

FINANCIAL REPORT

2004

Year Ended March 31, 2004

THE SHOKO CHUKIN BANK

Contents for the Financial Section

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Overview of Results for Fiscal Year 2003

The Economic and Financial Situation

The global economy in fiscal 2003 marked time under the lingering effects of events early in the year, such as the Iraq war and the SARS epidemic that centered around Asia. As these issues moved away from center stage, however, consumer and corporate sentiment improved and world business conditions remained on course for a recovery. In the US economy in particular, an expansionary trend led by consumer spending and capital investment became increasingly evident. China also maintained its expansion as its economy continued to develop.

These trends benefited the Japanese economy, which had shown strong signs of stagnation at the beginning of the year but gradually brightened thereafter. Underpinned by global economic expansion, exports were firm and helped revitalized production activity in the manufacturing industries in particular. Corporate earnings also increased as companies made progress in cutting back expenses. Meanwhile, the recovery in corporate earnings triggered a turnaround in the employment environment, leading to a brighter outlook for the household sector.

Corporate sentiment improved, boosting consumer spending and housing investment. However, ongoing efforts to put public finances on a sounder footing led to a further decline in public investment.

Reflecting economic trends at home and abroad, business conditions for small and medium-sized enterprises began to improve, especially in the manufacturing industries. However, there were still divergences in the degree of improvement, leading to polarization between companies that performed strongly and companies that experienced a delayed recovery, and inter-regional variations in the improvement in business sentiment. According to the Bank's Monthly Survey of SME Business Sentiment, the small enterprise index improved

from summer onwards, and the business situation for SMEs showed signs of bottoming out.

On the financial front, the Bank of Japan took quantitative easing further at the beginning of the year amidst speculation that deflation would strengthen. Long-term interest rates (newly issued 10-year government bond yields) temporarily fell to a historical low of just over 0.4%. Once the recovery in the domestic economy became more apparent from summer on, long-term interest rates began to rise sharply, temporarily reaching 1.6% before generally stabilizing at just over 1.4% at the end of the fiscal year.

In the foreign exchange market, the yen rose steadily against the dollar after starting the fiscal year at around ¥120 to the US\$. Even after massive intervention by the authorities, the yen's appreciation continued, reaching around ¥105 to the US\$ at the end of the fiscal year. Stock prices started the fiscal year by falling below the ¥8,000 mark, thus setting a new post-bubble record. However, they rose steadily after that, approaching the ¥12,000 level by year-end. Lending by financial institutions remained in decline as the deflation continued, but the pace of the turndown gradually eased as the Japanese economy recovered.

Although Japan's economy is in the process of recovering, the long-running deflation continues and the benefits of the recovery have not yet spread to SMEs. In light of the situation, the government has taken all possible steps to provide a safety net for SMEs by among other things adopting various measures to promote a smoother supply of funds.

Summary of Results

Loans

Outstanding loans in fiscal 2003 declined ¥265.8 billion year-on-year to ¥9,824.4 billion at year-end. The balance of loans through agencies including credit cooperatives totaled ¥25.2 billion. There were 162 agencies at fiscal year-end.

Debentures

Interest bearing debentures decreased ¥596.7 billion compared to the previous year and discount debentures, ¥440.0 billion, for an overall decline in fiscal 2003 of ¥1,036.8 billion. As a result, the balance of debentures at year-end totaled ¥8,244.3 billion, a figure that includes ¥168.4 billion underwritten by the government.

Deposits and Negotiable Certificates of Deposit

The balance of deposits decreased ¥43.4 billion year-on-year to total ¥2,356.8 billion at the end of fiscal 2003. Negotiable certificates increased ¥14.7 billion from the previous year-end to ¥51.6 billion.

Securities

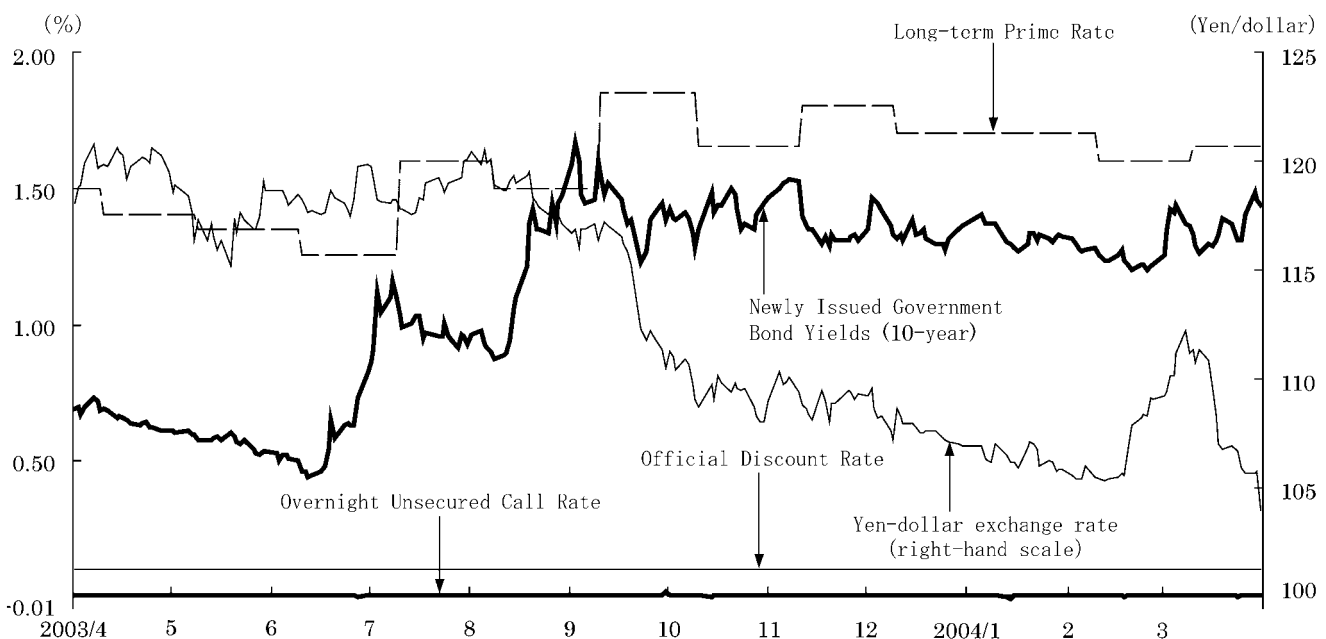
Over-the-counter sales of government bonds and other securities amounted to ¥1.1 billion. Dealings in government bonds and other securities totaled ¥9.7 billion. The balance of trading securities at the end of fiscal 2003 was ¥0.8 billion.

Domestic and Foreign Exchange

Domestic exchange transactions in fiscal 2003 totaled ¥24,449.6 billion. Foreign exchange transactions totaled US\$3,459 million.

Income and Expenditures

Total operating income totaled ¥207.543 billion, while operating expenses were ¥202.776 billion, resulting in an operating profit of ¥4.766 billion. Other gains amounted to ¥2.939 billion and other losses came to ¥0.225 billion. Income taxes amounted to ¥2.467 billion, and there was a ¥3.681 billion income tax adjustment. As a result, net income for the year totaled ¥8.693 billion.



Trends in Principal Financial Indicators

(Units: Billion yen)

	Fiscal 2003	Fiscal 2002	Fiscal 2001	Fiscal 2000	Fiscal 1999
Total Operating Income	207.5	240.5	277.1	305.6	393.2
Income (Loss) before Income Taxes and Others	4.7	2.4	4.5	(19.2)	(21.4)
Net Income (Loss)	8.6	4.1	5.9	(12.8)	(15.9)
Capital	514.2	511.2	506.0	493.9	474.8
(Total Subscription in Thousands of Units)	(5,142,650)	(5,112,650)	(5,060,650)	(4,939,650)	(4,748,650)
Total Capital Funds	635.5	636.2	629.8	608.5	605.0
Total Assets	12,001.8	12,929.1	13,665.5	14,012.9	13,910.2
Outstanding Deposits	2,356.8	2,313.3	2,379.4	2,389.1	2,237.8
Outstanding Debentures	8,244.3	9,281.1	9,779.3	10,170.6	10,528.6
Outstanding Loans	9,824.4	10,090.3	10,539.2	10,886.5	11,169.3
Balance of Investment Securities	1,504.4	2,043.0	2,588.8	2,318.3	2,239.8
Capital Ratio (%)	7.70	7.45	7.30	6.94	6.95
Dividend per Cooperative Subscription Unit (Yen)	3.00	3.00	3.00	3.00	3.00
Dividend Payment Ratio (%)	36.62	75.23	50.50	—	—
Number of Employees	4,571	4,691	4,835	5,003	5,107

Balance Sheet

The Shoko Chukin Bank
As of March 31, 2004 and 2003

	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Assets			
Loans	¥ 9,824,470	¥ 10,090,366	\$ 92,955
Loans on Deeds	6,519,845	6,541,045	61,688
Loans on Notes	1,457,295	1,702,693	13,788
Overdrafts	1,127,398	1,091,427	10,667
Bills Discounted	719,931	755,201	6,811
Foreign Exchange	8,243	7,481	77
Foreign Exchange Bills Purchased	1,074	715	10
Foreign Exchange Bills Receivable	3,413	3,509	32
Due from Foreign Banks	3,755	3,257	35
Investment Securities	1,504,472	2,043,033	14,234
Government Bonds	1,017,638	1,388,786	9,628
Local Government Bonds	9,257	38,977	87
Corporate Bonds	309,672	409,349	2,930
Stocks	24,261	24,759	229
Other Securities	143,642	181,160	1,359
Trading Assets	61,609	52,479	582
Trading Securities	834	746	7
Trading-related Financial Derivatives Transactions	5,775	6,735	54
Other Trading Assets	54,999	44,998	520
Monetary Claims Purchased	38,709	188,183	366
Call Loans	143,170	6,250	1,354
Receivables under Resale Agreements	24,999	154,964	236
Cash and Due from Banks	549,323	598,102	5,197
Cash	28,796	29,848	272
Due from Banks	520,527	568,254	4,925
Other Assets	49,094	59,499	464
Settlements Receivable	22	69	0
Prepaid Expenses	0	6	0
Accrued Income	9,331	10,347	88
Forward Contract Margins	13	37	0
Forward Contract Deposits Receivable	0	0	0
Financial Derivatives Transactions	12,079	23,218	114
Deferred Hedge Losses	589	—	5
Other Assets	27,057	25,820	256
Premises and Equipment	51,197	52,608	484
Land, Buildings and Equipment	46,951	48,102	444
Construction in Progress	—	127	—
Security Deposits	4,246	4,378	40
Deferred Assets on Debenture Issue	502	669	4
Debenture Issue Discount	502	669	4
Deferred Income Taxes	83,980	76,272	794
Customers' Liabilities for Acceptances and Guarantees	96,663	83,185	914
Customers' Liabilities for Acceptances and Guarantees	90,653	75,784	857
Customers' Liabilities for Guaranteeing Agency Loans	6,009	7,401	56
Reserve for Possible Loan Losses	(434,626)	(483,975)	(4,112)
Total Assets	12,001,811	12,929,124	113,556

