269	186
Other Deposits	119,127	147,566	894
Negotiable Certificates of Deposit	105,820	40,546	794
Borrowed Money	72,074	88,682	540
Borrowings	72,074	88,376	540
Bills Rediscounted	—	306	—
Trading Liabilities	5,768	6,557	43
Derivatives of Trading Securities	0	—	0
Derivatives of Securities related to Trading Transactions	4	0	0
Trading-related Financial Derivatives	5,762	6,557	43
Bills Sold	125,100	124,400	938
Call Money	39,185	224,934	294
Payables under Repurchase Agreements	14,999	—	112
Foreign Exchange	139	246	1
Foreign Exchange Bills Sold	21	53	0
Foreign Exchange Bills Payable	1	—	0
Borrowing from Foreign Banks	116	183	0
Deposits by Foreign Banks	0	9	0
Other Liabilities	421,949	265,719	3,166
Settlements Payable	3	48	0
Accrued Expenses	37,689	49,220	282
Corporate Taxes Payable	2,660	1,100	19
Unearned Income	13,018	14,361	97
Deposits by Employees	8,402	8,407	63
Future Contract Settlement Account	3	6	0
Financial Derivatives Transactions	16,664	—	125
Deferred Hedge Gains	3,130	657	23
Debenture Principal Payable	216,425	165,581	1,624
Other Liabilities	123,953	26,334	930
Reserve for Retirement Benefit	18,467	17,960	138
Reserve for Claim Disposal Loss	3,855	6,199	28
Statutory Reserves	0	0	0
Reserve for Contingent Liabilities from Financial Futures Transactions	0	0	0
Acceptances and Guarantees	69,486	69,283	521
Acceptances and Guarantees	60,924	58,757	457
Guarantees for Agency Loans	8,562	10,525	64
Total Liabilities	¥13,035,733	¥13,404,381	\$ 97,829
CAPITAL FUNDS			
Capital	¥ 506,065	¥ 493,965	\$ 3,797
Government Subscription	403,167	394,067	3,025
Cooperatives' Subscription	102,897	99,897	772
Legal Reserve	24,410	24,410	183
Earnings Reserve	24,410	24,410	183
Retained Earnings	93,180	90,147	699
General Reserves	87,233	102,954	654
Reserve for Particular Purposes	86,769	102,490	651
Reserve for Retirement Allowance Funds	464	464	3
Unappropriated Earnings	5,947	(12,807)	44
Net Income (Loss) for the Year	5,947	(12,807)	44
Unrealized Gains on Securities	6,160	—	46
Total Capital Funds	629,816	608,522	4,726
Total Liabilities and Capital Funds	¥13,665,549	¥14,012,903	\$102,555

Statements of Income

The Shoko Chukin Bank
For the years ended March 31, 2002 and 2001

	Millions of yen		Millions of U.S. dollars
	2002	2001	2002
Operating Income	¥277,139	¥305,630	\$ 2,079
Interest Income	232,733	269,821	1,746
Interest on Loans	197,126	221,761	1,479
Interest and Dividends on Securities	31,607	39,130	237
Interest on Bills Purchased	11	121	0
Interest on Call Loans	114	656	0
Interest on Resale Agreements	17	—	0
Interest on Deposits	1,107	4,791	8
Interest on Interest Swap Transactions	47	212	0
Other Interest Income	2,701	3,147	20
Fees and Commissions	6,342	5,906	47
Domestic and Foreign Exchange Commissions	2,069	2,063	15
Other Fees and Commissions	4,272	3,843	32
Trading Revenue	411	304	3
Revenue from Trading Securities and Derivatives	5	20	0
Revenue from Trading-related Financial Derivatives Transactions	359	187	2
Other Trading Revenue	46	96	0
Other Operating Income	31,061	26,501	233
Revenue from Foreign Exchange Trading	711	620	5
Revenue from Sales of Government and Other Bonds	26,569	13,379	199
Revenue from Financial Derivatives Transactions	3,781	12,470	28
Others	—	30	—
Other Income	6,590	3,096	49
Revenue from Sales of Stocks and Other Securities	407	61	3
Revenue from Monetary Trusts	466	609	3
Others	5,715	2,425	42
Operating Expenses	272,631	324,850	2,046
Interest Expenses	93,909	137,667	704
Interest on Debentures	69,231	97,068	519
Amortization of Discounts on Issued Debentures	5,933	7,446	44
Interest on Deposits	7,384	13,006	55
Interest on Negotiable Certificates of Deposit	1,035	971	7
Interest on Borrowed Money	2,295	2,655	17
Interest on Bills Sold	36	111	0
Interest on Call Money	1,766	3,802	13
Interest on Resale Agreements	22	—	0
Interest on Interest Swap Transactions	3,944	7,702	29
Other Interest Expenses	2,259	4,901	16
Fees and Commissions	1,077	1,223	8
Domestic and Foreign Exchange Commissions	478	464	3
Other Fees and Commissions	599	758	4
Trading Expenses	9	66	0
Expenses on Securities and Derivatives related to Trading Transactions	9	66	0
Other Operating Expenses	1,621	2,643	12
Amortization of Debenture Issue Expenses	573	719	4
Losses on Sales of Government and Other Bonds	1,047	1,923	7
Others	—	0	—
General and Administrative Expenses	81,003	82,366	607

	Millions of yen		Millions of U.S. dollars
	2002	2001	2002
Other Expenses	¥95,010	¥100,883	\$ 713
Provision for Possible Loan Losses	85,015	89,821	638
Write-off of Loans	1,847	1,650	13
Loss on Sales of Stocks and Other Securities	76	159	0
Write-off of Stocks	4,000	1,774	30
Loss on Monetary Trusts	—	3,252	—
Others	4,069	4,225	30
Income (Loss) before Income Taxes and Others	4,508	(19,219)	33
Other Gains	5,588	3,658	41
Gains on Disposal of Premises and Equipment	5,579	3,640	41
Collection of Written-off Claims	9	17	0
Transfer from Reserve for Securities Transaction Liabilities	—	0	—
Other Losses	1,164	455	8
Losses on Disposal of Premises and Equipment	1,164	455	8
Income (Loss) before Income Taxes	8,932	(16,016)	67
Provision for Income Taxes	1,649	389	12
Adjustment of Income Taxes	1,336	(3,599)	10
Net Income (Loss)	5,947	(12,807)	44
Earnings Carried Forward from the Beginning of the Year	—	—	—
Unappropriated Earnings (Loss) at the End of the Year	5,947	¥ (12,807)	\$ 44

Appropriating Plan of Earned Surplus

The Shoko Chukin Bank
As of March 31, 2002 and 2001

	Millions of yen		Millions of U.S. dollars
	2002	2001	2002
Unappropriated Earnings (Loss) at the End of the Year	5,947	¥(12,807)	44
Transfer from General Reserves	—	15,720	—
Transfer from Reserve for Particular Purposes	—	15,720	—
Total	5,947	2,913	44
Appropriations	3,903	2,913	29
Earning Reserve	600	—	4
Reserve for Particular Purposes	300	—	2
Dividends on Cooperatives' Subscription	3,003	2,913	22
Unappropriated Earnings to the Next Year	2,043	—	\$ 15

- Note: 1. All amounts expressed have been rounded down to the nearest million yen.
2. All U.S. dollar figures are translated from Japanese yen amounts, for convenience only, at the rate of ¥133.25=U.S.\$1, the prevailing rate of exchange as of March 31, 2002.
3. Dividends on cooperatives' subscription were implemented at the rate of 3% per annum in the years ended March 2001 and 2002.

Notes to the Financial Statements

(for the fiscal year ended March 31, 2002)

BALANCE SHEETS

1. All amounts expressed in the statements have been rounded down to the nearest million yen.
2. Transactions undertaken with a view to gains on short-term fluctuations in interest rates, currency values, market prices of securities and other indicators or differentials, etc., between markets (hereinafter referred to as "Trading Transactions") are shown in the balance sheet as "Trading Assets" or "Trading Liabilities" based on values at the time of contract.

Trading assets and trading liabilities are valued at market prices on March 31, 2002 for securities and monetary claims, etc., and at deemed settlement prices on March 31, 2002 for swaps, futures and options, etc.

3. As for the valuation of the securities, the following methods are applied, depending on the type of security.

For the bonds intended to be held until maturity, the amortized cost method by the moving average method is applied. Within the available-for-sale securities, stocks for which fair values are available are revaluated by average market price one month before the fiscal year end.

Available-for-sale securities with fair values other than stocks are revaluated by the market prices at the fiscal year end. Available-for-sale securities for which fair values are not available are revaluated by either the cost method or the amortized cost method on the basis of the moving average method. Valuation differences between the market value and the book value for all available-for-sale securities are directly incorporated into capital.

4. Securities treated as trust assets of independently operated monetary trusts used primarily for the purpose of securities investment are stated at their fair value.
5. Derivative transactions other than special trading transactions are stated at their fair value.
6. Premises and equipment are depreciated by declining balance method over the estimated useful lives set forth under the Corporate Tax Law.
7. Software for internal use is amortized by straight-line method over the estimated useful lives in the Bank (5 years) assuming a nil residual value.
8. Treatment of deferred assets on debenture issues
 - (1) Debenture issue discounts on discount debentures are amortized according to the period to redemption of the debenture.
 - (2) Debenture issue expenses are charged to income as incurred.
9. The assets and liabilities denominated in foreign currencies and the accounts of the Bank's overseas branches are translated into yen at the exchange rates prevailing as of the balance sheet date.

"The New Foreign Exchange Accounting Standards" had been applied under the "Temporary Treatment for Auditing Where 'The New Foreign Exchange Accounting Standards' Is Continuously Applied in the Banking Industry" The Japanese Institute of Certified Public Accountants (JICPA, April 10, 2000) until fiscal 2001. However, from fiscal 2002, revised accounting standards for foreign currency transactions ("Opinion on Revising Accounting Standards for Foreign Currency Transactions" the Business Accounting Deliberation Council, October 22, 1999) are applied, where "Temporary Treatment for Accounting and Auditing of Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 20) is applied.

Currency swap transactions are accounted for in accordance with JICPA Industry Audit Committee Report No. 20. The principal amounts of credits and debts, translated in yen at the exchange rates prevailing on the fiscal year end dates, are bilaterally offset and reported on the balance sheets on a net basis. The spot-forward spread, which reflects the difference of the interest rates of two different currencies, is recognized in statements of income on an accrual basis over the period from the date of the spot transaction to the exercise date of the forward transaction, and accrued revenues or accrued expenses for the transaction are recorded.

