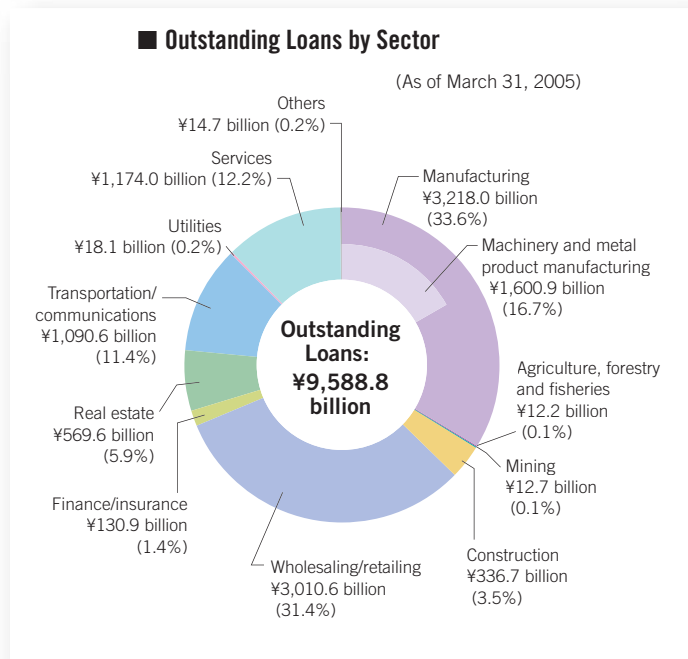
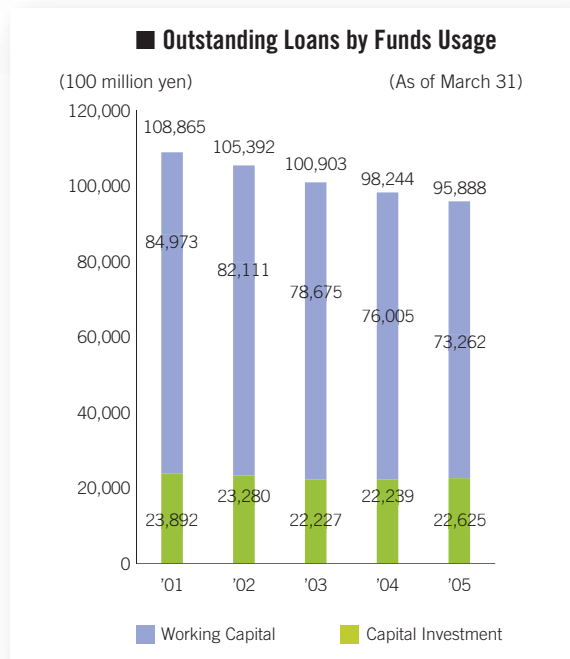


Outline of Operations

LOANS

The Shoko Chukin Bank provides a wide variety of loan programs to meet the funding needs of SMEs, ranging from long-term loans for capital investment and working capital to short-term finance such as bill discounting.

<p>Borrowers</p>	<p>The Shoko Chukin Bank lends principally to its member cooperatives—the affiliated organizations of SMEs subscribing its capital—and to their member companies. The Bank also takes inquiries from joint investment companies and affiliated organizations established mainly by SMEs and SMEs' overseas subsidiaries.</p>
<p>Forms of Loan Transactions</p>	<p>The Shoko Chukin Bank provides loans to cooperatives and their members as follows.</p> <p>Funds for member cooperatives:</p> <p><i>For joint undertakings:</i> The Bank provides funds necessary for joint undertakings by member cooperatives, such as joint production, joint processing, and joint sales operations. The Bank also responds positively to applications for loans required for organizational upgrade programs.</p> <p><i>For loans through cooperatives:</i> The Bank provides loans through member cooperatives to supply funds necessary for members' business operations.</p> <p>Funds for member companies: The Bank extends loans directly to member companies.</p>
<p>Meeting Diverse Business Finance Needs</p>	<p>The Shoko Chukin Bank utilizes its integrated financial capabilities to contribute to the growth and development of SMEs by providing the following types of financing.</p> <p>General Loans: Loans on deeds, loans on bills, bill discounting and current account overdrafts.</p> <p>Acceptances and Guarantees: Debt guarantees for various purposes such as bank loans, trade accounts payable, and expressway toll accounts payable using electronic toll collection (ETC) corporate cards.</p> <p>Securities Loans: Loans to be used for various purposes, such as collateral for general commercial transactions or delayed tax payments.</p>