	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Liabilities			
Shoko Chukin Bank Debentures	¥ 8,244,316	¥ 9,281,117	\$ 78,004
Shoko Chukin Bank Debentures Issued	8,244,316	9,281,117	78,004
Deposits	2,356,855	2,313,394	22,299
Time Deposits	1,099,237	1,106,788	10,400
Deposits at Notice	71,798	69,984	679
Ordinary Deposits	621,454	552,799	5,879
Current Deposits	449,291	420,335	4,251
Government Deposits	19,687	22,599	186
Other Deposits	95,386	140,886	902
Negotiable Certificates of Deposit	51,613	36,890	488
Borrowed Money	67,000	72,000	633
Borrowings	67,000	72,000	633
Trading Liabilities	4,257	6,202	40
Derivatives of Securities related to Trading Transactions	0	2	0
Trading-related Financial Derivatives	4,256	6,200	40
Call Money	10,907	87,409	103
Payables under Repurchase Agreements	1,999	6,999	18
Foreign Exchange	24	28	0
Foreign Exchange Bills Sold	20	18	0
Borrowings from Foreign Banks	4	9	0
Deposits by Foreign Banks	0	0	0
Other Liabilities	507,334	379,131	4,800
Settlements Payable	3	3	0
Accrued Expenses	20,529	25,672	194
Corporate Taxes Payable	2,700	2,270	25
Unearned Income	15,265	14,697	144
Deposits by Employees	8,333	8,408	78
Financial Derivatives Transactions	12,157	19,001	115
Deferred Hedge Gains	—	2,130	—
Debenture Principal Payable	445,719	303,145	4,217
Other Liabilities	2,625	3,801	24
Reserve for Bonuses	4,950	5,090	46
Reserve for Retirement Benefit	20,279	20,469	191
Reserve for Claim Disposal Loss	53	914	0
Acceptances and Guarantees	96,663	83,185	914
Acceptances and Guarantees	90,653	75,784	857
Guarantees for Agency Loans	6,009	7,401	56
Total Liabilities	11,366,255	12,292,833	107,543
Capital Funds			
Capital	¥ 514,265	¥ 511,265	\$ 4,865
Government Subscription	405,367	405,367	3,835
Cooperative Subscription	108,897	105,897	1,030
Retained Earnings	124,300	118,700	1,176
Earnings Reserve	25,510	25,010	241
General Reserves	87,833	87,533	831
Reserve for Particular Purposes	87,369	87,069	826
Reserve for Retirement Allowance Funds	464	464	4
Unappropriated Earnings	10,955	6,155	103
Net Income for the Year	8,693	4,112	82
Unrealized Gains(Losses) on Securities, etc	(3,009)	6,326	(28)
Total Capital Funds	635,555	636,291	6,013
Total Liabilities and Capital Funds	12,001,811	12,929,124	113,556

Statement of Income

The Shoko Chukin Bank

For the years ended March 31, 2004 and 2003

	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Operating Income	¥ 207,543	¥ 240,550	\$ 1,963
Interest Income	185,114	203,385	1,751
Interest on Loans	166,497	178,524	1,575
Interest and Dividends on Securities	15,870	21,849	150
Interest on Bills Purchased	0	2	0
Interest on Call Loans	51	73	0
Interest on Resale Agreements	11	14	0
Interest on Deposits	92	389	0
Interest on Interest Swap Transactions	—	2	—
Other Interest Income	2,591	2,528	24
Fees and Commissions	6,986	6,248	66
Domestic and Foreign Exchange Commissions	2,082	2,083	19
Other Fees and Commissions	4,903	4,165	46
Trading Revenue	1,475	756	13
Revenue from Trading Securities and Derivatives	—	8	—
Income on Other Trading Securities	24	—	0
Revenue from Trading-related Financial Derivatives Transactions	1,435	715	13
Other Trading Revenue	15	32	0
Other Operating Income	8,622	27,538	81
Revenue from Foreign Exchange Trading	801	643	7
Revenue from Sales of Government and Other Bonds	7,821	24,659	73
Revenue from Financial Derivatives Transactions	—	2,236	—
Other Income	5,343	2,620	50
Revenue from Sales of Stocks and Other Securities	3,228	13	30
Revenue from Monetary Trusts	—	76	—
Other	2,115	2,530	20
Operating Expenses	202,776	238,117	1,918
Interest Expense	40,921	62,992	387
Interest on Debentures	34,019	51,362	321
Amortization of Discounts on Issued Debentures	1,277	2,551	12
Interest on Deposits	2,157	3,140	20
Interest on Negotiable Certificates of Deposit	308	636	2
Interest on Borrowed Money	2,101	2,128	19
Interest on Bills Sold	—	1	—
Interest on Loan Transactions	—	5	—
Interest on Call Money	73	377	0
Interest on Resale Agreements	4	3	0
Interest on Interest Swap Transactions	863	2,086	8
Other Interest Expenses	113	699	1
Fees and Commissions	779	857	7
Domestic and Foreign Exchange Commissions	506	512	4
Other Fees and Commissions	272	345	2
Trading Expenses	5	6	0
Trading Securities Expenses	5	—	0
Expenses on Securities and Derivatives related to Trading Transactions	—	6	—
Other Operating Expenses	5,733	820	54
Amortization of Debenture Issue Expenses	170	512	1

The Shoko Chukin Bank
For the years ended March 31, 2004 and 2003

	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Losses on Sales of Government and Other Bonds	¥ 4,308	¥ 307	\$ 40
Financial Derivatives Expenses	1,254	—	11
General and Administrative Expenses	79,611	80,340	753
Other Expenses	75,725	93,100	716
Provision for Possible Loan Losses	62,347	80,478	589
Write-off of Loans	2,085	3,263	19
Loss on Sales of Stocks and Other Securities	220	85	2
Write-off of Stocks	43	4,789	0
Other	11,029	4,483	104
Income before Income Taxes and Others	4,766	2,433	45
Other Gains	2,939	4,911	27
Gains on Disposal of Premises and Equipment	523	4,843	4
Collection of Written-off Claims	75	68	0
Transfer from Reserve for Securities Transaction Liabilities	—	0	—
Other Gains	2,340	—	22
Other Losses	225	288	2
Losses on Disposal of Premises and Equipment	225	288	2
Income before Income Taxes	7,480	7,056	70
Provision for Income Taxes	2,467	1,461	23
Adjustment for Income Taxes	(3,681)	1,482	(34)
Net Income	8,693	4,112	82
Earnings Carried Forward from the Beginning of the Year	2,262	2,043	21
Unappropriated Earnings at the End of the Year	10,955	6,155	103

Appropriation of Earned Surplus

The Shoko Chukin Bank
As of March 31, 2004 and 2003

	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Unappropriated Earnings at the End of the Year	¥ 10,955	¥ 6,155	\$ 103
Will be appropriated as follows:			
Appropriations	7,583	3,893	71
Earnings Reserve	900	500	8
Reserve for Particular Purposes	3,500	300	33
Dividends on Cooperative Subscription	3,183	3,093	30
Unappropriated Earnings to the Next Year	3,372	2,262	31

All US dollar figures are translated from Japanese yen amounts, for convenience only, at the rate of ¥105.69=US\$1, the prevailing rate of exchange as of March 31, 2004.

Notes to the Financial Statements

(For the fiscal year ended March 31, 2004)

Balance Sheet

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 the balance sheet date for securities and monetary claims, etc., and at deemed settlement prices on the balance sheet date for derivative products such as swaps, futures and options.

3. The following valuation methods are applied, depending on the type of security. Bonds intended to be held until maturity are valued using the moving average, amortized cost method. Marketable stocks for which market values are available are valued at the average market price one month before the fiscal year end. Marketable securities with market values other than stocks are valued with the mark-to-market method based on market prices at the fiscal year end (selling costs are primarily calculated with the moving average method). Marketable securities for which market values are not available are valued by either the cost method or the amortized cost method on the basis of a moving average. Valuation differences between the market value and the book value for all marketable securities are directly incorporated into capital.
4. Derivative transactions other than trading transactions are stated with the mark-to-market method.
5. Premises and equipment are subject to declining balance depreciation.
6. Software for internal use is amortized by the straight-line method over its estimated useful life as determined by the Bank (5 years).
7. Treatment of deferred assets on debenture issues
 - (1) Debenture issue discounts on discount debentures are amortized according to the period until redemption of the debenture.
 - (2) Debenture issue expenses are charged to income as they are incurred.
8. Assets and liabilities denominated in foreign currencies and the accounts of the Bank's overseas branches are principally translated into yen at the exchange rates prevailing as of the balance sheet date.

In the preceding period, the "Accounting and Auditing Treatment of Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee Report No. 25 — hereinafter referred to as such) was applied to accounting for foreign exchange transactions as a transitional measure. Under the principle

provisions of said report, however, hedge accounting has from this period been applied to those currency and foreign exchange swap transactions executed for the purpose of converting the fund procurement currency (Japanese currency) into the fund investment currency (foreign currency) that satisfy hedge accounting requirements, while fair value accounting has been applied to those that do not satisfy the requirements. Note 15. describes hedge accounting.

As a result, since said currency and foreign exchange swap transactions for which current gains and losses for the period were calculated were previously marked to market and reported on the balance sheets as net assets or liabilities, a comparison with the former method reveals that Accrued Income declined by ¥46 million, Accrued Expenses declined by ¥121 million (end of recognition of interest on an accrual basis), Financial Derivatives Transactions under Other Assets rose by ¥20 million, Financial Derivatives Transaction under Other Liabilities rose by ¥380 million, and Deferred Hedge Losses rose by ¥293 million.

Yen conversion differences associated with forward foreign exchange transactions other than the above were formerly shown as net amounts under Other Assets or Other Liabilities after offsetting, but from the current period, they are shown in full under JICPA Industry Audit Committee Report No. 25, and included in Financial Derivatives Transactions under Other Assets or Other Liabilities. As a result of this change, Other Assets declined by ¥101 million in comparison with the former method (end of recognition of yen conversion differences (net amount) arising from futures middle rate conversions), Financial Derivatives Transactions under Other Assets increased by ¥337 million and Financial Derivatives Transactions under Other Liabilities increased by ¥236 million.

9. The Reserve for Possible Loan Losses is calculated in accordance with the predetermined standards for write-offs and reserve provisions as follows.

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

Amounts reserved for loans to debtors at risk of bankruptcy are determined as the amounts deemed necessary on the basis of the balance remaining after deducting the estimated amounts recoverable from disposal of collateral and execution of guarantees. Amounts reserved for loans to debtors that are legally or virtually bankrupt are determined to be the balance

remaining after the expected amount to be collected through disposal of collateral or execution of guarantees.

With regard to loans to large borrowers at risk of bankruptcy with credit exposures exceeding a certain amount for which cash flow associated with recovery of principal and interest receipts can reasonably be expected, the difference between the amount of said cash flow discounted by the contract interest rate prior to rescheduling and the book value of the loan is set aside as reserves for possible loan losses (cash flow estimate method).