Fund swap is a currency swap transaction for a fund raising and managing purpose. The transaction consists of a sell or purchase of the currency for the corresponding principal amount at a spot rate, and a counter-transaction at a forward rate for the sum of the said principal and the scheduled amount to be paid or received in foreign currency on a specific future date.

Flat-type spot-forward currency swap transaction is a transaction with fund raising and/or managing purpose where the amount to be received or paid for the corresponding principal amount on the exercise date of the forward contract is equal to the amount paid or received at the time of entering into the contract, and the swap rate that has been applied for the principal and interest is reasonable—is also accounted for in accordance with JICPA Industry Audit Committee Report No. 20. (The flat-type spot-forward currency swap transaction also includes a type of deal that is to revise the corresponding principal amount of one of the two currencies involved in the transaction at the exchange rate prevailing in the actual market on the date of interest payment, yet still forms flat-type spot-forward currency transaction within each interest payment period.)

The principal amounts of credits and debts, translated in yen at the exchange rates prevailing on the fiscal year end

dates, are bilaterally offset and reported on the balance sheets on a net basis. The corresponding interest is recognized in statements of income on an accrual basis over the period from the date of the spot transaction to the exercise date of the forward transaction, and accrued revenues or accrued expenses for the transaction are recorded.

10. The reserve for possible loan losses is calculated in accordance with the predetermined standards for write-offs and reserve provisions.

Normal loans and the loans that need special attention as defined in “Operational Guidelines Concerning Verification of Internal Control for Self-Assessment of Assets in Banks and Other Financial Institutions” (JICPA Bank Auditing Special Committee Report No. 4) are classified into certain categories, and reserve provision is made on the basis of a default rate over a specific period for each category.

As for the loans of debtors at risk of bankruptcy, the amount appropriated is determined as the amount deemed necessary on the basis of the balance that remains after deducting the estimated amount recoverable by disposal of collateral and execution of guarantees.

Regarding the loans to the debtors that are legally or virtually bankrupt, the amount appropriated is determined as the balance that remains after the expected amount to be collected through disposal of collateral or execution of guarantees.

All loan assets have been assessed by the business related departments and audited by the Credit Examination Division, which is independent from the business-related departments, to comply with the self-assessment standard of assets. The amount of the reserve provisions is determined based on the results of this audit.

11. Allowance for retirement benefits is for the payment of employees’ retirement benefits. It represents the required amount derived from estimated retirement benefit obligations and estimated pension assets at the end of this fiscal year. Unrecognized actuarial difference is amortized by straight-line method over the number of years, which does not exceed the average remaining service years (14 years) of employees at the fiscal year when the actuarial difference incurred. This amortization starts from the next fiscal year.

Unrecognized net transition difference at the date of adoption (¥ 31,338 million) is amortized by straight-line method and charged to income over 15 years.

12. The claim disposal loss is determined as the amount required to provide for possible future losses in the case of the sale of loans secured with premises and equipment to the Cooperative Credit Purchase Corporation, taking the value of collateral into account. This is a reserve as stipu-

lated in Article 287-2 of the Commercial Code.

13. The accounting for financing leases, except those where the ownership title is deemed to have been transferred to the lessee, is the same as operating lease transactions.
14. For certain assets and liabilities, deferred hedge or specially-accepted treatment of interest rate swaps is carried out.

As one of the hedge accounting methods, a macro hedge is made to control the whole system of interest rate risks arising from various financial assets and liabilities such as loans and deposits by using derivative transactions. This is the risk control based on risk-adjustment approach prescribed in “Temporary Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry” (JICPA Industry Audit Committee Report No. 15), and the deferred hedge accounting is adopted. The Bank evaluates the hedge effectiveness by inspecting whether the amount of risks of derivatives, as risk adjustment means, is within an allowable risk provided in the risk control policies, and whether the interest rate risk, which is the subject of the risk control, is reduced.

15. The accounting for national and local consumption taxes is based on the tax excluding method where the consumption taxes are recorded separately.
16. The allowances under specific laws are provided as follows:

Reserve for Financial Futures Transaction Liabilities is provided under the provisions of the Financial Futures Trading Law, Article 82.

Reserve for Securities Transaction Liabilities is provided under the provisions of the Securities and Exchange Law, Clause 7 of Article 65-2.

17. The accumulated depreciation of the premises and equipment is ¥61,311 million.
18. The depreciation of the premises and equipment which contributes to a deferred payment of income tax under the income tax law, is ¥19,456 million.
19. In addition to the premises and equipment stated in the balance sheets, some of the computers are used under lease agreement.
20. Of the entire loan assets, loans to bankrupt companies are amounted to ¥346,181 million and overdue loans are amounted to ¥450,088 million.

Loans to bankrupt companies are defined as loans of which accrued interest is not shown in the accounts based on an assumption that principal or interest is likely to be unrecoverable due to the fact that the interest or principal payments have been overdue for a considerable period or for other reasons (excluding loans that have been written off; hereinafter referred to as “loans for

which accrued interest is not shown”), where the loans in question are affected by the circumstances defined in Article 96, Clause 1, Numbers 3a-e or Number 4 of the Corporation Tax Law Enforcement Ordinance (Cabinet Ordinance No. 97 of 1965).

Overdue loans are loans of which accrued interest is not shown in the accounts, excluding the loans to bankrupt companies, and loans of which the rescheduling of the interest payment have been granted to support the financial restructuring of the borrowers.

21. The amount of loans that are overdue by three months or longer is ¥13,587 million. Loans overdue by three months or longer are defined as loans on which principal or interest payments are overdue by three months or longer reckoning from the payment date stipulated in the contract. The loans that are classified as loans to bankrupt companies or overdue loans are excluded.
22. Rescheduled loans total ¥82,489 million. Rescheduled loans exclude loans to bankrupt companies or overdue loans and loans overdue by three months or longer, for which the terms have been eased to support the financial restructuring of the borrower through measures agreed in favor of the borrower, such as reduction of interest payments, postponement of interest or principal repayments and abandonment of claims.
23. The total amount of loans to bankrupt companies, overdue loans, loans overdue by three months or longer and rescheduled loans is ¥892,346.

The amounts of loans stated in Notes 20. through 23. are the numbers before the deduction of possible loan loss allowance.

24. Bills discounted consist of bank acceptance bills, trade bills, and documentary bills discounted by the Bank. The aggregate face value of these bills is ¥868,708 million.
25. Assets provided as collateral are as follows.

Assets provided as collateral:

Securities ¥471,364 million

Liabilities corresponding to collateral assets:

Deposits ¥ 1,645 million

Bills sold ¥125,100 million

Call money ¥ 13,800 million

In addition to the above amounts, securities worth ¥384,049 million have been provided as collateral for foreign currency settlements and foreign currency-yen settlements, etc., or substituted for futures margin money, etc.

26. Deferred hedge gains represent the net amount of unrealized gains and losses or valuation differences from hedging instruments. The gross amounts of deferred hedge losses and deferred hedge gains before netting are ¥2,924 million and ¥ 6,054 million, respectively.

27. The borrowings include the loans payable under subordination covenant totaling ¥57,000 million.

28. The net income per capital unit is ¥1.19.

29. The net assets increased by ¥8,184 million through revaluation by the fair values stipulated in Article 40-2, Clause 1, Number 5 of the Shoko Chukin Bank Law.

30. The details of the fair values, valuation differences, etc., of securities are described as follows. These securities include “National Government Bonds,” “Local Government Bonds,” “Corporate Bonds,” “Stocks” and “Available-for-Sale Securities,” as well as “Trading Securities,” transferable due bills from banks and commercial papers in “Other Trading Assets,” transferable due bills from banks in “Due Bills from Banks,” and commercial papers and beneficiaries of loan trusts in “Monetary Claims Purchased.” This applies up to Note 33.

Trading securities

Book value ¥ 51,844 million

Recognized valuation differences in this fiscal year ¥ 19 million

Held-to-maturity debt securities with market values

Debt securities

Book value ¥238,399 million

Fair value ¥239,484 million

Valuation differences ¥ 1,085 million

Valuation gains therein ¥ 1,399 million

Valuation losses therein ¥ 314 million

Available-for-Sale Securities with Fair Values (in ¥ million)

	Acquisition Cost	Amount on Balance Sheet	Valuation Differences	Valuation Gains Therein	Valuation Losses Therein
Stocks	18,839	19,563	724	4,564	3,840
Bonds	2,062,383	2,070,311	7,928	10,308	2,380
National Government Bonds	1,606,689	1,611,300	4,610	5,926	1,315
Local Government Bonds	86,686	88,335	1,648	1,725	76
Corporate Bonds	369,007	370,675	1,668	2,656	988
Others	529,114	529,218	103	453	350
Total	2,610,337	2,619,093	8,756	15,327	6,570

“Unrealized Gains on Securities” includes ¥6,160 million, which is the valuation differences stated above, net of deferred tax liability of ¥2,596 million thereto.

31. Following are available-for-sale securities disposed of during the period.

The amount disposed of ¥2,194,463 million

The profit from disposal ¥26,976 million

The loss from disposal ¥1,123 million

32. Major items of securities which have no market values and their book values are described as follows.

Items	Book value
Available-for-sale securities	
Unlisted stocks other than those on over-the-counter market	¥ 7,078 million
Bonds	¥63,980 million

33. Following are the expected amounts to be redeemed in respect of available-for-sale securities whose maturity dates are set, and bonds to be held to maturity.

	(in ¥ million)			
	1 year or less	5 years or less but more than 1 year	10 years or less but more than 5 years	More than 10 years
Bonds	543,286	1,143,930	645,759	—
National Government				
Bonds	502,706	787,105	520,172	—
Local Government				
Bonds	16,911	36,717	34,706	—
Corporate Bonds	23,669	320,106	90,880	—
Others	393,892	172,939	—	25,161
Total	937,179	1,316,870	645,759	25,161

34. The Bank holds monetary trusts merely for managing purposes.

35. National government bonds include the securities lent on loan agreements, the total amount of which is ¥118,297 million.

36. Overdraft contracts and commitment line contracts on loans are the agreements which the Bank grants a loan up to a designated credit limit whenever the customer requests, unless there is breach of the conditions stipulated in the contract. The outstanding credit facility ready for claim under such agreements is ¥584,166 million.