DEPOSITS AND PUBLIC FUNDS

Deposits	<p>The Shoko Chukin Bank accepts deposits from various sources, including SME cooperatives and other SME organizations and their members, executives of affiliated cooperatives and their members, local government organizations, non-profit organizations, financial institutions, and debenture holders. These deposits are an important source of funds for the loans that the Bank provides to its customers.</p>
Public Funds	<p>The Shoko Chukin Bank accepts deposits of fiscal funding from local governments throughout Japan. These funds are used to assist the development of SMEs and to promote regional economic growth. As of March 31, 2005, these deposits with the Shoko Chukin Bank amounted to ¥24.2 billion. These funds are used extensively to meet the financing needs of SMEs.</p>
Payment Services for Public Charges	<p>The Shoko Chukin Bank provides payment services for public charges, such as national and local government taxes, social insurance premiums, small enterprises' retirement allowance mutual aid premiums, utility charges, NHK broadcast reception charges, and telephone charges. It can also arrange automatic monthly payments of stipulated amounts from accounts specified by customers.</p>
Stocks and Capital Subscription Payments, Dividend Payments	<p>Affiliated organizations and their members can use the Shoko Chukin Bank as a payment agent for capital subscription payments, equity payments and share dividend payments.</p>

DEBENTURES

The Shoko Chukin Bank maintains a reliable supply of funds for SMEs by issuing bank debentures, as provided in the Shoko Chukin Bank Law. The balance of debentures outstanding as of March 31, 2005 was ¥7,811.2 billion. The Bank's debentures include both subscription debentures and over-the-counter debentures, which are available for purchase at any time. One-year, two-year, three-year, five-year, seven-year and ten-year interest-bearing debentures are offered for subscription by financial institutions and institutional investors and for subscription by central and local government agencies. Over-the-counter debentures offered mainly to individual investors include Warisho discount bonds, and Rissho and Rissho Wide (interest paid as a lump sum at maturity) interest bearing bonds. These debentures provide security of principal and a fixed return and are very popular with the public as an easy method of saving. They can be purchased in units of ¥10,000, with a minimum amount of ¥10,000. Applications for Shoko Chukin Bank debentures are accepted at any of the Bank's branches or sub-branches.

SECURITIES AND TREASURY OPERATIONS

The Shoko Chukin Bank is active in domestic and overseas financial markets, through which it seeks superior opportunities for investment and fund-raising. Financial markets are also utilized to better meet the investment and financing needs of SMEs. The Bank uses securities markets to obtain the best possible returns from investment of its reserve funds and surpluses, investing primarily in public bonds. When investing in foreign currency-denominated bonds in overseas financial markets, the Bank strives to maintain the soundness of its assets by employing a variety of financial instruments, such as currency and interest-rate swaps, to hedge the risk of exchange rate and price fluctuations. The Shoko Chukin Bank also maximizes the efficiency of short term investment and financing activities by using offshore markets and futures.

INTERNATIONAL OPERATIONS

The Shoko Chukin Bank, as the sole government-affiliated financial organization offering correspondent services overseas, supports the international business needs of SMEs as they become increasingly active overseas.

Trade Finance	The Shoko Chukin Bank provides a wide range of import and export services, including the purchase and collection of export bills and the opening of import letters of credit (L/C), as well as services relating to import usance bills and overseas remittances. It also offers advice on importing and exporting.
Other Trade Finance	The Shoko Chukin Bank provides bid bonds, contract guarantees and advance payment redemption guarantees for trade transactions.
Advice and Finance for Overseas Expansion	The Shoko Chukin Bank provides various types of information, such as investment environment briefings to customers planning overseas expansion. The Bank also provides financial support for expansion projects and guarantees for loans obtained from local banks overseas. Under our Overseas 21 program, the Bank offers a package of support services to assist customers in investment overseas.