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

10. The Reserve for Bonuses is set up to provide for the payment of bonuses to employees and appropriates an amount for the current period out of the amount of bonuses estimated to be paid to employees.
11. The Reserve for Retirement Benefit is set up for the payment of employees' retirement benefits. It represents the required amount calculated from estimated retirement benefit obligations and estimated pension assets at the end of this fiscal year. Unrecognized actuarial difference is amortized by the straight-line method over the number of years that does not exceed the average remaining service years (14 years) of employees at each fiscal year when the actuarial difference was incurred. This amortization starts from the next fiscal year.

Unrecognized net transition difference at the date of adoption is being amortized by the straight-line method and charged to income over 15 years.
12. The Reserve for 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 stipulated in Article 43 of the Commercial Code.
13. The accounting for financial leases, except those where the ownership title is deemed to have been transferred to the lessee, is the same as for operating lease transactions.
14. Deferred hedging is used for hedge accounting against interest rate risk arising from financial assets and liabilities. In the preceding period, a macro hedge accounting method that uses derivative transactions to control aggregate interest rate risk arising from loans, deposits and other financial assets and liabilities was adopted under the "Accounting and Auditing Treatment of the Application of Accounting Standards for Financial Instruments in the Banking Industry" (JICPA Industry Audit

Committee Report No. 24 — hereinafter referred to as such) as a transitional measure, but from the current period treatment has been based on the principal provisions of said report.

Of the gains and losses from deferred hedging shown in the balance sheet at the end of the period, those that were formerly based on macro hedges have been allocated as financing costs over a period of six years from fiscal 2003 according to the average remaining period of the hedge instruments designated as macro hedges.

As of the end of period, deferred hedge losses based on macro hedges were ¥908 million.

15. Deferred hedging is used for hedge accounting against exchange rate fluctuation risk arising from financial assets and liabilities denominated in foreign currencies. In the preceding period, JICPA Industry Audit Committee Report No. 25 was applied as a transitional measure, but from the current period, hedge accounting has been applied to those currency and foreign exchange swap transactions executed for the purpose of converting the fund procurement currency (Japanese currency) into the fund investment currency (foreign currency) under the principal provisions of said report.

This means using currency and foreign exchange swap transactions executed for the purpose of countervailing exchange rate fluctuation risk on foreign currency monetary claims and liabilities as hedges to evaluate the effectiveness of hedges by confirming the existence of a foreign currency position equivalent to the hedges matching the foreign currency monetary claims and liabilities covered by the hedges.

16. Interest rate and currency swap transactions designated as hedges for those derivatives transactions that are internal transactions between special transaction accounts and other accounts (or between internal departments) were executed in conformity with external cover transaction standards for which strict hedge operations that eliminate arbitrary decision-making were recognized as possible under JICPA Industry Audit Committee Report No. 24 and JICPA Industry Audit Committee Report No. 25. For this reason, earnings and expenses arising from said interest rate and currency swap transactions, etc., have been recognized as profits and losses without being eliminated.

The deferral method, the mark-to-market method or the special accrual method have been used for certain assets and liabilities.

17. National and local consumption taxes are accounted for with the tax exclusion method.
18. Accumulated depreciation of premises and equipment is ¥61,221 million.
19. Advanced depreciation of premises and equipment is ¥18,602 million.

20. In addition to the premises and equipment stated in the balance sheet, some computers are used under lease agreements.

21. In Loans, loans to bankrupt companies total ¥284,033 million and overdue loans total ¥350,845 million.

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 the interest or principal payments have been long overdue or for other reasons (excluding loans that have been written off, and hereinafter referred to as "loans for which accrued interest is not shown in the accounts"), 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 for which accrued interest is not shown in the accounts, excluding loans to bankrupt companies, and loans for which the interest payments have been rescheduled to support financial restructuring of the borrowers.

22. Loans overdue by three months or longer total ¥5,617 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. Loans that are classified as loans to bankrupt companies or overdue loans are excluded.

23. Rescheduled loans total ¥155,638 million. Rescheduled loans are loans for which the terms have been eased to support 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, and exclude loans to bankrupt companies or overdue loans and loans overdue by three months or longer.

24. The total amount of loans to bankrupt companies, overdue loans, loans overdue by three months or longer and rescheduled loans is ¥796,135 million.

The amounts of loans stated in Notes 21 through 24 are the numbers before the deduction of possible loan loss allowance.

25. Bills Discounted are handled as financial transactions in accordance with JICPA Industry Audit Committee Report No. 24.

Accordingly the Bank has the right to freely sell or use as collateral any accepted bank acceptance bills, trade bills, documentary bills or foreign exchange it has purchased, the aggregate face value of which is ¥721,005 million.

26. Assets provided as collateral are as follows.

Assets provided as collateral:

Securities ¥249,274 million

Liabilities corresponding to collateral assets:

Deposits ¥6,316 million

Payables under Repurchase Agreements ¥1,999 million

In addition to the above amounts, securities worth ¥252,970 million have been provided as collateral for foreign currency settlements and foreign currency-yen settlements, etc., or substituted for futures margin money, etc.

27. Deferred hedge losses represent the net amount of unrealized gains and losses or valuation differences from hedging instruments. The gross amounts before offsetting are ¥1,212 million in deferred hedge losses and ¥ 622 million in deferred hedge gains.

28. Borrowings include loans payable under subordination covenant totaling ¥52,000 million.

29. The net income per capital unit is ¥123.58.

30. Details of market values of and valuation gains and losses on securities are as follows. In addition to Government Bonds, Local Government Bonds, Corporate Bonds, Stocks, and Other Securities, these items also include Trading Securities, Commercial Paper in Other Trading Assets and Commercial Paper in Monetary Claims Purchased. The same applies through Note 33. below.

Trading securities

Book value ¥ 55,834 million

Recognized valuation differences in this fiscal year (¥ 2 million)

Bonds to be held to maturity with market values

Securities Bonds

Book value ¥ 427,201 million

Fair value ¥ 432,570 million

Valuation Differences ¥ 5,369 million

Valuation Gains Therein ¥ 5,369 million

Valuation Losses Therein —

Other securities with market values

(Millions of yen)

	Acquisition Cost	Book Value	Valuation Differences	Valuation Gains Therein	Valuation Losses Therein
Stocks	9,845	17,588	7,743	8,294	551
Bonds	813,015	800,518	(12,497)	452	12,949
Government					
Bonds	635,884	625,248	(10,636)	17	10,654
Local Government					
Bonds	9,178	9,257	79	131	52
Corporate					
Bonds	167,951	166,011	(1,939)	302	2,242
Others	112,077	112,462	384	445	61
Total	934,938	930,568	(4,369)	9,193	13,562

"Unrealized Gains (Losses) on Securities" includes (¥3,009million), which is the valuation differences stated above, net of deferred tax asset of ¥1,359 million thereto.

31. Following are other marketable securities disposed of during the period.

The amount disposed of	¥ 1,488,406 million
The profit from disposal	¥ 11,049 million
The loss from disposal	¥ 4,529 million

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

Items	Book value
Marketable securities	
Unlisted stocks (excluding over-the-counter market)	¥ 6,672 million
Bonds	¥ 143,660 million

33. Following are the expected amounts to be redeemed in respect to marketable securities whose maturity dates are set, and bonds to be held to maturity.

	(Millions of yen)			
	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	213,533	663,961	459,073	—
Government				
Bonds	130,375	495,454	391,808	—
Local Government				
Bonds	3,148	2,301	3,807	—
Corporate Bonds	80,009	166,205	63,457	—
Others	49,316	35,119	8	3
Total	262,850	699,080	459,082	3

34. Overdraft contracts and commitment line contracts on loans are the agreements under which the Bank grants a loan up to a designated credit limit when the customer requests, unless there is breach of the conditions stipulated in the contract. The outstanding credit facility ready for claims under such agreements is ¥564,821 million.

Most of these contracts are terminated before the amount of the credit facility determined in the agreements is fully utilized, so the outstanding credit facility itself does not always affect the Bank's future cash flows. 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 financial situation and protection of credit standing. Moreover when necessary the Bank requires customers to provide property or securities as collateral when signing the contract. After the Bank enters into the agreement, it periodically (every half-year) checks customers' business condition in accordance with internally established procedures, reviews the conditions of the agreement if necessary, and takes measures to protect the Bank's assets.

35. Enterprise taxes for Tokyo Metropolis and Osaka Prefecture shall from fiscal 2004 correspond to taxes that use income as the assessment standard following

revisions to ordinances.

In line with this change, the normal statutory tax rate used for calculating deferred tax assets and liabilities shall be changed from the current period's 29.65% to 31.12%, raising deferred tax assets by ¥3,903 million, so that deferred income tax expenses posted for the current period have been increased by the same amount. Unrealized Gains on Securities, etc. have also increased by ¥64 million.

36. In accordance with changes to the format of attachments to the Shoko Chukin Bank Law Enforcement Regulations, the classification Unrealized Gains on Securities has from this period been shown as Unrealized Gains on Securities, etc.

Statement of Income

1. All amounts expressed in the statements have been rounded down to the nearest million yen.
2. The net income per capital unit is ¥1.69.
3. The Shoko Chukin Bank shows profit and loss on transactions undertaken for the purposes of trading transactions in the Statement of Income as "Trading Revenue" or "Trading Expenses".

In the Statement of Income, Trading Revenue and Trading Expenses are arrived at by adding to interest received and paid and other items during the year, amounts equivalent to the changes in valuation between the ends of the previous and current years for securities and monetary claims, etc., and amounts equivalent to changes in deemed settlements between the ends of the previous and current years for derivatives.

4. Other Gains include ¥1,825 million in tax refunds and interest on refunds associated with the Tokyo Metropolitan Government's tax on the gross revenues of big banks, ¥511 million in gains on returns of the subrogated portion of the Employees' Pension Fund, and ¥3 million from reversal to the Reserve for Claim Disposal Loss.
5. In the preceding period, the JICPA Industry Audit Committee Report No. 25 was applied to accounting for foreign exchange transactions as a transitional measure. From this period, however, hedge accounting has been applied to those currency and foreign exchange swap transactions executed for the purpose of converting the fund procurement currency (Japanese currency) into the fund investment currency (foreign currency) under the principal provisions of said report that satisfy hedge accounting requirements, while fair value accounting has been applied to those that do not satisfy the requirements.

Compared with the previous method, therefore, Income before Income Taxes and Others increased by ¥8 million.