Most of these contracts are terminated before the amount of credit facility determined in the agreements is fully utilized. Thus the outstanding credit facility itself does not always affect the Bank's cash flows in the future. Most of these agreements have provisions that allow the Bank to cancel the customers' claim and/or to reduce the credit limit for appropriate reasons such as changes in the financial situation and protection of credits. Moreover, the Bank requires the customers to collateralize their premises, securities, etc., if necessary, when signing the contract. After the Bank enters into the agreement, it periodically (every half year) checks the customers' economic situation in accordance with the internally established procedure, reviews the conditions of the agreement if necessary, and takes measures to protect the Bank's assets.

37. The following new treatment has been applied from fiscal 2002 in accordance with the Accounting Standard for Financial Instruments.

(1) Repurchase agreements, which had been treated as buying and selling transactions, are considered capital transactions and treated as "Receivables under Resale Agreements" and "Payables under Repurchase Agreements." As a result of this change, ¥4,998 million of "Receivables under Resale Agreements" and ¥14,999 million of "Payables under Repurchase Agreements" are recorded.

(2) Valuation differences incurred from revaluation of available-for-sale securities by their fair values, net of tax effects thereon, are accounted for as "Unrealized Gains on Securities." As a result, "Securities," "Monetary Claims Purchased" and "Negotiable Certificates of Deposits" increased by ¥8,705 million, ¥8 million and ¥42 million respectively. ¥6,160 was accounted for as "Unrealized Gains on Securities."

38. All U.S. dollar figures are translated, for convenience only, at the rate of ¥133.25=US\$1, the prevailing rate of exchange as of March 31, 2002.

STATEMENTS OF INCOME

- All amounts expressed in the statements have been rounded down to the nearest million yen.
- The Shoko Chukin Bank shows profit and loss on transactions undertaken for the purposes of trading transactions in the Statements of Income as "Trading Revenue" or "Trading Expenses."

In the Statements of Income, Trading Revenue and Trading Expenses are shown by adding the following to interest received and paid during the year; an amount equivalent to the increase (decrease) in valuation gains and losses between the end of the previous and current years for securities and monetary claims, etc., and an amount equivalent to the increase (decrease) in deemed settlements between the end of the previous and current years for derivatives.

- All U.S. dollar figures are translated, for convenience only, at the rate of ¥133.25=US\$1, the prevailing rate of exchange as of March 31, 2002.

Statements of Cash Flows

The Shoko Chukin Bank
(for the fiscal years ended March 31, 2002 and 2001)

	Millions of yen		Millions of U.S. dollars
	2002	2001	2002
Cash Flows from Operating Activities			
Net Income (Loss) before Income Taxes	¥ 8,932	¥ (16,016)	\$ 67
Depreciation	2,599	2,567	19
Increase in Reserve for Possible Loan Losses	23,891	45,620	179
Increase in Reserve for Claim Disposal Loss	(2,344)	(2,283)	(17)
Increase in Reserve for Retirement Benefit	507	402	3
Income from Fund Management	(232,733)	(269,821)	(1,746)
Expenses for Fund Procurement	93,909	137,667	704
Losses Relating to Securities	(21,852)	(9,582)	(163)
Losses on Monetary Trusts	(466)	2,642	(3)
Losses on Disposal of Premises and Equipment	(4,414)	(3,185)	(33)
Net (Increase) Decrease in Trading Assets	5,469	(11,114)	41
Net Increase (Decrease) in Trading Liabilities	(789)	2,408	(5)
Net (Increase) Decrease in Loans	347,312	282,708	2,606
Net Increase (Decrease) in Debentures	(391,281)	(357,930)	(2,936)
Net Increase (Decrease) in Deposits	(9,682)	151,338	(72)
Net Increase (Decrease) in Negotiable Certificates of Deposit	65,273	28,917	489
Net Increase (Decrease) in Borrowed Money	(16,608)	(7,278)	(124)
Net (Increase) Decrease in Call Loans, etc.	(33,865)	(34,098)	(254)
Net Increase (Decrease) in Call Money, etc.	(170,049)	280,168	(1,276)
Net (Increase) Decrease in Due Bills from Banks Other than the Central Bank	291,084	(323,743)	2,184
Net (Increase) Decrease in Foreign Currencies (Assets)	179	1,868	1
Net Increase (Decrease) in Foreign Currencies (Liabilities)	(106)	174	(0)
Income from Fund Operations	233,513	274,274	1,752
Expenditures for Fund Procurement	(105,402)	(154,573)	(791)
Others	178,339	(4,904)	1,338
Subtotal	261,416	16,226	1,961
Income Taxes	(1,010)	(178)	(7)
Net Cash Provided by Operating Activities	260,405	16,048	1,954
Cash Flows from Investing Activities			
Payments for Purchases of Securities	(4,161,406)	(6,905,855)	(31,230)
Proceeds from Sales of Securities	2,177,636	3,488,941	16,342
Proceeds from Redemption of Securities	1,718,716	3,375,463	12,898
Payments for Increase in Monetary Trust	(10,000)	(30,373)	(75)
Proceeds from Decrease in Monetary Trust	10,466	27,730	78
Payments for Acquisitions of Premises and Equipment	(881)	(1,582)	(6)
Proceeds from Sales of Premises and Equipment	6,019	3,923	45
Net Cash Used in Investing Activities	(259,448)	(41,752)	(1,947)
Cash Flows from Financing Activities			
Proceeds from Increase in Capital Contribution	12,100	19,100	90
Dividends Paid	(2,913)	(2,823)	(21)
Net Cash Used in Financing Activities	9,187	16,277	68
Translation Differences of Cash and Cash Equivalents			
	—	—	—
Increase (Decrease) in Cash and Cash Equivalents	10,144	(9,427)	76
Cash and Cash Equivalents at Beginning of Year	30,503	39,931	228
			0
Cash and Cash Equivalents at End of Year	¥ 40,647	¥ 30,503	\$ 305

Notes: 1. The scope of fund in the statement of cash flows is deposits and the money deposited with the central bank out of "Cash and Due Bills from Banks" in the balance sheet.

2. The reconciliation between the cash and cash equivalent at the beginning of the year and the amounts of the items stated in the balance sheet is as follows:

As of March 31, 2002

Cash and due bills from banks	¥ 512,331 million	\$3,844 million
Due bills from banks other than the central banks	(471,683 million)	3,539
	40,647 million	305

Details of Capital Account

STRUCTURE OF CAPITAL SUBSCRIPTION (in ¥ million, %)

	(as of March 31, 2002)	(as of March 31, 2001)
Government Subscription	403,167 (79.7)	394,067 (79.8)
Cooperatives' Subscription	102,897 (20.3)	99,897 (20.2)
Total	506,065	493,965

Note: The figures in parentheses represent percentages of the total.

STRUCTURE OF CAPITAL SUBSCRIPTIONS BY COOPERATIVES (in ¥ thousand)

	(as of March 31, 2002)	(as of March 31, 2001)
	Number of Cooperatives/Capital Subscription Amounts	
Small and Medium Enterprises' Cooperatives	24,316 97,441,864	24,372 94,575,105
Common Facility Cooperatives and Federations Thereof	23,463 91,042,097	23,516 88,143,748
Small Common Facility Cooperatives	2 100	2 100
Mutual Fire Relief Cooperatives and Federations Thereof	45 866,700	45 766,500
Credit Cooperatives and Federations Thereof	207 5,214,423	238 5,354,713
Business Cooperatives	599 318,544	571 310,044
Joint Business Cooperatives	780 1,196,426	803 1,237,412
Commercial and Industrial Cooperatives and Federations Thereof	1,028 2,873,273	1,029 2,761,446
Shopping District Promotion Cooperatives and Federations Thereof	992 225,975	950 211,305
Environmental Sanitation Trade Associations and Federations Thereof	332 564,527	331 557,397
Liquor Business Cooperatives and Federations Thereof	213 119,726	214 119,936
Domestic Maritime Transport Associations and Federations Thereof	50 465,585	51 424,685
Export Associations and Import Associations	5 10,500	5 10,500
Urban Redevelopment Associations	2 20	2 110
Total	27,718 102,897,900	27,757 99,897,900

Note: The figures on the upper line represent the numbers of cooperatives and those on the lower line the amounts of capital subscription.

Cooperatives' Subscription to the Bank:

- For the purpose of providing services to a wider base of customers, the number of units of contribution in possession of an affiliated cooperative shall not exceed one-hundredth of the total units of contribution to the Bank, under Clause 3, Article 7 of the Shoko Chukin Bank Law.
- Decisions of the Bank's management are made at the Assembly of Representatives, and every representative has one vote regardless of the number of units of capital subscription that is held (Article 72 of the Articles of Incorporation).

DIVIDENDS (in yen, %)

	(Fiscal 2001)	(Fiscal 2000)
Dividend per Unit Cooperatives' Subscription	3.00	3.00
Dividend Payout Ratio	50.50	—

The amount of a unit of subscription to the Bank shall be 100 yen.

Dividend Payments by the Bank:

- The dividend per subscription was ¥3 same as fiscal 1999.
- For the purpose of solidifying the Bank's operational base and contributing to the improvement of financial services for the SMEs, the Bank may not pay dividends on the surplus fund for the government's paid-up subscription until the amount of distributable surplus fund for each business year shall attain the yearly rate of 6% of the amount of non-governmental paid-up subscription under Article 49 of the Shoko Chukin Bank Law.
- In addition, the Bank shall not pay a dividend of more than 6% until its legal reserve amounts to 25% of the capital under Clause 2, Article 3 of the Regulation Enforcing the Shoko Chukin Bank Law.

CAPITAL RATIO (in ¥100 million, %)

		(as of March 31, 2002)	(as of March 31, 2001)
Core Capital (Tier 1 Capital)	Capital Funds	6,206	6,056
	Total	(A) 6,206	6,056
	45% of Unrealized Gains on Securities	—	—
	45% of of Available-for-Sale Securities Stated in the Balance Sheet Minus Its Book Value	39	—
Supplementary Capital (Tier 2 Capital)	Reserve for Possible Loan Losses (Excluding Special Reserve for Possible Loan Losses and Reserve for Possible Loan Losses on Special Foreign Loans)	608	514
	Subordinated Borrowings	288	402
	Total	935	916
	Amount Counted as Capital	(B) 935	916
Deductions:	Mutual Shareholding or Other Financing Intentionally Arranged among Financial Institutions	(C) —	—
Total Capital:	(A) + (B) – (C)	(D) 7,142	6,973
Risk-Weighted Assets:	Assets stated on the Balance Sheet	97,076	99,731
	Off-Balance Sheet Items	748	711
	Total	(E) 97,825	100,442
Capital Ratio	= (D)/(E) x 100	7.30	6.94

Note: Calculation is made according to the formula stipulated in the notice of the Ministry of Finance and the Ministry of Economy, Trade & Industry.