■ Overseas Network

New York Branch	The New York branch provides advisory services to assist SMEs to establish business operations in the United States and helps them to obtain financing after establishing operations in the United States.
Hong Kong and Shanghai Representative Offices, and Information Centers in Asia	The Representative Offices in Hong Kong and Shanghai provide information and support for Japanese SMEs' expansion in Asia. Such international activity is once again accelerating, particularly vis-a-vis China. The Bank also offers a broad range of post-entry advisory services and assistance to SMEs that have set up business operations in Asia. In addition, the representative offices dispatch staff to partner financial institutions and other organizations in China and ASEAN countries, which enables the Bank to provide up-to-date market information to customers. (As of March 31, 2005, the Bank stationed staff in Shanghai, Dalian, Bangkok, and Kuala Lumpur.)
Overseas Chukin Kai— an SME Network in China and ASEAN Countries	This organization was formed by Shoko Chukin Bank customers in Malaysia, Hong Kong and Thailand. Members enjoy timely access to business information through seminars and meetings, as well as opportunities to participate in information exchanges with other participants.

COMPREHENSIVE FINANCIAL SERVICES

Business Information Services	Business Succession Issues	The Bank helps companies manage their stock, including through the provision of share valuations.
	Support for Initial Public Offerings (IPOs)	The Bank offers customer-focused advice, including proposals for capital policies, information about the establishment of internal systems, and introductions of securities firms and independent auditors.
	Mergers and Acquisitions (M&A) and Business Alliances	Assistance in this area ranges from providing introductions to potential partners and acquisition price valuations to the final fulfillment of purchase conditions.
	Introductions of Business Partners	The Bank uses its nationwide branch network to introduce potential business partners and provides space for the promotion of new products.
	Effective Use of Real Estate	The Bank helps customers make effective use of idle land, including through the introduction of franchisers.
	Other Services	Other services include specialist management advice and consultation by Japan Institute of Commerce, Industry & Economics, Ltd. The Bank also hosts a variety of seminars.
The Shoko Chukin Bank Information Network The Bank operates a Web site for SME cooperatives and their members, providing a variety of free-of-charge information services to users. Please visit our Web site at: http://www.shokochukin.go.jp/		
Support for Venture Businesses	Equity and Bond Underwriting by Investment Syndicates	In addition to finance and information services provided under the Innovation 21 program, the Bank also supports companies planning to implement IPOs through the Second Shochu Investment Syndicate, which was jointly established with Japan Institute of Commerce, Industry & Economics, Ltd.