Statement of Cash Flows

The Shoko Chukin Bank

For the years ended March 31, 2004 and 2003

	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Cash Flows from Operating Activities			
Net Income before Taxes	¥ 7,480	¥ 7,056	\$ 70
Depreciation	3,027	2,680	28
Increase in Reserve for Possible Loan Losses	(49,348)	(4,542)	(466)
Increase in Reserve for Claim Disposal Loss	(861)	(2,940)	(8)
Increase in Reserve for Retirement Benefits	(189)	2,001	(1)
Increase in Reserve for Employee Bonuses	(140)	(372)	(1)
Income from Fund Management	(185,114)	(203,385)	(1,751)
Expenses for Fund Procurement	40,921	62,992	387
Losses Relating to Securities	(6,447)	(19,489)	(60)
Losses on Monetary Trusts	0	(76)	0
Losses on Disposal of Premises and Equipment	(297)	(4,841)	(2)
Net (Increase) Decrease in Trading Assets	(9,130)	5,088	(86)
Net Increase (Decrease) in Trading Liabilities	(1,945)	434	(18)
Net (Increase) Decrease in Loans	265,895	448,915	2,515
Net Increase (Decrease) in Debentures	(1,036,800)	(498,274)	(9,809)
Net Increase (Decrease) in Deposits	43,461	(66,100)	411
Net Increase (Decrease) in Negotiable Certificates of Deposit	14,723	(68,929)	139
Net Increase (Decrease) in Borrowed Money	(5,000)	(73)	(47)
Net (Increase) Decrease in Call Loans, etc.	142,519	(237,210)	1,348
Net Increase (Decrease) in Call Money, etc.	(81,502)	(84,875)	(771)
Net (Increase) Decrease in Due from Banks Other than the Central Bank	465,424	(93,744)	4,403
Net (Increase) Decrease in Foreign Currencies (Assets)	(761)	(489)	(7)
Net Increase (Decrease) in Foreign Currencies (Liabilities)	(3)	(111)	(0)
Income from Fund Operations	185,365	208,675	1,753
Expenditures for Fund Procurement	(46,755)	(69,477)	(442)
Others	179,438	(415)	1,697
Subtotal	(76,071)	(617,507)	(719)
Income Taxes	(1,980)	(2,351)	(18)
Net Cash Provided by Operating Activities	(78,052)	(619,858)	(738)
Cash Flows from Investing Activities			
Payments for Purchases of Securities	(2,384,990)	(4,439,564)	(22,565)
Proceeds from Sales of Securities	1,488,406	3,407,527	14,082
Proceeds from Redemption of Securities	1,391,802	1,565,018	13,168
Payments for Increase in Monetary Trust	—	—	—
Proceeds from Decrease in Monetary Trust	—	70,076	—
Payments for Acquisitions of Premises and Equipment	(1,239)	1,247	(11)
Proceeds from Sales of Premises and Equipment	811	5,383	7
Net Cash Used in Investing Activities	494,790	609,688	4,681
Cash Flows from Financing Activities			
Proceeds from Increase in Capital Contribution	3,000	5,200	28
Dividends Paid	(3,093)	(3,003)	(29)
Net Cash Used in Financing Activities	(93)	2,197	(0)
Translation Differences of Cash and Cash Equivalents			
	—	—	—
Increase (Decrease) in Cash and Cash Equivalents	416,644	(7,973)	3,942
Cash and Cash Equivalents at the Beginning of the Year	32,674	40,647	309
Cash and Cash Equivalents at the End of the Year	449,318	32,674	4,251

Notes: 1. The scope of funds in the Statement of Cash Flows is deposits and money deposited with the Central Bank in "Cash and Due from Banks" in the Balance Sheet.

2. Cash and Cash Equivalents at the Beginning of the Year and the amounts of items stated in the Balance Sheet are reconciled as follows:

As of March 31, 2004

Cash and Due from Banks	¥549,323 million
Due from Banks other than the Central Bank	(¥100,004 million)
	¥449,318 million

As of March 31, 2003

Cash and Due from Banks	¥598,102 million
Due from Banks other than the Central Bank	(¥565,428 million)
	¥32,674 million

Capital Account Details

STRUCTURE OF CAPITAL SUBSCRIPTION (¥ million, %)

	(as of March 31, 2004)	(as of March 31, 2003)
Government Subscription	405,367 (78.8)	405,367 (79.3)
Cooperatives' Subscription	108,897 (21.2)	105,897 (20.7)
Total	514,265	511,265

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

STRUCTURE OF CAPITAL SUBSCRIPTION BY COOPERATIVES (¥ thousand)

	(as of March 31, 2004)	(as of March 31, 2003)
	Number of Cooperatives/Capital Subscription Amounts	
Small and Medium Enterprise Cooperatives	24,129 103,078,445	24,247 100,270,124
Common Facility Cooperatives and Federations	23,218 96,520,502	23,395 94,040,323
Small Common Facility Cooperatives	2 100	2 100
Mutual Fire Relief Cooperatives and Federations	45 991,820	45 920,850
Credit Cooperatives and Federations	158 5,258,943	165 5,006,313
Business Cooperatives	706 307,080	640 302,538
Joint Business Cooperatives	738 1,238,514	757 1,206,716
Commercial and Industrial Cooperatives and Federations	1,038 3,054,792	1,028 2,941,945
Shopping District Promotion Cooperatives and Federations	1,055 232,904	1,028 228,664
Environmental Sanitation Trade Associations and Federations	336 608,777	335 581,227
Liquor Business Cooperatives and Federations	210 138,650	212 132,566
Domestic Maritime Transport Associations and Federations	50 535,295	49 526,135
Export Associations and Import Associations	5 10,500	5 10,500
Urban Redevelopment Associations	2 20	2 20
Total	27,563 108,897,900	27,663 105,897,900

Notes: The upper figure in each row represents the number of cooperatives and the lower figure represents the amount of capital subscription.

Cooperatives' Subscription to the Bank:

- In order that the Bank may provide services to a wider base of customers, the number of units of contribution owned by an affiliated cooperative shall not exceed one percent of the total units of contribution to the Bank, under Article 7, Clause 3 of the Shoko Chukin Bank Law.
- The Bank's management decision-making body is the Assembly of Representatives, and every representative has one vote regardless of the number of units of capital subscription that are held (Article 72 of the Articles of Incorporation).

DIVIDENDS (yen, %)

	(Fiscal 2003)	(Fiscal 2002)
Dividend per Unit Cooperatives' Subscription	3.00	3.00
Dividend Payout Ratio	36.62	75.23

Notes: The amount of a unit of subscription to the Bank is 100 yen.

Dividend Payments by the Bank:

1. The dividend per subscription was ¥3, continuing the same as in fiscal 2002.
2. In order to solidify the Bank's operational base and fulfill financial services for the member SMEs, the Bank is exempt from paying dividends on the government's paid-up subscription until the dividend paid to public subscribers exceeds 6% under Article 49 of the Shoko Chukin Bank Law.
3. In addition, the Bank shall not pay a dividend of more than 6% until its legal reserve amounts to one quarter of the capital under Article 3, Clause 2 of the Regulation Enforcing the Shoko Chukin Bank Law.

CAPITAL RATIO (¥100 million, %)

		(as of March 31, 2004)	(as of March 31, 2003)
Core Capital (Tier 1 Capital)	Capital Funds	6,323	6,268
	Total (A)	6,323	6,268
Supplementary Capital (Tier 2 Capital)	45% of Marketable Securities' Balance Sheet Value Minus Book Value	—	40
	Reserve for Possible Loan Losses (Excluding Special Reserve for Possible Loan Losses and Reserve for Possible Loan Losses on Special Foreign Loans)	681	616
	Subordinated Borrowings	70	174
	Total	751	830
	Amount Counted as Capital (B)	751	830
Deductions	Mutual Shareholding or Other Financing Intentionally Arranged among Financial Institutions (C)	—	—
Total Capital	(A) + (B) – (C) (D)	7,074	7,099
Risk-Weighted Assets	Assets Stated on the Balance Sheet	90,768	94,351
	Off-Balance Sheet Items	1,107	893
	Total (E)	91,875	95,244
Capital Ratio = (D)/(E) x 100		7.70	7.45

Notes: This is calculated in accordance with the formula stipulated in notices from the Ministry of Finance and the Ministry of Economy, Trade & Industry.

Total Capital:

Core Capital increased by a total of ¥5.5 billion. Contributing factors included additional capital of ¥3.0 billion from cooperatives, and increased income for the period.

The Bank's Capital Ratio:

1. The Bank is endeavoring to raise its capital ratio according to Article 30-3 of the Shoko Chukin Bank Law and 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.)
2. The Bank receives special treatment in terms of the application of BIS international capital adequacy guidelines for financial institutions because of its special status as a government-affiliated financial institution.
3. The Bank is exempt from the Prompt Corrective Action as a government-affiliated financial institution.
4. The Bank is exempt from reevaluating land under the Land Properties Revaluation Act and land is valued at the original purchase price. Supplementary Capital in the above calculation of the Bank's Capital Ratio does not include gains on land revaluation.

Profit and Loss Details

SUMMARY OF INCOME (¥100 million)

	(Fiscal 2003)	(Fiscal 2002)
Gross Operating Profit	1,549	1,739
Provision for the General Reserve for Possible Loan Losses	65	7
General and Administrative Expenses (Excluding Nonrecurring Items)	756	776
Expenses Incurred on Debenture Issue and Redemption	2	5
Operating Profit	725	949
Operating Profit before Deduction of Provision for the General Reserve for Possible Loan Losses	790	957
Nonrecurring Profit and Loss (Including Nonrecurring Expenses)	(678)	(925)
Income before Income Taxes and Others	47	24
Other Gains and Losses	27	46
Provision for Income Taxes — Corporate Tax, Inhabitant Tax and Enterprise Tax	24	14
Adjustment of Income Taxes	(36)	14
Net Income	86	41

Notes: 1. Operating Profit is income generated by the Bank's primary businesses and is calculated by deducting General and Administrative Expenses and others from Gross Operating Profit.

2. Monetary trust offsetting expenses are included in Nonrecurring Profit and Loss.

GROSS OPERATING PROFIT (¥100 million, %)

	(Fiscal 2003)			(Fiscal 2002)		
	Domestic	International	Total	Domestic	International	Total
Net Interest Income	1,431	10	1,441	1,398	7	1,405
Fees and Commissions	58	4	62	51	3	54
Trading Revenue	11	2	14	5	2	7
Other Operating Income	22	7	30	265	6	272
Gross Operating Profit	1,524	25	1,549	1,720	19	1,739
Gross Operating Profit Ratio	1.24	0.65	1.24	1.30	0.39	1.29

Notes: 1. Domestic departments handle transactions in yen with Japanese residents through the domestic branches. International departments handle 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. 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 (¥100 million, %)

		(Fiscal 2003)			(Fiscal 2002)		
		Domestic	International	Total	Domestic	International	Total
Asset Portfolio Accounts	Average Balance	122,100	3,847	123,976	131,851	4,902	133,990
	Interest Income	1,817	41	1,851	1,982	64	2,033
	Yield	1.48	1.06	1.48	1.50	1.31	1.51
Fund Raising Accounts	Average Balance	109,843	3,847	111,720	120,027	4,902	122,167
	Interest Income	385	30	409	584	57	628
	Yield	0.35	0.79	0.36	0.48	1.17	0.51

Notes: The average balance of yen funds invested from the domestic department to the international department was ¥276.3 billion in Fiscal 2002 and ¥197.1 billion in Fiscal 2003, and the income from those investments was ¥1.3 billion in Fiscal 2002 and ¥0.7 billion in Fiscal 2003.