Total Capital:

Core Capital increased by a total of ¥15.0 billion.

Contributing factors include additional capital amounting ¥9.1 billion from the government, ¥3.0 billion in additional funds from cooperatives, and positive effect from the net income.

The Bank's Capital Ratio:

- The Bank is endeavoring to raise its capital ratio according to Article 30-3 of the Shoko Chukin Bank Law and the notice of the Ministry of Finance and the Ministry of Economy, Trade and Industry. (The Bank's capital ratio is computed according to the formula stipulated in said notice.)
- The Bank is eligible for special treatment in terms of the way the BIS international capital adequacy guideline for financial institutions is applied because of its special status as a government-affiliated financial institution.
- The Bank is exempt from the Prompt Corrective Action.
- The Bank, as a financial institution, is exempt from reevaluating land under the Land Properties Revaluation Act and Supplementary Capital in the above table does not include gains on land revaluation.

Details of Profit and Loss

SUMMARY OF INCOME (in ¥100 million)

	(Fiscal 2001)	(Fiscal 2000)
Gross Operating Revenue	1,750	1,624
Provision for the General Reserve for Possible Loan Losses	93	32
General and Administrative Expenses (Excluding Nonrecurrent Items)	785	801
Expenses Incurred on Debenture Issue and Redemption	6	8
Operating Profit	865	781
Operating Profit before Deduction of Provision for the General Reserve for Possible Loan Losses	958	814
Nonrecurrent Profit and Loss (Including Nonrecurrent Expenses)	-820	-973
Income (Loss) before Income Taxes and Others	45	-192
Other Gains and Losses	44	32
Provision for Income Taxes — Corporate Tax, Inhabitant Tax and Enterprise Tax	16	3
Adjustment of Income Taxes	13	-35
Net Income (Loss)	59	-128

Note: The operating profit represents the income generated by the Bank's primary businesses and is calculated by deducting general and administrative expenses and others from the gross operating profit.

GROSS OPERATING PROFIT (in ¥100 million, %)

Department	(Fiscal 2001)			(Fiscal 2000)		
	Domestic	International	Total	Domestic	International	Total
Net Interest Income	1,384	8	1,392	1,329	-1	1,328
Fees and Commissions	50	2	53	44	3	47
Trading Income	10	-6	4	29	-26	2
Other Operating Income	278	21	300	203	42	245
Gross Operating Profit	1,723	27	1,750	1,607	17	1,624
Gross Operating Profit Ratio	1.28	0.48	1.27	1.18	0.22	1.17

Notes: 1. The domestic department handles transactions in yen with Japanese residents through the domestic branches. The international department handles transactions with non-residents in Japan, foreign currency transactions and transactions made on special international financial accounts (transactions in the Tokyo Offshore Market) through the domestic branches and those operated through the New York branch.

$$2. \text{Gross Operating Profit Ratio} = \frac{\text{Gross Operating Profit}}{\text{Average Balance of Interest Earning Assets}} \times 100$$

ASSET PORTFOLIO ACCOUNTS, FUND RAISING ACCOUNTS, INTEREST AND YIELD (in ¥100 million, %)

Department	(Fiscal 2001)			(Fiscal 2000)			
	Domestic	International	Total	Domestic	International	Total	
Asset Portfolio Accounts:	Average Balance	(130,960) 134,491	(5,673) 5,673	(133,543) 137,074	135,150	7,530	137,786
	Interest Income	2,203	143	2,326	2,474	247	2,678
	Yield	(1.68) 1.63	(2.52) 2.52	(1.74) 1.69	1.83	3.29	1.94
Fund Raising Accounts:	Average Balance	123,217	5,775	125,902	124,831	7,382	127,320
	Interest Expense	819	134	933	1,144	249	1,349
	Yield	0.66	2.32	0.74	0.91	3.37	1.06

Notes: 1. The figures in parentheses for Fiscal 2001 represent the average balances and the yields where the amount of Category IV loans is subtracted from total loan balance. (Please refer to the notes for "Problem Loans" on page 28 for the definition of Category IV loans.)
2. Domestic department are based on yen-denominated transactions with residents at domestic branches. International department are based on foreign currency-denominated transactions at domestic branches, yen-denominated transactions with non-residents, special international financial account transactions (transactions in the Tokyo Offshore Market), and transactions at the New York Branch.
3. The average balance of yen fund invested from the domestic department to the international department was ¥484.9 billion for the year ended March 31, 2001 and ¥309.1 billion for the year ended March 31, 2002. The interest income on such investments was ¥4.4 billion for the year ended March 31, 2001 and ¥2 billion for the year ended March 31, 2002.
4. Asset portfolio accounts and fund raising accounts are shown as the net amount of redemption gains on bonds with interest rate swap contracts and the interest expenses of interest rate swap transactions corresponding thereto.
Amounts netted in the year ended March 31, 2001 and 2002 are ¥2,000 million and ¥100 million, respectively.
(Fiscal 2000 figures are adjusted for ¥1.4 billion of the interest expenses and the corresponding interest incomes incurred from swap and other transactions.)

ANALYSIS OF INTEREST INCOME AND EXPENSE (in ¥100 million)

Department	(Fiscal 2001 versus Fiscal 2000)			(Fiscal 2000 versus Fiscal 1999)			
	Domestic	International	Total	Domestic	International	Total	
Interest Income:	Cause of Change in the Volume	-10	-46	-12	-76	-35	-70
	Cause of Change in the Interest Rate	-260	-57	-339	-666	-129	-798
	Net Change	-270	-104	-352	-742	-165	-869
Interest Expense:	Cause of Change in the Volume	-10	-37	-10	-40	-44	-43
	Cause of Change in the Interest Rate	-314	-77	-406	-511	-64	-578
	Net Change	-325	-114	-416	-551	-109	-622

Notes: 1. The change caused by the effect of both the changes in volume and interest rates is included in that of interest rate change.
2. Interest income and interest expense in the year ended March 31, 2002 are shown as the net amount of redemption gains on bonds with interest rate swap contracts and interest expenses on the interest rate swap transactions corresponding thereto.
Net amounts in the year ended March 31, 2001 and 2002 are ¥2,000 million and ¥100 million, respectively.

FEES AND COMMISSIONS (in ¥100 million)

Department	(Fiscal 2001)			(Fiscal 2000)		
	Domestic	International	Total	Domestic	International	Total
Income Fees and Commissions	58	4	63	54	4	59
Expenses Fees and Commissions	8	1	9	9	1	11

TRADING TRANSACTIONS (in ¥100 million)

Department	(Fiscal 2001)			(Fiscal 2000)		
	Domestic	International	Total	Domestic	International	Total
Trading Revenue	10	-6	4	29	-26	2
Revenue from Trading Securities and Derivatives	0	—	0	0	—	0
Revenue from Securities and Derivatives related to Trading Transactions	-0	—	-0	-1	0	-0
Revenue from Trading-related Financial Derivatives Transactions	9	-6	3	29	-27	1
Other Trading Revenue	0	—	0	0	—	0

Notes: 1. For each item, income and expense are netted for the domestic and international departments.

2. Transactions in financial derivatives are classified as domestic or international primarily according to the residential status of the other parties to such transactions. The most of income from this source results from integrated transactions involving both domestic and international operations.

DETAILS OF OTHER OPERATING INCOME AND EXPENSES (in ¥100 million)

Department	(Fiscal 2001)			(Fiscal 2000)		
	Domestic	International	Total	Domestic	International	Total
Revenue from Foreign Exchange Trading	—	7	7	—	6	6
Revenue and Losses on Sales of Government and Other Bonds	250	4	255	118	-4	114
Revenue from Financial Derivatives Transactions	28	9	37	84	40	124
Others	—	—	—	0	—	0
Total	278	21	300	203	42	245

GENERAL AND ADMINISTRATIVE EXPENSES (in ¥100 million)

	(Fiscal 2001)	(Fiscal 2000)
Salaries	368	388
Welfare Expenses	6	7
Depreciation	25	25
Rent & Lease Expenses for Land, Buildings and Equipment	66	62
Taxes and Duties	22	23
Others	319	315
Total	810	823

PROVISIONAL EXPENSES (in ¥100 million)

	(Fiscal 2001)	(Fiscal 2000)
Total Provision of Bad Debt:	-804	-912
Write-offs of Loans	-18	-16
Provision for Individual Possible Loan Losses	-756	-865
Disposal Losses of Claims	-22	-6
Losses for Supported Customers	—	-4
Provision for Claim Disposal Loss Allowances	-6	-19
Profit and Loss on Monetary Trusts:	4	-26
Gains from Monetary Trusts Transactions	4	6
Loss on Monetary Trusts Transactions	—	-32
Others	-20	-34
Total	-820	-973

Note: Disposal losses of claims and losses for supported customers are shown after the deduction of draw down of reserves for individual possible loan losses and for claim disposal loss provided thereto.