SUPPORT FOR THE CHUKIN KAI AND YOUTH KAI

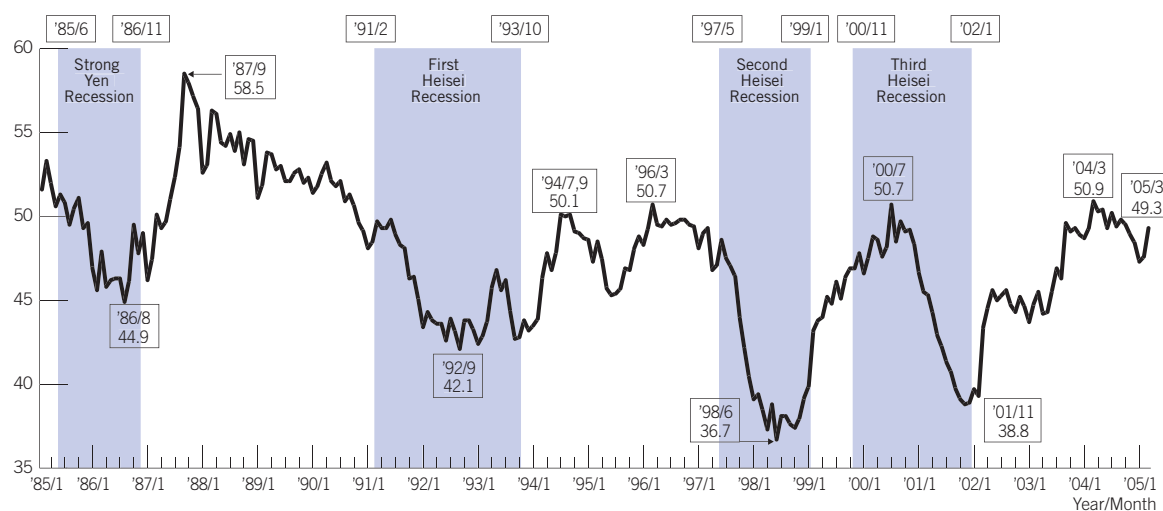
<i>Organization</i>	<i>Outline</i>	<i>Activities and Bank Involvement</i>
Chukin Kai	An association made up of our customers with 107 chapters in Japan, and 3 overseas in Thailand, Malaysia and Hong Kong. There are over 17,000 members.	Dispatches lecturer speakers and helps with support and planning for lectures, study groups and social gatherings. Also provides member companies a variety of information helpful to management on mediation, industry trends, products and technology.
Youth Kai	Associations comprising young businesspeople that are also Bank customers, with 88 chapters in Japan and about 5,300 members.	Dispatches lecture speakers and helps with support and planning for lectures, study groups and social gatherings. Also provides a variety of information helpful to the conduct of member company businesses on such subjects as mediation, expansion of sales, joint development and technical cooperation via different industries.
All-Japan Youth Kai	An organization that makes use of the network of 88 Youth Kai chapters and supports Youth Kai activities throughout the country.	Helps with support and planning of national conferences and representative seminars, and dispatches lecturer speakers and coordinators. Provides information on mediation, participation in International Small Business Congress (ISBC), Youth Kai Personal Computer Network and the Youth Kai Mailing List. Also supports business exchanges and publishes the All-Japan Youth Kai Report.

ECONOMIC RESEARCH ACTIVITIES

Over 99% of all companies in Japan are classified as SMEs. Consequently, trends among SMEs have a large impact on the Japanese economy as a whole. The Shoko Chukin Bank ascertains the latest trends among SMEs using a variety of questionnaires and surveys. It publishes the results in the mass media and on its web site, thus making valuable data available to all SMEs interested in assessing economic and industry trends.

Monthly Survey of SME Business Sentiment	The Shoko Chukin Bank surveys business sentiment among SMEs each month, with the cooperation of 1,000 companies in its portfolio of clients in Japan. This is the only comprehensive business survey in Japan to examine economic trends among SMEs, and the results of the survey receive considerable attention both within Japan and overseas.
SME Capital Investment Survey	Capital investment and economic trends are closely linked. The Shoko Chukin Bank surveys capital investment trends among SMEs biannually.
Regional Analyses of SME Business Sentiment	Twice each year, the Shoko Chukin Bank conducts comprehensive studies and analyses of regional business sentiment based on information from all of its branches, which are grouped into nine regions.
Economic Forecasts	The Shoko Chukin Bank regularly publishes economic forecasts for the current and upcoming fiscal years, based on its own surveys.
Trends in the SME Sector	This survey is based on results from the Monthly Survey of SME Business Sentiment, together with findings from other Shoko Chukin Bank surveys and statistics published by government agencies and other organizations. It provides a general overview of quarterly trends in the SME sector.
Other Research	In addition to the surveys described above, the Shoko Chukin Bank carries out surveys and research from time to time covering topics related to current economic trends, and publishes the results. For example, in fiscal 2003 it conducted a <i>Survey of SME Competitiveness</i> .

SME Business Sentiment Index



Notes: 1. Business Sentiment Index = ((Number of companies expecting an improvement x 1 + number of companies expecting no change x 0.5) / number of companies surveyed) x 100
 2. An index above 50 indicates that companies expect economic conditions to improve compared with the situation in the previous month, while a result below 50 indicates that deterioration is anticipated.

Source: The Shoko Chukin Bank, Monthly Survey of SME Business Sentiment