ANALYSIS OF INTEREST INCOME AND EXPENSE (¥100 million)

		(Fiscal 2003)			(Fiscal 2002)		
		Domestic	International	Total	Domestic	International	Total
Interest Income	Change due to Balance	(144)	(11)	(149)	(39)	(10)	(46)
	Change due to Interest Rate	(21)	(12)	(33)	(181)	(68)	(245)
	Net Change	(165)	(23)	(182)	(220)	(78)	(292)
Interest Expense	Change due to Balance	(35)	(8)	(38)	(15)	(10)	(19)
	Change due to Interest Rate	(163)	(18)	(181)	(219)	(66)	(285)
	Net Change	(198)	(26)	(219)	(235)	(76)	(304)

Notes: The change due to both the changes in balance and interest rates is included in Change Due to Interest Rate.

FEES AND COMMISSIONS (¥100 million)

		(Fiscal 2003)			(Fiscal 2002)		
		Domestic	International	Total	Domestic	International	Total
Fee and Commission Income		63	6	69	57	4	62
Fee and Commission Expense		5	1	7	6	1	7

TRADING TRANSACTIONS (¥100 million)

	(Fiscal 2003)			(Fiscal 2002)		
	Domestic	International	Total	Domestic	International	Total
Trading Revenue and Expenditures	11	2	14	5	2	7
Revenue and Expenditures from Trading Marketable Securities	(0)	—	(0)	0	—	0
Revenue and Expenditures from Trading Marketable Securities	0	—	0	(0)	0	(0)
Revenue and Expenditures from Trading-related Financial Derivatives Transactions	11	2	14	4	2	7
Other Trading Revenue	0	—	0	0	—	0

Notes: 1. Income and expense are netted for each item in the domestic and international departments.

2. Revenue and Expenditures from Financial Derivatives Transactions were denominated in yen in domestic departments and in foreign currencies in international departments.

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

	(Fiscal 2003)			(Fiscal 2002)		
	Domestic	International	Total	Domestic	International	Total
Revenue and Expenditures from Foreign Exchange Trading	—	8	8	—	6	6
Revenue and Expenditures from Government and Other Bonds	35	—	35	243	0	243
Revenue and Expenditures from Financial Derivatives	(12)	(0)	(12)	22	(0)	22
Others	—	—	—	—	—	—
Total	22	7	30	265	6	272

Notes: Revenue and Expenditures from Financial Derivatives were denominated in yen in domestic departments and in foreign currencies in international departments.

GENERAL AND ADMINISTRATIVE EXPENSES (¥100 million)

	(Fiscal 2003)	(Fiscal 2002)
Salaries	351	357
Welfare Expenses	6	6
Depreciation	30	26
Rent & Lease Expenses for Land, Buildings and Equipment	65	66
Taxes and Duties	20	21
Others	321	323
Total	796	803

PROVISIONAL EXPENSES (¥100 million)

	(Fiscal 2003)	(Fiscal 2002)
Total Provision of Bad Debt	(684)	(865)
Write -offs of Loans	(20)	(32)
Provision for Individual Possible Loan Losses	(558)	(796)
Disposal Losses of Claims	(105)	(30)
Provision for Claim Disposal Loss Allowances	—	(5)
Profit and Loss on Monetary Trusts	—	0
Others	6	(60)
Total	(678)	(925)

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 2003)	(Fiscal 2002)
Ratio of Recurring Profit to Total Assets	0.03	0.01
Ratio of Recurring Profit to Capital Funds	0.75	0.39
Ratio of Net Income to Total Assets	0.06	0.02
Ratio of Net Income to Capital Funds	1.38	0.66

Notes: 1. Ratio of Recurring Profit to Total Assets = $\frac{\text{Recurring Profit}}{\text{Average Balance of Total Assets (excluding Guarantee Contra Accounts)}} \times 100$

2. Ratio of Recurring Profit to Capital Funds = $\frac{\text{Recurring Profit}}{\text{Average Balance of Capital Funds}} \times 100$

MARGIN (%)

	(Fiscal 2003)			(Fiscal 2002)		
	Domestic	International	Total	Domestic	International	Total
Yield	1.48	1.06	1.48	1.50	1.31	1.51
Cost of Funds Raised	1.01	1.35	1.04	1.11	1.69	1.15
Total Margin	0.46	(0.29)	0.44	0.38	(0.37)	0.36

Notes: 1. Yield = $\frac{\text{Interest Income}}{\text{Average Balance of Funds Invested}} \times 100$

2. Cost of Funds Raised = $\frac{(\text{Interest Expense} + \text{General and Administrative Expense} + \text{Debenture Expense})}{\text{Average Balance of Funds Raised}} \times 100$

3. Total Margin = Yield – Cost of Funds Raised

Operations Details

DEBENTURES AND DEPOSITS

STRUCTURE OF FUND SOURCES (¥100 million, %)

	(as of March 31, 2004)	(as of March 31, 2003)
Debentures Issued:	82,443	92,811
	(77.4)	(79.8)
Outstanding Balance	82,443	92,811
	(77.4)	(79.8)
Deposits:	23,568	23,133
	(22.1)	(19.9)
Cooperatives and Others	23,371	22,907
	(21.9)	(19.7)
Local Governments and Municipalities	196	225
	(0.2)	(0.2)
Negotiable Certificates of Deposit	516	368
	(0.5)	(0.3)
Total	106,527	116,314
Government Contribution of Debentures Issued	1,684	2,289
	(1.6)	(2.0)

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

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

	(as of March 31, 2004)	(as of March 31, 2003)
Interest-Bearing Debentures	64,199	70,167
	(77.9)	(75.6)
Discount Debentures	18,243	22,644
	(22.1)	(24.4)
Total	82,443	92,811

Notes: 1. Debentures sold by public offering in the period 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 (¥100 million)

Time to Maturity	(as of March 31, 2004)	(as of March 31, 2003)
Interest-Bearing Debentures		
1 year or less	18,313	19,699
More than 1 year, 3 years or less	29,491	33,072
More than 3 years, 5 years or less	16,094	17,194
More than 5 years, 7 years or less	100	—
More than 7 years	200	200
Total	64,199	70,167
Discount Debentures		
1 year or less	18,243	22,644
More than 1 year, 3 years or less	—	—
More than 3 years, 5 years or less	—	—
More than 5 years, 7 years or less	—	—
More than 7 years	—	—
Total	18,243	22,644
Total		
1 year or less	36,556	42,343
More than 1 year, 3 years or less	29,491	33,072
More than 3 years, 5 years or less	16,094	17,194
More than 5 years, 7 years or less	100	—
More than 7 years	200	200
Total	82,443	92,811

BALANCE OF PROPERTY ACCUMULATION SAVINGS (¥100 million)

	(as of March 31, 2004)	(as of March 31, 2003)
Balance of Property Accumulation Savings	1,224	1,269

BREAKDOWN OF DEPOSIT BALANCE (¥100 million, %)

		(Fiscal 2003)			(Fiscal 2002)			
		Domestic	International	Total	Domestic	International	Total	
Year End Balance	Time Deposits	10,263 (46.3)	728 (52.8)	10,992 (46.6)	10,500 (48.9)	567 (34.3)	11,067 (47.8)	
	Floating Free-Rate Time Deposits	—	—	—	—	—	—	
	Free Fixed-Rate Time Deposits	10,263 (46.3)	728 (52.8)	10,992 (46.6)	10,500 (48.9)	567 (34.3)	11,067 (47.8)	
	Liquid Deposits	11,424 (51.5)	1 (0.1)	11,425 (48.5)	10,427 (48.5)	3 (0.2)	10,431 (45.1)	
	Interest-Bearing Deposits	6,932 (31.2)	—	6,932 (29.4)	6,227 (29.0)	—	6,227 (26.9)	
	Others	500 (2.2)	650 (47.1)	1,150 (4.9)	549 (2.6)	1,085 (65.5)	1,634 (7.1)	
	Total	22,188	1,379	23,568	21,477	1,656	23,133	
	Negotiable Certificates of Deposit	300	216	516	6	362	368	
	Average Balance	Time Deposits	10,455 (50.9)	576 (37.2)	11,032 (50.0)	10,936 (54.0)	626 (40.3)	11,562 (53.0)
		Floating Free-Rate Time Deposits	—	—	—	—	—	—
Free Fixed-Rate Time Deposits		10,455 (50.9)	576 (37.2)	11,032 (50.0)	10,935 (54.0)	626 (40.3)	11,562 (53.0)	
Liquid Deposits		9,136 (44.5)	0 (0.0)	9,137 (41.4)	8,315 (41.1)	0 (0.0)	8,316 (38.2)	
Interest-Bearing Deposits		5,932 (28.9)	—	5,932 (26.9)	5,454 (27.0)	—	5,454 (25.0)	
Others		939 (4.6)	972 (62.8)	1,911 (8.6)	986 (4.9)	928 (59.7)	1,915 (8.8)	
Total		20,532	1,549	22,081	20,238	1,556	21,794	
Negotiable Certificates of Deposit		56	264	321	214	371	585	

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 (¥100 million)

		(as of March 31, 2004)		(as of March 31, 2003)
Time to Maturity				
Time Deposits	3 months or less	6,465		6,675
	More than 3 months, 6 months or less	1,894		1,800
	More than 6 months, 1 year or less	2,518		2,429
	More than 1 year, 2 years or less	68		115
	More than 2 years, 3 years or less	33		25
	More than 3 years	11		21
	Total	10,992		11,067
Free Fixed-Rate Time Deposits (included above)	3 months or less	6,465		6,675
	More than 3 months, 6 months or less	1,894		1,800
	More than 6 months, 1 year or less	2,518		2,429
	More than 1 year, 2 years or less	68		115
	More than 2 years, 3 years or less	33		25
	More than 3 years	11		21
Total	10,992		11,067	

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

	(as of March 31, 2004)	(as of March 31, 2003)
Corporations	20,049	19,390
	(89.6)	(89.6)
Individuals	1,843	1,682
	(8.2)	(7.8)
Financial Institutions	282	355
	(1.3)	(1.6)
Government Funds	196	225
	(0.9)	(1.0)
Total	22,371	21,654

Notes: 1. This table does not include 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 (¥100 million, %)

	(as of March 31, 2004)	(as of March 31, 2003)
Deposits of Public Funds	196	225
	(71.7)	(63.9)
Borrowings from Public Sources	1	1
	(0.5)	(0.5)
Debentures Sold to Local Governments	76	125
	(27.8)	(35.6)
Total	274	353

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

ANNUAL REVENUES AND PUBLIC FUNDS HANDLED (¥100 million)

	(as of March 31, 2004)	(as of March 31, 2003)
Bank of Japan Revenue Agency Accounts	1,622	1,604
Local Government Public Fund Collection Accounts	721	659
Total	2,343	2,264

LOANS

BALANCE OF LOANS (¥100 million)