RETURN ON EQUITY AND ASSETS (%)

	(Fiscal 2001)	(Fiscal 2000)
Recurring Profit Ratio to Total Assets	0.03	—
Recurring Profit Ratio to Capital Funds	0.73	—
Net Income Ratio to Total Assets	0.04	—
Net Income Ratio to Capital Funds	0.97	—

- Notes: 1. Recurring Profit (Net Income) Ratio to Total Assets = $\frac{\text{Recurring Profit (Net Income)}}{\text{Average Balance of Total Assets (excluding Guarantee Contra Accounts)}} \times 100$
2. Recurring Profit (Net Income) Ratio to Capital Funds = $\frac{\text{Recurring Profit (Net Income)}}{\text{Average Balance of Capital Funds}} \times 100$
3. Recurring Profit: Income (Loss) before Income Taxes and Others

MARGIN (%)

Department	(Fiscal 2001)			(Fiscal 2000)		
	Domestic	International	Total	Domestic	International	Total
Yield	1.63	2.52	1.69	1.83	3.29	1.94
Cost of Funds Raised	1.28	2.80	1.37	1.54	3.79	1.69
Total Margin	0.35	-0.28	0.32	0.29	-0.50	0.24

- Notes: 1. Domestic department figures are based on yen-denominated transactions with residents at domestic branches. International department figures are based on foreign currency-denominated transactions at domestic branches, yen-denominated transactions with non-residents, special international financial account transactions (transactions in the Tokyo Offshore Market), and transactions at the New York Branch.
2. Yield = $\frac{\text{Interest Income}}{\text{Average Balance of Funds Invested}} \times 100$
3. Cost of Funds Raised = $\frac{\text{Interest Expense} + \text{General and Administrative Expense (excluding Provisional Expense)}}{\text{Average Balance of Funds Raised}} \times 100$
4. Total Margin = Yield – Cost of Funds Raised

Details of Operations

DEBENTURES AND DEPOSITS

STRUCTURE OF FUND SOURCES (in ¥100 million, %)

	(as of March 31, 2002)	(as of March 31, 2001)
Debentures Issued:	97,793 (79.7)	101,706 (80.7)
Outstanding Balance	97,793 (79.7)	101,706 (80.7)
Deposits:	23,794 (19.4)	23,891 (19.0)
Cooperatives and Others	23,546 (19.2)	23,519 (18.7)
Local Governments and Municipalities	248 (0.2)	372 (0.3)
Negotiable Certificates of Deposit	1,058 (0.9)	405 (0.3)
Total	122,647	126,003
Government Contribution of Debentures Issued	2,739 (2.2)	3,111 (2.5)

Note: The figures in parentheses represent percentages of the total.

OUTSTANDING BALANCE OF SHOKO CHUKIN BANK DEBENTURES (in ¥100 million, %)

	(as of March 31, 2002)	(as of March 31, 2001)
Interest-Bearing Debentures	70,214 (71.8)	72,232 (71.0)
Discount Debentures	27,579 (28.2)	29,474 (29.0)
Total	97,793	101,706

Notes: 1. Debentures sold by public offering are included.

2. The figures in parentheses represent percentages of the total.

CLASSIFICATION BY TIME TO MATURITY OF THE OUTSTANDING BALANCE OF SHOKO CHUKIN BANK DEBENTURES

(in ¥100 million)

		(as of March 31, 2002)	(as of March 31, 2001)
Interest-Bearing Debentures	1 year or less	14,020	14,674
	3 years or less but more than 1 year	36,557	33,172
	5 years or less but more than 3 years	19,636	24,385
	Total	70,214	72,232
Discount Debentures	1 year or less	27,579	29,474
	3 years or less but more than 1 year	—	—
	5 years or less but more than 3 years	—	—
	Total	27,579	29,474
Total	1 year or less	41,599	44,148
	3 years or less but more than 1 year	36,557	33,172
	5 years or less but more than 3 years	19,636	24,385
	Total	97,793	101,706

BREAKDOWN OF DEPOSIT BALANCE (in ¥100 million, %)

Department	(Fiscal 2001)			(Fiscal 2000)		
	Domestic	International	Total	Domestic	International	Total
Time Deposits	11,161 (50.8)	884 (48.5)	12,046 (50.6)	11,499 (53.3)	1,068 (45.7)	12,567 (52.6)
Floating Free-Rate Time Deposits	—	—	—	—	—	—
Free Fixed-Rate Time Deposits (included in the above item)	11,161 (50.8)	884 (48.5)	12,046 (50.6)	11,499 (53.3)	1,068 (45.7)	12,567 (52.6)
Liquid Deposits	10,305 (46.9)	2 (0.2)	10,308 (43.3)	9,474 (44.0)	0 (0.0)	9,475 (39.7)
Interest-Bearing Deposits (included in the above item)	5,902 (26.9)	—	5,902 (24.8)	5,076 (23.6)	—	5,076 (21.2)
Others	503 (2.3)	936 (51.3)	1,439 (6.1)	580 (2.7)	1,268 (54.3)	1,848 (7.7)
Total	21,970	1,824	23,794	21,544	2,336	23,891
Negotiable Certificates of Deposit	849	209	1,058	114	291	405
Time Deposits	11,421 (57.5)	1,017 (54.7)	12,438 (57.3)	11,691 (59.8)	1,114 (63.7)	12,805 (60.2)
Floating Free-Rate Time Deposits	—	—	—	—	—	—
Free Fixed-Rate Time Deposits (included in the above item)	11,421 (57.5)	1,017 (54.7)	12,438 (57.3)	11,691 (59.8)	1,114 (63.7)	12,805 (60.2)
Liquid Deposits	7,295 (36.8)	0 (0.0)	7,296 (33.6)	6,671 (34.1)	0 (0.0)	6,672 (31.3)
Interest-Bearing Deposits (included in the above item)	4,779 (24.1)	—	4,779 (22.0)	4,259 (21.8)	—	4,259 (20.0)
Others	1,131 (5.7)	841 (45.3)	1,972 (9.1)	1,176 (6.0)	634 (36.3)	1,810 (8.5)
Total	19,849	1,858	21,707	19,539	1,748	21,288
Negotiable Certificates of Deposit	81	300	381	67	146	213

Notes: 1. Liquid deposits = Deposits at notice + Ordinary deposits + Current deposits

2. The average balance of foreign currency deposits with domestic branches stated in the International column is calculated by the monthly current method.

3. The figures in parentheses represent percentages of the total.

CLASSIFICATION BY TIME TO MATURITY OF THE OUTSTANDING BALANCE OF TIME DEPOSITS (in ¥100 million)

	(as of March 31, 2002)	(as of March 31, 2001)
	Time Deposits	
3 months or less	7,460	7,701
6 months or less but more than 3 months	2,084	2,086
1 year or less but more than 6 months	2,251	2,544
2 years or less but more than 1 year	178	101
3 years or less but more than 2 years	67	130
More than 3 years	4	4
Total	12,046	12,567
Free Fixed-Rate Time Deposits (included in the above item)		
3 months or less	7,460	7,701
6 months or less but more than 3 months	2,084	2,086
1 year or less but more than 6 months	2,251	2,544
2 years or less but more than 1 year	178	101
3 years or less but more than 2 years	67	130
More than 3 years	4	4
Total	12,046	12,567

CLASSIFICATION OF BALANCE BY DEPOSITORS (in ¥100 million, %)

	(as of March 31, 2002)	(as of March 31, 2001)
Corporations	20,078 (90.3)	19,629 (90.2)
Individuals	1,466 (6.6)	1,160 (5.3)
Financial Institutions	345 (1.6)	509 (2.4)
Government Funds	335 (1.5)	453 (2.1)
Total	22,224	21,753

Notes: 1. The above table does not include the deposits with overseas branches, offshore account deposits and negotiable certificates of deposit.
2. The figures in parentheses represent percentages of the total.

BALANCE OF PUBLIC FUNDS (in ¥100 million, %)

	(as of March 31, 2002)	(as of March 31, 2001)
Deposits of Public Funds	248 (64.8)	372 (66.7)
Borrowings from Public Sources	5 (1.4)	44 (8.1)
Debentures Sold to the Local Governments	129 (33.8)	140 (25.2)
Total	383	558

Note: The figures in parentheses represent percentages of the total.

LOANS

BALANCE OF LOANS (in ¥100 million)

Department		(Fiscal 2001)			(Fiscal 2000)		
		Domestic	International	Total	Domestic	International	Total
	Loans on Deeds	67,112	356	67,468	67,835	307	68,142
	Loans on Notes	18,727	407	19,134	21,413	514	21,927
Year-End Balance:	Overdraft	10,102	—	10,102	9,124	—	9,124
	Bills Discounted	8,687	—	8,687	9,671	—	9,671
	Total	104,629	763	105,392	108,044	821	108,865
	Loans on Deeds	67,036	325	67,362	66,948	314	67,263
Average Balance:	Loans on Notes	19,427	496	19,924	22,897	612	23,510
	Overdraft	8,938	—	8,938	8,180	—	8,180
	Bills Discounted	7,621	—	7,621	8,346	—	8,346
	Total	103,023	822	103,845	106,373	927	107,300

Note: The average balance of foreign currency loans with domestic branches stated in the International column is calculated by the monthly current method.

CLASSIFICATION BY THE TIME TO MATURITY OF THE OUTSTANDING BALANCE OF LOANS (in ¥100 million)

		(as of March 31, 2002)	(as of March 31, 2001)
		Loans	1 year or less
	3 years or less but more than 1 year	25,207	26,741
	5 years or less but more than 3 years	10,429	11,044
	7 years or less but more than 5 years	4,152	4,361
	More than 7 years	11,302	11,454
	Without specific term	618	625
	Total	105,392	108,865
Fixed-Rate Loans	1 year or less	/	/
	3 years or less but more than 1 year	22,954	24,438
	5 years or less but more than 3 years	9,563	10,127
	7 years or less but more than 5 years	3,792	4,031
	More than 7 years	9,384	9,621
	Without specific term	—	—
	Total	/	/
Floating-Rate Loans	1 year or less	/	/
	3 years or less but more than 1 year	2,253	2,303
	5 years or less but more than 3 years	866	917
	7 years or less but more than 5 years	360	329
	More than 7 years	1,917	1,832
	Without specific term	618	625
	Total	/	/

Note: Loans with one year or less remaining are not classified as floating and fixed-rate loans.

AVAILABLE FUNDS AND LENDING PER EMPLOYEE (in ¥100 million)

Department	(as of March 31, 2002)			(as of March 31, 2001)		
	Domestic	International	Total	Domestic	International	Total
Available Funds	29	78	29	29	94	29
Lending Loans	25	8	25	25	7	25

Notes: 1. Available funds = Debentures issued (excluding debenture application fee) + Deposits + Negotiable certificates of deposit
2. The average number of employees during the fiscal year is used in the above table.

AVAILABLE FUNDS AND LENDING PER BRANCH (in ¥100 million)

Department	(as of March 31, 2002)			(as of March 31, 2001)		
	Domestic	International	Total	Domestic	International	Total
Available Fund	1,321	1,096	1,318	1,354	1,360	1,354
Lending Loans	1,144	121	1,133	1,182	111	1,170

Notes: 1. Available funds = Debentures issued (excluding debenture application fee) + Deposits + Negotiable certificates of deposit
2. Representative offices and subbranch offices are not included in the number of branches used for the above table.