		(Fiscal 2003)			(Fiscal 2002)		
		Domestic	International	Total	Domestic	International	Total
Year End Balance	Loans on Deeds	64,832	365	65,198	65,080	330	65,410
	Loans on Notes	14,411	161	14,572	16,826	200	17,026
	Overdraft	11,273	—	11,273	10,914	—	10,914
	Bills Discounted	7,199	—	7,199	7,552	—	7,552
	Total	97,717	527	98,244	100,373	530	100,903
Average Balance	Loans on Deeds	64,497	356	64,854	65,281	336	65,618
	Loans on Notes	15,245	179	15,424	17,415	393	17,808
	Overdraft	10,387	—	10,387	9,696	—	9,696
	Bills Discounted	6,899	—	6,899	7,234	—	7,234
	Total	97,030	535	97,566	99,628	730	100,358

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 (¥100 million)

Time to Maturity		(as of March 31, 2004)	(as of March 31, 2003)
Loans	1 year or less	50,489	51,710
	More than 1 year, 3 years or less	23,991	24,454
	More than 3 years, 5 years or less	10,007	9,872
	More than 5 years, 7 years or less	3,724	3,757
	More than 7 years	9,499	10,533
	Without specific term	531	575
	Total	98,244	100,903
Fixed-Rate Loans	1 year or less	/	/
	More than 1 year, 3 years or less	21,385	22,312
	More than 3 years, 5 years or less	8,761	9,007
	More than 5 years, 7 years or less	3,274	3,405
	More than 7 years	8,091	9,152
	Without specific term	—	—
	Total	/	/
Floating-Rate Loans	1 year or less	/	/
	More than 1 year, 3 years or less	2,606	2,142
	More than 3 years, 5 years or less	1,246	865
	More than 5 years, 7 years or less	450	352
	More than 7 years	1,408	1,380
	Without specific term	531	575
	Total	/	/

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

AVAILABLE FUNDS AND LENDING PER EMPLOYEE (¥100 million)

	(as of March 31, 2004)			(as of March 31, 2003)		
	Domestic	International	Total	Domestic	International	Total
Available Funds	27	72	27	28	67	28
Lending Loans	25	10	25	25	9	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 (¥100 million)

	(as of March 31, 2004)			(as of March 31, 2003)		
	Domestic	International	Total	Domestic	International	Total
Available Funds	1,147	945	1,145	1,254	933	1,250
Lending Loans	1,066	132	1,056	1,095	135	1,084

Notes: 1. Available Funds = Debentures Issued (excluding debenture application fee) + Deposits + Negotiable Certificates of Deposit

2. Representative offices and sub-branches are not included in the number of branches used for the above table.

LOANS TO MEMBERS (¥100 million, %)

	(as of March 31, 2004)	(as of March 31, 2003)
Balance of Loans to Members	97,244 (99.0)	99,931 (99.0)
Balance of Loans to Non-Members	1,000 (1.0)	972 (1.0)
Financial Institutions	35 (0.0)	33 (0.0)
Holders of Shoko Chukin Bank Debentures	46 (0.0)	50 (0.0)
Total	98,244	100,903

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 (¥100 million, %)

	(as of March 31, 2004)	(as of March 31, 2003)
Capital Investment	22,239 (22.6)	22,227 (22.0)
Long-term Working Funds	42,446 (43.2)	42,611 (42.2)
Short-term Working Funds	33,559 (34.2)	36,064 (35.8)
Total	98,244	100,903

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

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

	(as of March 31, 2004)	(as of March 31, 2003)
Manufacturing	33,018 (33.6)	34,155 (33.9)
Machinery and Metal Product Manufacturing	16,414 (16.7)	16,974 (16.8)
Agriculture, Forestry and Fishery	100 (0.1)	82 (0.1)
Mining	128 (0.1)	134 (0.1)
Construction	3,413 (3.5)	3,463 (3.4)
Wholesale and Retail	30,819 (31.4)	31,191 (30.9)
Finance and Insurance	1,626 (1.6)	1,987 (2.0)
Real Estate	6,102 (6.2)	6,635 (6.6)
Transport and Communication	10,803 (11.0)	10,684 (10.6)
Electricity, Gas, Water and Heat Supply	183 (0.2)	189 (0.2)
Services	11,888 (12.1)	12,254 (12.1)
Others	160 (0.2)	125 (0.1)
Total	98,244	100,903

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

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

	(as of March 31, 2004)	(as of March 31, 2003)
Deposits and Debentures	1,934 (2.0)	1,924 (1.9)
Securities	530 (0.5)	475 (0.5)
Claims	1,706 (1.7)	2,472 (2.4)
Merchandise	1 (0.0)	5 (0.0)
Real Estate	61,904 (63.0)	64,794 (64.2)
Other Collateral	675 (0.7)	616 (0.6)
Total	66,752 (67.9)	70,288 (69.7)
Guarantee	26,183 (26.7)	25,123 (24.9)
Credit	5,308 (5.4)	5,491 (5.4)
Grand Total	98,244	100,903
(Loans with Subordination Covenant)	0	—

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

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

	(as of March 31, 2004)	(as of March 31, 2003)
Deposits and Debentures	6,997 (7.2)	7,637 (9.2)
Securities	156 (0.2)	152 (0.2)
Claims	18 (0.0)	8 (0.0)
Merchandise	0 (0.0)	0 (0.0)
Real Estate	19,015 (19.7)	21,237 (25.5)
Other Collateral	1,585 (1.6)	1,602 (1.9)
Subtotal	27,771 (28.7)	30,636 (36.8)
Guarantee	36,712 (38.0)	49,317 (59.3)
Credit	32,180 (33.3)	3,232 (3.9)
Total	96,663	83,185

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

TRUST FACILITY LOAN BALANCE (¥ 100 million)

	(as of March 31, 2004)	(as of March 31, 2003)
Trust Facility Loan Balance	1,419	1,639

BALANCE OF ENTRUSTED AGENCY LOANS (Contracts, ¥ 100 million)

		(as of March 31, 2004)	(as of March 31, 2003)
Facility Funds	Contracts	1,433	1,614
	Amount	211	271
Operating Funds	Contracts	337	566
	Amounts	41	77
Total	Contracts	1,770	2,180
	Amounts	252	348

ENTRUSTED AGENCY LOANS (¥ 100 million)

	(as of March 31, 2004)	(as of March 31, 2003)
Japan Finance Corporation for Small and Medium Enterprise (JASME)	0	0
Social Welfare and Medical Service Corporation	171	192
Government Pension Investment Fund	228	290
Japan Regional Development Corporation	—	14
Japan Shipbuilding Industry Foundation	167,283	177,287
Japan Bicycle Promotion Institute	54	120
Organization for Workers' Retirement Allowance Mutual Aid	150	214
Smaller Enterprise Retirement Allowance Mutual Aid Corporation	146	209
Sake Brewery Retirement Allowance Mutual Aid Operational Headquarters	3	4
Japan Environment Corporation	455	496
National Life Finance Corporation	1,802	2,112
Japan Small and Medium Enterprise Corporation	237,389	250,282
Promotion programs	55,456	66,815
Mutual aid programs	181,933	183,467
Labor Welfare Corporation	330	373
Employment and Human Resources Development Organization of Japan	1	2
Okinawa Development Finance Corporation	—	—
Development Bank of Japan	20	27
Total	407,888	431,415

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

		(as of March 31, 2004)			(as of March 31, 2003)		
		Domestic	International	Total	Domestic	International	Total
Loans	(A)	97,717	527	98,244	100,373	530	100,903
Debentures and Deposits	(B)	104,931	1,595	106,527	114,295	2,018	116,314
Ratio	(A)/(B)	93.12	33.03	92.22	87.81	26.28	86.75
	Average during the Year	89.94	29.52	88.94	84.71	37.88	83.96

Notes: Deposits include Negotiable Certificates of Deposit.

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

	(as of March 31, 2004)					(as of March 31, 2003)				
	Beginning Balance	Increase	Decrease this Period		Ending Balance	Beginning Balance	Increase	Decrease this Period		Ending Balance
			Purpose	Other				Purpose	Other	
General Reserve for Possible Loan Losses	616	681	—	616	681	608	616	—	608 ^(*1)	616
General Reserve for Individual Possible Loan Losses	4,223	3,665	1,116	3,106	3,665	4,277	4,223	850	3,426 ^(*1)	4,223
Total	4,839	4,346	1,116	3,722	4,346	4,885	4,839	850	4,034	4,839

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

WRITE-OFF OF LOANS (¥100 million)

	(Fiscal 2003)	(Fiscal 2002)
Write-off of Loans	20	32

LOANS TO RESTRUCTURING COUNTRIES

No transactions

PROBLEM LOANS (¥100 million)

	(as of March 31, 2004)	(as of March 31, 2003)
Loans to Bankrupt Companies (A)	2,840	3,513
Overdue Loans (B)	3,508	4,177
Total (A) + (B)	6,348	7,690
Loans Overdue for 3 Months or Longer (C)	56	61
Rescheduled Loans (D)	1,556	1,156
Total Problem Loans (E)=(A) + (B) + (C) + (D)	7,961	8,908
Category IV Loans in Loans to Bankrupt Companies(F)	2,113	2,477
Category IV Loans in Overdue Loans(G)	818	959
Problem Loans other than Category IV Loans (H) = (E) - (F) - (G)	5,029	5,471
Loans other than Category IV Loans (I)	95,313	97,467
Percentage of Loans (H) / (I)	5.3%	5.6%

Note: 1. 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 for other reasons), 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 loans to bankrupt companies and loans of which the rescheduling of interest payments have been granted to support the financial restructuring of the borrowers.
- Loans Overdue for 3 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.
- Rescheduled Loans are loans other than in Loans to Bankrupt Companies, Overdue Loans or Loans Overdue for 3 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 interests payments, postponement of interest or principal repayments and abandonment of claims.

5. Category IV Loans are those that are classified as unrecoverable based on our self-assessment of assets. The full amount of these loans is included in the Reserve for Possible Loan Losses.
6. Problem Loans other than Category IV Loans equal the amount of problem loans minus the amount of the loans defined in Note 5. (This is equivalent to the loan balance after direct write-offs of Category IV Loans, which private financial institutions are required to disclose. The amount of Category IV Loans deducted from Problem Loan balances at the end of Fiscal 2002 was ¥293.1 billion out of the Provision for Possible Loan Losses of ¥366.5 billion and at the end of Fiscal 2001 was ¥343.6 billion out of the Provision for Possible Loan Losses of ¥422.3 billion.)
- * Loans for which accrued interest is not shown in the accounts: loans to bankrupt companies for which accrued interest is not shown in the accounts based on the assumption that principal or interest is likely to be unrecoverable because the interest or principal payments have been long overdue or for other reasons (excluding loans that have been written off).

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

		(as of March 31, 2004)	(as of March 31, 2003)
Loans to Legally Bankrupt and Substantially Bankrupt Companies	(A)	4,197	5,148
Loans with Collection Risk	(B)	2,171	2,564
Loans for Special Attention	(C)	1,612	1,217
Subtotal	(D) = (A) + (B) + (C)	7,981	8,930
Category IV Loans	(G)	2,936	3,441
(Amount after deduction of Category IV Loans)	(D) – (G)	5,045	5,488
Normal Loans		91,343	92,913
Total		99,324	101,843
(REFERENCE) Loan Coverage after Deduction for Category IV Loans			
Recoverable Amount from Collateral and Other Coverage Accounted for in (D)	(E)	2,930	3,665
Reserve for Possible Loan Losses Allocated for (D)	(F)	3,971	4,423
Ratio for Reserves	$(F - G) / ((D - G) - E)$	49.0%	53.9%
Coverage Ratio	$((E + F) - G) / (D - G)$	78.6%	84.7%

Notes: 1. The above table shows the loans classified into the four 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 based on self-assessment in accordance with the Law are disclosed for readers' reference.

2. Definitions of the Loans of Each Category

- (1) 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.
- (2) Loans with Collection Risk: Loans for which principal and/ or interest are 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.
- (3) Loans for Special Attention: Loans overdue for 3 months or longer and rescheduled loans, other than loans defined in (1) or (2) above.
- (4) 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.

3. Category IV Loans are those that are classified as unrecoverable based on our self-assessment of assets. The full amount of these loans is included in the Reserve for Possible Loan Losses.

4. Amount after deduction of Category IV Loans is equal to the total amount of loans defined in Note 2. (1) to (3) minus the amount defined in Note 3. (This is equivalent to the 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 from Problem Loan balances at the end of Fiscal 2003 was ¥293.6 billion out of the Provision for Possible Loan Losses of ¥366.5 billion.)

SECURITIES

AVERAGE BALANCES OF TRADING SECURITIES (¥100 million)

	(Fiscal 2003)	(Fiscal 2002)
Trading Government Bonds	8	12
Trading Local Government Bonds	—	—
Trading Government Guarantee Bonds	—	—
Trading Bonds Loaned	—	—
Total	8	12

BREAKDOWN BALANCE OF SECURITIES (¥100 million, %)

	(Fiscal 2003)			(Fiscal 2002)		
	Domestic	International	Total	Domestic	International	Total
Year End Balance	Government Bonds	10,176 (74.8)	—	10,176 (67.6)	13,887 (74.6)	— (68.0)
	Local Government Bonds	92 (0.7)	—	92 (0.6)	389 (2.1)	— (1.9)
	Corporate Bonds	3,096 (22.7)	—	3,096 (20.6)	4,093 (22.0)	— (20.0)
	Stocks	242 (1.8)	—	242 (1.6)	247 (1.3)	— (1.2)
	Other Securities	—	1,436 (100.0)	1,436 (9.6)	—	1,811 (100.0)
	Total	13,608	1,436	15,044	18,618	1,811
Average Balance	Government Bonds	14,811 (75.8)	—	14,811 (70.1)	17,512 (76.1)	— (70.0)
	Local Government Bonds	256 (1.3)	—	256 (1.2)	587 (2.6)	— (2.4)
	Corporate Bonds	4,275 (21.9)	—	4,275 (20.2)	4,653 (20.2)	— (18.6)
	Stocks	201 (1.0)	—	201 (1.0)	258 (1.1)	— (1.0)
	Others Securities	—	1,585 (100.0)	1,585 (7.5)	—	1,989 (100.0)
	Total	19,544	1,585	21,130	23,012	1,989

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 of the total.

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

	(as of March 31, 2004)			(as of March 31, 2003)		
	Domestic	International	Total	Domestic	International	Total
Marketable Securities (A)	13,608	1,436	15,044	18,618	1,811	20,430
Debentures and Deposits (B)	104,931	1,595	106,527	114,295	2,018	116,314
Ratio (A)/(B)	12.96	90.00	14.12	16.29	89.73	17.56
Yearly Average	18.11	87.40	19.26	19.56	103.19	20.91

Notes: The balance of Deposits includes Negotiable Certificates of Deposit.

UNDERWRITING OF PUBLIC BONDS (¥100 million)

	(Fiscal 2003)	(Fiscal 2002)
Public Bonds Underwritten	242	265

Note: All public bonds underwritten are government bonds.

COUNTER SALES OF PUBLIC BONDS (¥100 million)

	(Fiscal 2003)	(Fiscal 2002)
Counter Sales of Public Bonds	11	7

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

PUBLIC BOND DEALING (¥100 million)

	(Fiscal 2003)	(Fiscal 2002)
Amount of Trade	97	94
Average Balance	7	6

Note: All public bonds traded are government bonds.

MARKET VALUE OF SECURITIES AND RELATED INFORMATION

Details of market values of and valuation gains and losses on securities are as follows. In addition to Government Bonds, Local Government 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 from Banks, and Commercial Paper and Loan Trust Beneficiary Certificates in Monetary Claims Purchased.

1) Trading Securities (¥100 million)

	(as of March 31, 2004)
Book Value	558
Recognized Valuation Difference in Fiscal 2003	(0)

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

	(as of March 31, 2004)				
	Book Value	Market Value	Valuation Difference	Valuation Gains	Valuation Losses
Government Bonds	3,923	3,959	35	35	—
Local Government Bonds	—	—	—	—	—
Corporate Bonds	—	—	—	—	—
Others	348	366	18	18	—
Total	4,272	4,325	53	53	—

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

3) Marketable Securities with Market Values (¥100 million)

	(as of March 31, 2004)				
	Acquisition Cost	Book Value	Valuation Difference	Valuation Gains	Valuation Losses
Stocks	98	175	77	82	5
Bonds	8,130	8,005	(124)	4	129
Government Bonds	6,358	6,252	(106)	0	106
Local Government Bonds	91	92	0	1	0
Corporate Bonds	1,679	1,660	(19)	3	22
Others	1,114	1,118	3	4	0
Total	9,343	9,299	(43)	91	135

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 (¥100 million)

	(as of March 31, 2004)
Held-to-Maturity Bonds	—
Subsidiaries' Stocks	—
Other Marketable Securities	66
Unlisted Stocks (excluding/other than over-the-counter stocks)	66
Unlisted Corporate Bonds	1,436

(REFERENCE)

MARKET VALUE OF SECURITIES AND RELATED INFORMATION

Details of market values of and valuation gains and losses on securities are as follows. In addition to Government Bonds, Local Government 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 from Banks, and Commercial Paper and Loan Trust Beneficiary Certificates in Monetary Claims Purchased.

1) Trading Securities (¥100 million)

	(as of March 31, 2003)
Book Value	457
Recognized Valuation Difference in Fiscal 2003	0

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

	(as of March 31, 2003)				
	Book Value	Market Value	Valuation Difference	Valuation Gains	Valuation Losses
Government Bonds	3,962	4,046	83	83	—
Local Government Bonds	—	—	—	—	—
Corporate Bonds	—	—	—	—	—
Others	413	441	28	28	—
Total	4,376	4,488	111	111	—

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

3) Marketable Securities with Market Values (¥100 million)

	(as of March 31, 2003)				
	Acquisition Cost	Book Value	Valuation Difference	Valuation Gains	Valuation Losses
Stocks	139	178	38	58	19
Bonds	13,446	13,495	48	49	0
Government Bonds	9,902	9,925	22	22	0
Local Government Bonds	381	389	8	8	0
Corporate Bonds	3,162	3,180	18	18	0
Others	6,229	6,231	2	4	1
Total	19,816	19,905	89	111	22

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 (¥100 million)

	(as of March 31, 2003)
Held-to-Maturity Bonds	—
Subsidiaries' Stocks	—
Other marketable Securities	69
Unlisted Stocks (excluding/other than over-the-counter stocks)	69
Unlisted Corporate Bonds	912

MARKET VALUE OF MONETARY TRUSTS AND RELATED INFORMATION

1) Monetary Trusts for Managing Purposes

No Transactions

2) Held-to-Maturity Monetary Trusts

No Transactions

3) Other Monetary Trusts (other than held for management or held-to-maturity)

No Transactions

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

	(as of March 31, 2004)					
	1 year or less	More than 1 year, 5 years or less	More than 5 years, 10 years or less	More than 10 years	Instruments with no fixed maturity	Total
Government Bonds	1,303	4,954	3,918	—	—	10,176
Local Government Bonds	31	23	38	—	—	92
Corporate Bonds	800	1,662	634	—	—	3,096
Stocks	—	—	—	—	242	242
Other Securities	404	908	86	36	—	1,436
Foreign Bonds	404	908	86	36	—	1,436
Foreign Stocks	—	—	—	—	—	—
Securities Loaned	—	—	—	—	—	—
Others	29	—	—	—	—	29
Total	2,569	7,548	4,677	36	242	15,074
	(as of March 31, 2003)					
Government Bonds	4,550	6,340	2,997	—	—	13,887
Local Government Bonds	247	77	64	—	—	389
Corporate Bonds	648	2,995	449	—	—	4,093
Stocks	—	—	—	—	247	247
Other Securities	397	1,326	—	87	—	1,811
Foreign Bonds	397	1,326	—	87	—	1,811
Foreign Stocks	—	—	—	—	—	—
Securities Loaned	—	—	—	—	—	—
Others	4,834	—	—	—	—	4,834
Total	10,677	10,739	3,511	87	247	25,264

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, Local Government Bonds, Corporate Bonds, Other Securities, as well as Negotiable Certificates of Deposit included in Cash and Due from Banks, and commercial paper and Loan Trust Beneficiary Certificates in Monetary Claims Purchased.

INTERNATIONAL OPERATIONS

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

	(Fiscal 2003)	(Fiscal 2002)
Trade Exchange Transactions	2,017	1,832
Trade Foreign Exchange Transactions	802	676
Capital Transactions	639	7,085
Total	3,459	9,595

Note: Overseas branches are included.

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

	(as of March 31, 2004)	(as of March 31, 2003)
Balance of Assets Denominated in Foreign Currencies	1,803	1,973

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

OTHERS

DOMESTIC EXCHANGE TRANSACTIONS (¥100 million)

			(as of March 31, 2004)	(as of March 31, 2003)
Bank Remittance	To other locations	Instances	2,317	2,328
		Value	117,153	110,786
	From other locations	Instances	1,403	1,417
		Value	97,455	95,897
Bank Collection	To other locations	Instances	1,302	1,358
		Value	29,224	29,675
	From other locations	Instances	32	32
		Value	662	849
Total	Instances	5,054	5,136	
	Values	244,496	237,208	

OFF-BALANCE-SHEET TRANSACTIONS

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

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

	(as of March 31, 2004)		(as of March 31, 2003)	
	Contract Amount/Notional		Contract Amount/Notional	
	Principal Amount	Credit Risk Amount	Principal Amount	Credit Risk Amount
Interest Rate Swap	56,404	668	55,032	1,017
Currency Swap	1,681	128	1,263	78
Forward Foreign Exchange	235	6	243	6
Interest Rate Options (Bought)	—	—	—	—
Currency Options (Bought)	—	—	—	—
Other Financial Derivatives	—	—	—	—
Credit Risk Reduction by Netting		(310)		(429)
Total	58,321	492	56,538	672

Notes: 1. The current-exposure method is used in computing the credit risk equivalents based on capital adequacy guidelines.