LOANS TO MEMBERS (in ¥100 million, %)

	(as of March 31, 2002)	(as of March 31, 2001)
Balance of Loans to Members	104,364 (99.0)	107,834 (99.0)
Balance of Loans to Non-Members	1,028 (1.0)	1,031 (1.0)
Financial Institutions	52 (0.1)	50 (0.1)
Holders of Shoko Chukin Bank Debentures	57 (0.1)	68 (0.1)
Total	105,392	108,865

Notes: 1. Members are the cooperatives subscribing capital to the Bank and their members.
2. The figures in parentheses represent percentages of the total.

BREAKDOWN OF LOAN BALANCE BY USE (in ¥100 million, %)

	(as of March 31, 2002)	(as of March 31, 2001)
Capital Investment	23,280 (22.1)	23,892 (22.0)
Long-term Working Funds	43,693 (41.5)	43,705 (40.1)
Short-term Working Funds	38,418 (36.4)	41,268 (37.9)
Total	105,392	108,865

Note: The figures in parentheses represent percentages of the total.

BREAKDOWN OF LOAN BALANCE BY INDUSTRY (in ¥100 million, %)

	(as of March 31, 2002)	(as of March 31, 2001)
Manufacturing	36,485 (34.6)	37,793 (34.7)
Machinery and Metal Product Manufacturing	18,046 (17.1)	18,723 (17.2)
Agriculture, Forestry and Fishery	82 (0.1)	73 (0.1)
Mining	146 (0.1)	162 (0.1)
Construction	3,521 (3.3)	3,645 (3.3)
Wholesale and Retail	33,286 (31.6)	34,355 (31.6)
Finance and Insurance	2,286 (2.2)	2,568 (2.4)
Real Estate	7,435 (7.1)	8,011 (7.4)
Transport and Communication	10,414 (9.9)	10,484 (9.6)
Electricity, Gas, Water and Heat Supply	191 (0.2)	198 (0.2)
Services	11,409 (10.8)	11,436 (10.5)
Others	134 (0.1)	136 (0.1)
Total	105,392	108,865

Note: The figures in parentheses represent percentages of the total.

BREAKDOWN OF LOAN BALANCE BY COLLATERAL (in ¥100 million, %)

	(as of March 31, 2002)	(as of March 31, 2001)
Deposits and Debentures	2,017 (1.9)	1,976 (1.8)
Securities	429 (0.4)	496 (0.4)
Claims	2,782 (2.6)	3,440 (3.2)
Merchandise	5 (0.0)	7 (0.0)
Real Estate	67,979 (64.5)	70,052 (64.4)
Other Collateral	701 (0.7)	674 (0.6)
Total	73,913 (70.1)	76,646 (70.4)
Guarantee	25,969 (24.6)	26,798 (24.6)
Credit	5,509 (5.2)	5,420 (5.0)
Grand Total	105,392	108,865
(Loans with Subordination Covenant)	—	—

Note: The figures in parentheses represent percentages of the total.

BREAKDOWN OF CUSTOMERS' LIABILITIES FOR ACCEPTANCE AND GUARANTEES BY COLLATERAL (in ¥ million, %)

	(as of March 31, 2002)	(as of March 31, 2001)
Deposits and Debentures	7,714 (11.1)	8,142 (11.8)
Securities	11.9 (0.2)	124 (0.2)
Claims	13 (0.0)	55 (0.1)
Merchandise	0 (0.0)	0 (0.0)
Real Estate	18,496 (26.6)	17,860 (25.8)
Other	2,084 (3.0)	2,180 (3.2)
Total	28,428 (40.9)	28,361 (40.9)
Guarantee	37,012 (53.4)	37,029 (53.5)
Credit	3,958 (5.7)	3,893 (5.6)
Grand Total	69,486	69,283

Note: The figures in parentheses represent percentages of the total.

RATIO OF LOANS TO DEBENTURES AND DEPOSITS (in ¥100 million, %)

Department		(as of March 31, 2002)			(as of March 31, 2001)		
		Domestic	International	Total	Domestic	International	Total
Lending Loans	(A)	104,629	763	105,392	108,044	821	108,865
Debentures and Deposits	(B)	120,613	2,033	122,647	123,375	2,628	126,003
Ratio	(A)/(B)	86.74	37.55	85.93	87.57	31.26	86.39
	Average during the Year	85.55	38.06	84.71	85.99	48.93	85.43

Notes: 1. Debentures do not include debenture application fee.
2. Deposits include negotiable certificates of deposit.

INCREASE (DECREASE) IN RESERVE FOR POSSIBLE LOAN LOSSES (in ¥100 million)

	(as of March 31, 2002)				(as of March 31, 2001)					
	Balance at the beginning of the year	Decrease amount			Balance at the end of year	Balance at the beginning of the year	Decrease amount			Balance at the end of year
		Increase amount	Purpose for use	Other			Increase amount	Purpose for use	Other	
General Reserve for Possible Loan Losses	514	608	—	514 ^(*)	608	482	514	—	482 ^(*)	514
General Reserve for Individual Possible Loan Losses	4,131	4,277	611	3,520 ^(*)	4,277	3,707	4,131	442	3,265 ^(*)	4,131
Reserve for Loans to Restructuring Countries	—	—	—	—	—	—	—	—	—	—
Total	4,646	4,885	611	4,035	4,885	4,190	4,646	442	3,748	4,646

Note: *1. Draw down through recovery of loans or as stipulated in the tax law.

WRITE-OFF OF LOANS (in ¥100 million)

	(Fiscal 2001)	(Fiscal 2000)
Write-off of Loans	18	16

BALANCE OF LOANS TO RESTRUCTURING COUNTRIES (in ¥100 million)

	(as of March 31, 2002)	(as of March 31, 2001)
Balance of Loans to Restructuring Countries	—	—

PROBLEM LOANS (in ¥100 million)

	(as of March 31, 2002)	(as of March 31, 2001)
Loans to Bankrupt Companies (A)	3,461	3,108
Overdue Loans (B)	4,500	4,576
Total (A)+(B)	7,962	7,684
Loans Overdue for 3 Months or Longer (C)	135	51
Rescheduled Loans (D)	824	801
Grand Total (A)+(B)+(C)+(D)	8,923	8,537
Category IV Loans out of Loans to Bankrupt Companies	2,348	2,033
Category IV Loans out of Overdue Loans	1,124	1,164
Problem Loans other than Category IV Loans	5,450	5,339

1. Loans to Bankrupt Companies

Loans to bankrupt companies are loans for which accrued interest is not shown in the accounts based on the assumption that principal or interest is likely to be unrecoverable (because interest or principal payments have been long overdue or other reasons), where the loans in questions are affected by the circumstances defined in Article 96, Clause 1, Numbers 3a-e or Number 4 of the Corporation Tax Law Enforcement Ordinance (Cabinet Ordinance No. 97 of 1965).

2. Overdue Loans

Overdue loans are loans of which accrued interest is not shown in the accounts, excluding loans to bankrupt companies and loans of which the rescheduling of interest payments have been granted to support the financial restructuring of the borrowers.

3. Loans Overdue for 3 Months or Longer

Loans overdue by three months or longer are defined as loans on which principal or interest payments are overdue by three months or longer reckoning from the payment date stipulated in the contract. The loans that are classified as loans to bankrupt companies and overdue loans are excluded.

4. Rescheduled Loans

Rescheduled loans are loans other than in 1., 2., or 3. above for which the terms have been eased to support the financial restructuring of the borrower through measures agreed in favor of the borrower, such as reduction of interests payments, postponement of interest or principal repayments and abandonment of claims.

5. Category IV Loans

Category IV loans are those that are classified as unrecoverable based on our self-assessment of assets. Reserve for possible loan losses is provided for the full amount of these loans.

6. Problem Loans other than Category IV Loans

The amount of problem loans other than Category IV loans equals to the amount of problem loans subtracted by the amount of the loans defined in Note 5. (This is equivalent to the amount of loan balance after direct write-offs of Category IV loans, which private financial institutes are required to disclose. The amount of Category IV loans deducted from the problem loan balances for the fiscal years 2002 and 2001 are ¥347.3 billion out of ¥427.7 billion and ¥319.7 billion out of ¥413.1 billion of general reserve for individual possible loan losses, respectively.)

LOANS DISCLOSED UNDER THE FINANCIAL RECONSTRUCTION LAW (in ¥100 million)

(as of March 31, 2002)

Loans to Legally Bankrupt and Substantially Bankrupt Companies	5,314		
Loans with Collection Risk	2,668		
Loans for Special Attention	960		
Subtotal	8,943	Amount after deduction of Category IV loans	5,470
Normal Loans	97,257		
Total	106,201		

(¥347.3 billion of Category IV loan included in loans to legally bankrupt and substantially bankrupt companies and loans with collection risk is deducted)

- The above table shows the loans classified into 4 categories of “loans to legally bankrupt and substantially bankrupt companies”, “loans with collection risk”, “loans for special attention” and “normal loans”, based on our self-assessment in accordance with the Financial Reconstruction Law. Although the Shoko Chukin Bank is not subject to the Law, the amounts of the loans of each category classified based on the self-assessment in accordance with the Law are disclosed for readers' reference.
- Definition of the Loans of Each Category
 - Loans to Legally Bankrupt and Substantially Bankrupt Companies: Loans to companies who have already gone legally bankrupt or in the process of a court-mandated reorganization, or who have not yet gone legally or formally bankrupt but are substantially in the status of business collapse.
 - Loans with Collection Risk: Loans the principal and/ or the interest of which is very likely to be unrecoverable as scheduled, since the borrowers of the loans in question are in financial and/ or management difficulties although they may not have gone bankrupt.
 - Loans for Special Attention: Loans overdue for 3 months or longer and rescheduled loans, other than loans defined in (1) or (2) above.
 - Normal Loans: Loans classified other than (1) – (3) above, as it is judged that there is no financial or management difficulty with the borrowers' businesses.
- Category IV loans are defined as loans judged to be unrecoverable as a result of self-assessment. Reserve for possible loan losses is provided for against the full amount of these loans.
- Amount after deduction of Category IV loans equals to the total amount of loans defined in Notes 2. (1) – (3) minus the amount defined in Note 3. (This is equivalent to the amount of loan balance after direct charge-offs of Category IV loans, which private financial institutes are required to disclose. The amount of Category IV loans deducted for the fiscal year 2002 is ¥ 347.3 billion out of ¥427.7 billion of general reserve for individual possible loan losses.
- The coverage ratio against the loans disclosed under the Financial Reconstruction Law (the percentage of the total coverage in the forms of collateral and guarantees, general reserve for individual possible loan losses, and general reserve for possible loan losses provided for loans for special attention, over the total amount of the loans defined in Notes 2. (1) – (3)) is 85.0%.