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

	(¥100 million)	
	(as of March 31, 2004)	(as of March 31, 2003)
	Contract Amount/Notional Principal Amount	
Forward Foreign Exchange Contracts	21	30
Interest Rate Options (Sold)	—	—
Interest Rate Options (Bought)	—	—
Currency Options (Sold)	—	—
Currency Options (Bought)	—	—
Other Financial Derivatives	4	7
Total	25	37

TRANSACTIONS RELATING TO THE EXTENSION OF CREDIT (¥100 million)

	(as of March 31, 2004)	(as of March 31, 2003)
	Contract Amount	
Commitments	6,030	6,186
Guarantees	891	756
Total	6,921	6,942

DERIVATIVE TRANSACTIONS

The Bank's handling of derivative transactions and risk management is explained below.

HANDLING DERIVATIVE TRANSACTIONS

The majority of transactions are for the purpose of responding to customer requirements, for Asset and Liability Management (ALM) risk control and for hedging risks associated with debenture investments.

— Customer Requirements

The Bank provides swaps, options and exchange contracts to answer customer requirements for hedging against rising funding or purchasing costs due to market fluctuations in interest rates and exchange rates.

— ALM Risk Control

Interest swaps and other techniques provide integrated control of interest rate risk resulting from lending, debentures and other on-balance sheet transactions.

— Debenture Risk Hedging

Currency and interest swaps to hedge interest and exchange rate risk on foreign currency debentures.

RISKS ASSOCIATED WITH DERIVATIVE TRANSACTIONS

There are the same types of credit and market risks as with on-balance sheet transactions such as lending and debentures.

— Credit Risk

This is risk that results from the transaction counterpart failing to fulfill the terms of the contract. The principal and interest amounts are exposed to credit risk in on-balance sheet transactions like lending and debentures, but in derivative transactions the amount exposed to credit risk is the cost to reconstruct at market prices (current exposure) at the time a transaction is left unfulfilled.

— Market Risk

As with on-balance sheet transactions there is the risk with derivative transactions that the market value of the transaction will change as interest rates, exchange rates and stock prices fluctuate.

— Liquidity Risk

Some derivative transactions are rare enough that the market is thin, so there is the risk that the opposite transaction may be difficult to find, or the costs of canceling out a contract may increase.

RISK MANAGEMENT SYSTEMS FOR EACH TYPE OF RISK

— Credit Risk

This is managed along with lending risk for transactions with the Bank's customers. For market transactions with financial institutions, the same as for other market transactions, credit lines are established for each customer or each country, and transactions are conducted and managed within those limits.

— Market Risk

Derivative transactions to control ALM risk are managed along with on-balance sheet transactions using integrated risk indicators such as interest rate volatility indices (10 basis point value). The Market Risk Management Department monitors valuation gains and losses for derivative transactions, and reports regularly to management.

— Liquidity Risk

The Bank places importance on the liquidity of products used in transactions, and limits transactions to products that have high liquidity through trading in exchanges or that trade in volume in markets.

TRANSACTIONS RELATING TO INTEREST (¥ million)

(as of March 31, 2004)

			Maturity over 1 year		Market Value	Unrealized Gain and Loss
			Contractual Amount, etc.	(of Contractual Amount)		
Traded on the Exchange	Interest-Rate Futures	Selling Position	—	—	—	—
		Buying Position	—	—	—	—
	Interest-Rate Options	Selling Position	—	—	—	—
		Buying Position	—	—	—	—
Traded on the Over-the-Counter	Forward-Rate Agreements	Selling Position	—	—	—	—
		Buying Position	—	—	—	—
	Interest-Rate Swap Contracts	Fixed Rate Receiving/ Floating Rate Paying	1,521,693	1,321,452	12,857	12,857
		Floating Rate Receiving/ Fixed Rate Paying	1,546,423	1,295,896	(12,965)	(12,965)
		Floating Rate Receiving/ Floating Rate Paying	—	—	—	—
	Interest-Rate Options	Selling Position	—	—	—	—
		Buying Position	—	—	—	—
	Others	Selling Position	3,748	3,784	(39)	7
Buying Position		453	453	0	(1)	
Total					(147)	(102)

(as of March 31, 2003)

Traded on the Exchange	Interest-Rate Futures	Selling Position	—	—	—	—
		Buying Position	—	—	—	—
	Interest-Rate Options	Selling Position	—	—	—	—
		Buying Position	—	—	—	—
Traded on the Over-the-Counter	Forward-Rate Agreements	Selling Position	—	—	—	—
		Buying Position	—	—	—	—
	Interest-Rate Swap Contracts	Fixed Rate Receiving/ Floating Rate Paying	1,418,854	1,229,172	33,039	33,039
		Floating Rate Receiving/ Fixed Rate Paying	1,432,401	1,232,762	(31,273)	(31,273)
		Floating Rate Receiving/ Floating Rate Paying	—	—	—	—
	Others	Selling Position	3,408	2,176	(3)	16
Buying Position		—	—	—	—	
Total					1,763	1,782

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 these amounts.

2. Determination of Market Value

Closing prices on the Tokyo International Financial Futures Exchange or other exchange are used for contracts traded on exchanges. 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.

3. Interest Cap transactions are included in Others.

TRANSACTIONS RELATING TO FOREIGN EXCHANGE (¥ million)

(as of March 31, 2004)

		Contractual Amount	Maturity over 1 year (of Contractual Amount)	Market Value	Unrealized Gain and Loss
Traded on the Exchange	Currency Futures	Selling Position	—	—	—
		Buying Position	—	—	—
	Currency Options	Selling Position	—	—	—
		Buying Position	—	—	—
Total				635	635

(as of March 31, 2003)

		Contractual Amount	Maturity over 1 year (of Contractual Amount)	Market Value	Unrealized Gain and Loss
Traded on the Exchange	Currency Futures	Selling Position	—	—	—
		Buying Position	—	—	—
	Currency Options	Selling Position	—	—	—
		Buying Position	—	—	—
Traded on the Over-the-Counter	Currency Swap	115,517	92,940	320	320
	Currency Futures	Selling Position	—	—	—
		Buying Position	—	—	—
	Currency Options	Selling Position	—	—	—
		Buying Position	—	—	—
	Others	—	—	—	—
Total				320	320

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-related derivatives transactions excluded from the above are as follows.

① Fiscal 2002

“Accounting and Auditing Treatment of Accounting for Foreign Currency Transactions in the Banking Industry”

Based on the transitional measures prescribed in JICPA Industry Audit Committee Report No. 25, the contract values of currency swap transactions subject to calculations of current gains and losses were as follows. The amounts stated below include currency swaps used for fund raising and investment in other currencies (fund-related swaps: ¥3,074 million).

(¥ million)

(as of March 31, 2003)

	Contract Amount, etc.	Market Value	Unrealized Gain and Loss
Currency Swap	13,982	(502)	(502)

Likewise, the transaction contract amounts for those forward foreign exchange contracts and currency options, etc., that are marked to market at the fiscal year and posted as gains and losses in the Statement of Income are as follows.

(¥ million)

(as of March 31, 2003)

		Contract Amount, etc.	
Traded on the Exchange	Currency Futures	Selling Position	—
		Buying Position	—
	Currency Options	Selling Position	—
		Buying Position	—
Traded on the Over-the-Counter	Exchange Contracts	Selling Position	13,553
		Buying Position	10,740
	Currency Options	Selling Position	—
		Buying Position	—
	Others	Selling Position	—
		Buying Position	—

② Fiscal 2003

“Accounting and Auditing Treatment of Accounting for Foreign Currency Transactions in the Banking Industry”

Currency swap transactions to which hedge accounting has been applied under JICPA Industry Audit Committee Report No. 25 are excluded from the above. Forward foreign exchange contracts and currency options, etc., that are conventionally marked to market are included in the above statement.

TRANSACTIONS RELATING TO STOCKS

No Transactions

TRANSACTIONS RELATING TO BONDS (¥ million)

			(as of March 31, 2004)			
			Contractual Amount, etc.	Maturity over 1 year (of Contractual Amount)	Market Value	Unrealized Gain and Loss
Traded on an Exchange	Bond Futures	Selling Position	—	—	—	—
		Buying Position	413	—	412	(0)
Traded on the Over-the-Counter	Bond Futures Options	Selling Position	—	—	—	—
		Buying Position	—	—	—	—
Traded on the Over-the-Counter	Over-the-Counter Bond Options	Selling Position	—	—	—	—
		Buying Position	—	—	—	—
	Others	Selling Position	—	—	—	—
		Buying Position	—	—	—	—
Total					412	(0)

			(as of March 31, 2003)			
			Contractual Amount, etc.	Maturity over 1 year (of Contractual Amount)	Market Value	Unrealized Gain and Loss
Traded on an Exchange	Bond Futures	Selling Position	713	—	715	(2)
		Buying Position	—	—	—	—
Traded on the Over-the-Counter	Bond Futures Options	Selling Position	—	—	—	—
		Buying Position	—	—	—	—
Traded on the Over-the-Counter	Over-the-Counter Bond Options	Selling Position	—	—	—	—
		Buying Position	—	—	—	—
	Others	Selling Position	—	—	—	—
		Buying Position	—	—	—	—
Total					715	(2)

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 the option pricing model and other appropriate methods.

TRANSACTIONS RELATED TO PRODUCTS

No Transactions

CREDIT DERIVATIVE TRANSACTIONS

No Transactions

MARKET RISK (BANKING) (excluding stocks held for strategic purposes and foreign currency operations)

Grid • Point • Sensitivity

(¥100 million)

(as of March 31, 2004)				
	1 year or less	More than 1 year, 5 years or less	More than 5 years	Total
Delta	6	4	(43)	(32)

Value at Risk

(U.S.\$ million)

	(as of March 31, 2004)	(as of March 31, 2003)
V a R	196	32

Note: VaR holding period: 1 month. Confidence interval: 99%.

The Bank is not subject to the statutory audit requirements set down in the Securities and Exchange Law and the Commercial Code Special Exception Law, however it has commissioned the Chuo Aoyama Audit Corporation to audit its self-assessment of loans and other assets and its accounting procedures for financial instruments.

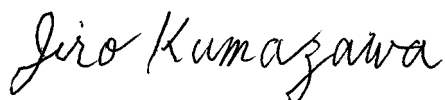
Financial Section
Auditors' Report

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

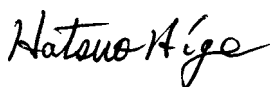
In order to audit the operations of the Shoko Chukin Bank for the year ended March 31, 2004, the Auditors attended meetings, heard reports concerning the execution of operations and studied financial statements.

As a result, we are of the opinion that the list of assets, balance sheets, statements of income, business report and surplus appropriation statement have all been prepared in accordance with the Law and Articles of Association, and present fairly in all material respects the financial position and operating results of the Shoko Chukin Bank as of March 31, 2004.

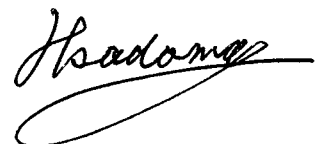
May 10, 2004



Jiro Kumazawa
Auditor



Hatsuo Hige
Auditor



Hirosuke Kodama
Auditor



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