SECURITIES

AVERAGE BALANCE OF TRADING SECURITIES (in ¥100 million)

	(Fiscal 2001)	(Fiscal 2000)
Trading Government Bonds	19	37
Trading Municipal Bonds	—	—
Trading Government Guarantee Bonds	—	—
Trading Bonds Loaned	—	—
Total	19	37

BREAKDOWN BALANCE OF SECURITIES (in ¥100 million, %)

Department	(Fiscal 2001)			(Fiscal 2000)			
	Domestic	International	Total	Domestic	International	Total	
Year-End Balance	Government Bonds	18,098 (76.7)	—	18,098 (69.9)	16,084 (77.8)	—	16,084 (69.4)
	Municipal Bonds	883 (3.8)	—	883 (3.4)	1,109 (5.4)	—	1,109 (4.8)
	Corporate Bonds	4,346 (18.4)	—	4,346 (16.8)	3,168 (15.3)	—	3,168 (13.7)
	Stocks	266 (1.1)	—	266 (1.0)	304 (1.5)	—	304 (1.3)
	Others	—	2,293 (100.0)	2,293 (8.9)	—	2,516 (100.0)	2,516 (10.9)
	Securities Loaned	—	—	—	—	—	—
	Total	23,594	2,293	25,888	20,667	2,516	23,183
Average Balance	Government Bonds	17,346 (77.1)	—	17,346 (69.2)	13,215 (69.7)	—	13,215 (62.6)
	Municipal Bonds	872 (3.9)	—	872 (3.5)	1,600 (8.4)	—	1,600 (7.6)
	Corporate Bonds	3,990 (17.7)	—	3,990 (15.9)	3,831 (20.2)	—	3,831 (18.1)
	Stocks	302 (1.3)	—	302 (1.2)	323 (1.7)	—	323 (1.5)
	Others	—	2,567 (100.0)	2,567 (10.2)	—	2,141 (100.0)	2,141 (10.1)
	Securities Loaned	—	—	—	—	—	—
	Total	22,511	2,567	25,079	18,971	2,141	21,112

Notes: 1. The average balance of foreign currency securities held by domestic branches stated in the International column is calculated by the monthly current method.
2. The figures in parentheses represent percentages to total.

RATIO OF SECURITIES TO DEBENTURES AND DEPOSITS (in ¥100 million, %)

Department	(as of March 31, 2002)			(as of March 31, 2001)		
	Domestic	International	Total	Domestic	International	Total
Securities (A)	23,594	2,293	25,888	20,667	2,516	23,183
Debentures and Deposits (B)	120,613	2,033	122,647	123,375	2,628	126,003
Ratio (A)/(B)	19.56	112.78	21.10	16.75	95.74	18.39
Yearly Average	18.69	118.91	20.45	15.33	112.99	16.81

Notes: 1. Debentures do not include debenture application fee.
2. The balance of deposits include negotiable certificates of deposit.

UNDERWRITING OF PUBLIC BONDS (in ¥100 million)

	(Fiscal 2001)	(Fiscal 2000)
Public Bonds Underwritten	424	374

Note: All the public bonds underwritten are government bonds.

COUNTER SALES OF PUBLIC BONDS (in ¥100 million)

	(Fiscal 2001)	(Fiscal 2000)
Counter Sales of Public Bonds	8	24

Note: All the public bonds sold at counter are government bonds.

PUBLIC BONDS DEALINGS (in ¥100 million)

	(Fiscal 2001)	(Fiscal 2000)
Amount of Trade	220	602
Average Balance	7	7

Note: All the public bonds traded are government bonds.

MARKET VALUE OF SECURITIES AND RELATED INFORMATION

Details of market values of and valuation gains (losses) on securities are as follows. In addition to "Government Bonds," "Municipal Bonds," "Corporate Bonds," "Stocks," and "Other Securities," these items also include "Trading Securities," negotiable certificates of deposit and commercial paper in "Other Trading Assets," negotiable certificates of deposit in "Due Bills from Banks," and commercial paper and loan trust beneficiary certificates in "Monetary Claims Purchased."

1) Trading Securities (in ¥100 million)

	(as of March 31, 2002)
Book Value	518
Recognized Valuation Difference in Fiscal 2001	0

2) Held-to-Maturity Bonds with Market Values (in ¥100 million)

	(as of March 31, 2002)				
	Book Value	Market Value	Valuation Differences	Valuation Gains Therein	Valuation Losses Therein
Government Bonds	1,985	1,986	1	2	1
Municipal Bonds	—	—	—	—	—
Corporate Bonds	—	—	—	—	—
Others	398	408	9	11	1
Total	2,383	2,394	10	13	3

Note: Market prices were based on closing market prices, etc., at the fiscal year end.

3) Available-for-sale Securities with Market Values (in ¥100 million)

		(as of March 31, 2002)				
		Acquisition Cost	Book Value	Valuation Differences	Valuation Gains Therein	Valuation Losses Therein
Stocks		188	195	7	45	38
Bonds		20,623	20,703	79	103	23
	Government Bonds	16,066	16,113	46	59	13
	Municipal Bonds	866	883	16	17	0
	Corporate Bonds	3,690	3,706	16	26	9
Others		5,291	5,292	1	4	3
Total		26,103	26,190	87	153	65

Note: The market prices of stocks were calculated using the average market prices in the final month of the fiscal year. The market prices for other items were based on market prices, etc., at the fiscal year end.

4) Principal Contents and Book Value of Securities without Market Values (in ¥100 million)

		(as of March 31, 2002)
Held-to-Maturity Bonds		—
Subsidiaries' Stocks		—
Available-for-Sale Securities	Unlisted Stocks (excluding/other than over-the-counter stocks)	70
	Unlisted Corporate Bonds	639

(REFERENCE)

MARKET VALUE OF SECURITIES AND RELATED INFORMATION

Details of market values of and valuation gains (losses) on securities are as follows. In addition to “Government Bonds,” “Municipal Bonds,” “Corporate Bonds,” “Stocks,” and “Other Securities,” these items also include “Trading Securities,” negotiable certificates of deposit and commercial paper in “Other Trading Assets,” negotiable certificates of deposit in “Due Bills from Banks,” and commercial paper and loan trust beneficiary certificates in “Monetary Claims Purchased.”

1) Trading Securities (in ¥100 million)

(as of March 31, 2001)

Book Value	566
Recognized Valuation Difference in Fiscal 2001	0

2) Held-to-Maturity Bonds with Market Values (in ¥100 million)

(as of March 31, 2001)

	Book Value	Market Value	Valuation Differences	Valuation Gains Therein	Valuation Losses Therein
Government Bonds	—	—	—	—	—
Municipal Bonds	—	—	—	—	—
Corporate Bonds	—	—	—	—	—
Others	494	514	20	20	—
Total	494	514	20	20	—

Note: Market prices were based on closing market prices, etc., at the fiscal year end.

3) Available-for-Sale Securities with Market Values (in ¥100 million)

In the current fiscal year, available-for-sale securities with market prices have not been valued at market. The book value, etc., for available-for-sale securities with market prices are as follows.

(as of March 31, 2001)

	Book Value	Market Value	Valuation Differences	Valuation Gains Therein	Valuation Losses Therein
Stocks	229	238	9	56	47
Bonds	19,886	20,127	241	248	7
Government Bonds	16,084	16,222	137	144	6
Municipal Bonds	1,109	1,149	40	40	0
Corporate Bonds	2,692	2,755	63	63	0
Others	6,897	6,902	5	11	6
Total	27,013	27,269	255	317	62

Note: The market prices of stocks were calculated using the average market prices in the final month of the fiscal year. The market prices for other items were based on market prices, etc., at the fiscal year end.

4) Principal Contents and Book Value of Securities without Market Values (in ¥100 million)

(as of March 31, 2001)

Held-to-Maturity Bonds	—
Subsidiaries' Stocks	0
Other Securities	74
Unlisted Stocks (excluding/other than over-the-counter stocks)	74
Unlisted Corporate Bonds	476

MARKET VALUE OF MONETARY TRUSTS AND RELATED INFORMATION (in ¥100 million)

1) Monetary Trusts for Managing Purposes (in ¥100 million)

	(as of March 31, 2002)	(as of March 31, 2001)
Book Value	700	700
Recognized Valuation Difference	—	—

2) Held-to-Maturity Monetary Trusts

No Transaction

3) Other Maturity Trusts (other than held for managing or held-to-maturity)

No Transaction

CLASSIFICATION BY THE TIME TO MATURITY OF THE OUTSTANDING BALANCE OF SECURITIES (in ¥100 million)

		(as of March 31, 2002)				
		1 year or less	5 years or less but more than 1 year	10 years or less but more than 5 years	More than 10 years	Total
Bonds		5,432	11,437	6,457	—	23,328
	Government Bonds	5,027	7,869	5,201	—	18,098
	Municipal Bonds	169	367	347	—	883
	Corporate Bonds	236	3,201	908	—	4,346
Others		3,737	1,701	—	251	5,690
Total		9,170	13,138	6,457	251	29,019
		(as of March 31, 2001)				
Bonds		6,041	7,683	6,637	—	20,362
	Government Bonds	5,575	4,991	5,517	—	16,084
	Municipal Bonds	70	651	387	—	1,109
	Corporate Bonds	394	2,040	733	—	3,168
Others		5,250	1,490	115	535	7,391
Total		11,292	9,173	6,752	535	27,754

Notes: 1. The anticipated redemption amount is shown for bonds that will be held to maturity and other marketable securities with maturity dates.

2. The amounts shown include "Government Bonds," "Municipal Bonds," "Corporate Bonds," "Available-for-sale Securities," as well as negotiable certificates of deposit included in "Cash and Due Bills from Banks," and commercial paper and loan trust beneficiary certificates in "Monetary Claims Purchased."

INTERNATIONAL OPERATIONS

FOREIGN EXCHANGE TRANSACTIONS BY TYPE (in U.S.\$ million)

	(Fiscal 2001)	(Fiscal 2000)
Trade Exchange Transactions	1,744	2,004
Trade Foreign Exchange Transactions	620	831
Capital Transactions	7,917	9,766
Total	10,283	12,603

Note: Overseas branches are included.

BALANCE OF FOREIGN CURRENCY ASSETS (in U.S.\$ million)

	(as of March 31, 2002)	(as of March 31, 2001)
Balance of Assets Denominated in Foreign Currencies	2,263	2,997

Note: The above amounts include the assets denominated in foreign currencies held by domestic branches and assets held by overseas branches.

OTHERS

OFF-BALANCE-SHEET TRANSACTIONS

Off-balance-sheet transactions are those of derivatives including futures, swap contracts and options and those related to the grant of credit including commitments and guarantees. Further details are shown below:

FINANCIAL DERIVATIVES AND FORWARD FOREIGN EXCHANGE TRANSACTIONS (in ¥100 million)

	(as of March 31, 2002)		(as of March 31, 2001)	
	Contractual Amount/ Notional Principal Amount	Credit Risk Amount	Contractual Amount/ Notional Principal Amount	Credit Risk Amount
Interest Rate Swap	52,372	984	44,531	954
Currency Swap	806	48	499	43
Forward Foreign Exchange	473	11	608	17
Interest Rate Options (Bought)	—	—	—	—
Currency Options (Bought)	—	—	—	—
Other Financial Derivatives	—	—	—	—
Credit Risk Reduction by Netting	—	-354	—	-363
Total	53,652	690	45,639	651

Notes: 1. The current-exposure method is used in computing the credit risk equivalents according to the BIS guidelines.

2. The amounts of public exchange transactions that are excluded for capital adequacy guidelines and foreign exchange-related transactions for which the original contract has a duration of 14 days or less are shown below.

(in ¥100 million)

	(as of March 31, 2002)	(as of March 31, 2001)
	Contract Amount/Notional Principal Amount	
Forward Foreign Exchange Contracts	111	115
Interest Rate Options (Sold)	—	200
Interest Rate Options (Bought)	—	—
Currency Options (Sold)	—	—
Currency Options (Bought)	—	—
Other Financial Derivatives	46	16
Total	158	332

TRANSACTIONS RELATING TO THE EXTENDING OF CREDIT (in ¥100 million)

	(as of March 31, 2002)	(as of March 31, 2001)
	Contract Amount	
Commitments	6,196	6,489
Guarantees	601	579
Total	6,798	7,068

TRANSACTIONS RELATING TO INTEREST (in ¥ million)

		(as of March 31, 2002)				
		Contractual Amount, etc.	Maturity Over 1 Year (included in the Left Column)	Market Value	Unrealized Gain & Loss	
Traded on the Exchange	Interest-Rate Futures	Selling Position	957	—	954	2
		Buying Position	—	—	—	—
	Interest-Rate Options	Selling Position	—	—	—	—
		Buying Position	—	—	—	—
Traded on the Over-the-Counter Market	Forward-Rate Agreements	Selling Position	—	—	—	—
		Buying Position	—	—	—	—
	Interest-Rate Swap Contracts	Fixed Rate Receiving/ Floating Rate Paying	1,343,188	1,109,863	27,042	27,042
		Floating Rate Receiving/ Fixed Rate Paying	1,302,259	1,111,031	-24,319	-24,319
		Floating Rate Receiving/ Floating Rate Paying	—	—	—	—
		Interest-Rate Options	Selling Position	3,050	2,656	0
Others	Buying Position	—	—	—	—	
	Selling Position	—	—	—	—	
Total		/	/	3,677	2,739	
(as of March 31, 2001)						
Traded on the Exchange	Interest-Rate Futures	Selling Position	—	—	—	—
		Buying Position	—	—	—	—
	Interest-Rate Options	Selling Position	—	—	—	—
		Buying Position	—	—	—	—
Traded on the Over-the-Counter Market	Forward-Rate Agreements	Selling Position	—	—	—	—
		Buying Position	—	—	—	—
	Interest-Rate Swap Contracts	Fixed Rate Receiving/ Floating Rate Paying	1,215,890	925,559	30,382	30,382
		Floating Rate Receiving/ Fixed Rate Paying	1,213,808	832,012	-26,426	-26,426
		Floating Rate Receiving/ Floating Rate Paying	—	—	—	—
		Interest-Rate Options	Selling Position	24,396	4,326	-6
Others	Buying Position	—	—	—	—	
	Selling Position	—	—	—	—	
Total		/	/	3,950	4,022	

Notes: 1. The above transactions are valued at market prices, and valuation gains or losses are shown in the statement of income.

Derivative transactions subject to hedge accounting are excluded from the above amounts.

2. Determination of Market Value

For contracts traded on exchanges, closing prices on the Tokyo International Financial Futures Exchange or other exchange are used.

Market values for contracts traded on the over-the-counter market are calculated according to discounted present value, the option pricing model and other appropriate methods.

TRANSACTIONS RELATING TO FOREIGN EXCHANGES (in ¥ million)

(as of March 31, 2002)

		Contractual Amount, etc.	Maturity Over 1 Year (included in the Left Column)	Market Value	Unrealized Gain & Loss	
Traded on the Over-the-Counter Market	Currency Swap	60,044	60,044	136	136	
	Currency Futures	Selling Position	—	—	—	—
		Buying Position	—	—	—	—
	Currency Options	Selling Position	—	—	—	—
		Buying Position	—	—	—	—
	Others	Selling Position	—	—	—	—
		Buying Position	—	—	—	—
Total				136	136	

(as of March 31, 2001)

Traded on the Over-the-Counter Market	Currency Swap	21,919	17,211	48	48	
	Currency Futures	Selling Position	—	—	—	—
		Buying Position	—	—	—	—
	Currency Options	Selling Position	—	—	—	—
		Buying Position	—	—	—	—
	Others	Selling Position	—	—	—	—
		Buying Position	—	—	—	—
Total				48	48	

- Notes: 1. The above transactions are valued at market prices, and valuation gains or losses are shown in the statement of income. Derivative transactions subject to hedge accounting and transactions subject to Note 3 below are excluded from the above amounts.
 2. Determination of Market Value
 Market values are calculated using discounted present value or other appropriate methods.
 3. Currency swap transactions for which current gains and losses are calculated are excluded from the above amounts, in accordance with the recommendations of the Japanese Institute of Certified Public Accountants in "Temporary Treatment for Auditing Where 'The New Foreign Exchange Accounting Standards' Is Continuously Applied in the Banking Industry" (November 14, 2000).

The contract amounts, etc., for currency swaps that are subject to calculation of current gains and losses are shown below. The amounts stated below include currency swaps used for fund raising and investment in other currencies (fund-related swaps, ¥28,862 million).

(as of March 31, 2002)

(as of March 31, 2001) (in ¥100 million)

	Contract Amount, etc.	Market Value	Unrealized Gain & Loss	Contract Amount, etc.	Market Value	Unrealized Gain & Loss
Currency Swap	49,470	-588	-588	67,521	-2,051	-2,051

Also excluded from the above amounts are forward currency contracts and options, etc., that are marked to market at the fiscal year end so that gains and losses can be shown in the statement of income, and items that relate to foreign currency money claims and liabilities, etc., that are reflected in the amounts shown in the balance sheet. The contract amounts for currency-related derivatives that have been marked to market are as follows.

(as of March 31, 2002)

(as of March 31, 2001) (in ¥100 million)

		Contractual Amount, etc.	Contractual Amount, etc.
Traded on the Exchange	Currency Futures	Selling Position	—
		Buying Position	—
Traded on the Over-the-Counter Market	Currency Options	Selling Position	—
		Buying Position	—
Traded on the Over-the-Counter Market	Foreign Exchange Forward Contracts	Selling Position	14,976
		Buying Position	14,993
Traded on the Over-the-Counter Market	Currency Options	Selling Position	—
		Buying Position	—
Traded on the Over-the-Counter Market	Other Contracts	Selling Position	—
		Buying Position	—

TRANSACTIONS RELATING TO STOCKS

No Transaction

TRANSACTIONS RELATING TO BONDS (in ¥ million)

(as of March 31, 2002)

			Contractual Amount, etc.	Maturity Over 1 Year (included in the Left Column)	Market Value	Unrealized Gain & Loss
Traded on the Exchange	Bond Futures	Selling Position	822	—	827	-5
		Buying Position	—	—	—	—
	Bond Futures Options	Selling Position	—	—	—	—
		Buying Position	—	—	—	—
Traded on the Over-the- Counter Market	Over-the- Counter Bond Options	Selling Position	—	—	—	—
		Buying Position	—	—	—	—
	Others	Selling Position	—	—	—	—
		Buying Position	—	—	—	—
Total					827	-5

(as of March 31, 2001)

			Contractual Amount, etc.	Maturity Over 1 Year (included in the Left Column)	Market Value	Unrealized Gain & Loss
Traded on the Exchange	Bond Futures	Selling Position	974	—	973	1
		Buying Position	—	—	—	—
	Bond Futures Options	Selling Position	—	—	—	—
		Buying Position	715	—	0	-0
Traded on the Over-the- Counter Market	Over-the- Counter Bond Options	Selling Position	—	—	—	—
		Buying Position	—	—	—	—
	Others	Selling Position	—	—	—	—
		Buying Position	—	—	—	—
Total					973	1

Notes: 1. The above transactions are valued at market prices, and valuation gains or losses are shown in the statement of income. Derivative transactions subject to hedge accounting are excluded from the above amounts.

2. Determination of market value

For contracts traded on a stock exchange, closing prices on the Tokyo International Financial Futures Exchange or other exchange are used.

Market values for contracts traded on the over-the-counter market are calculated according to discounted present value, the option pricing model and other appropriate methods.

TRANSACTIONS RELATED TO PRODUCTS

No Transaction

CREDIT DERIVATIVE TRANSACTIONS

No Transaction

Financial Section
Auditors' Report

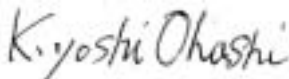
Mr. Tadashi Ezaki
President
The Shoko Chukin Bank
10-17, Yaesu 2-chome
Chuo-ku, Tokyo 104-0028

We have audited the balance sheets of The Shoko Chukin Bank as of March 31, 2002, and the related statements of income for the fiscal year then ended. The audit was made in accordance with The Shoko Chukin Bank Law.

The accounting principles and procedures followed by The Shoko Chukin Bank are those generally followed by banks in Japan, and the aforesaid balance sheets and statements of income have been prepared in conformity with such accounting principles and procedures.

In our opinion, the accompanying financial statements present fairly in all material respects the financial position of The Shoko Chukin Bank as of March 31, 2002, and the results of its operations for the fiscal year then ended.

May 14, 2002



Kiyoshi Ohashi
Auditor



Mitsukazu Ishikawa
Auditor



Koichi Kurashima
Auditor



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