

# THE SHOKO CHUKIN BANK

## 2005

### Financial Report

Year Ended March 31, 2005



商工中金

**Contents for  
the Financial  
Section**

- 1** Overview of Results for Fiscal Year 2004
- 3** Trends in Principal Financial Indicators
- 4** Balance Sheets
- 6** Statements of Income
- 7** Statements of Appropriation of Earned Surplus
- 8** Notes to the Financial Statements
- 12** Statements of Cash Flows
- 13** Capital Account Details
- 15** Profit and Loss Details
- 19** Details of Operations

# Overview of Results for Fiscal Year 2004

## THE ECONOMIC AND FINANCIAL SITUATION

During fiscal 2004, ended March 31, 2005, the global economy sustained the strong growth of the previous fiscal year in the early part of the term, and continued to expand. Growth slowed later in the term, however, due to rising prices for crude oil and other raw materials, along with adjustments in the balance between worldwide supply and demand for IT-related goods. The U.S. economy continued to improve in both the household and corporate sectors, while the Asian economy also expanded, led by growth in China.

The Japanese economy followed these overseas trends, with improvements in the early part of the term in the corporate sector driven by foreign demand. During the latter half of the term, however, the slowing pace of expansion in the global economy led to a slowdown in export growth, and economic expansion came to a temporary standstill. Corporate performance was nevertheless relatively positive, led by progress in balance sheet adjustments, continuing to push strong capital investment. The employment situation also continued to recover, and wages showed signs of halting their longstanding downward slide. There was no clear improvement in personal income, however, and individual consumption remained at a level on par with that of the previous fiscal year.

Business conditions for small and medium-sized enterprises (SMEs) improved, with the index of the Bank's Monthly Survey of SME Business Sentiment surpassing 50—the demarcation between positive and negative sentiment—from the early part of the year. Sales continued to increase, and the recovery in performance continued, marked by a rise in corporate earnings. Improvement in the business sentiment index came to a standstill after the summer, however, with the degree of improvement varying by region and industry, making it difficult to conclude that the economy was experiencing a full-scale recovery.

On the financial front, although there was continued recovery in the economy, the Bank of Japan (BOJ) maintained its quantitative easing policy amid speculation that deflation would continue. Long-term interest rates (newly issued 10-year government bond yields) rose significantly on the back of the worldwide economic recovery, temporarily reaching a four-year high of just over 1.9%. A subsequent announcement of economic indicators dampened expectations for continued recovery, however, and long-term interest rates returned to prior levels.

In the foreign exchange market, the yen rose steadily against the U.S. dollar from the beginning of autumn over worries about the twin deficits in United States, but at the end of the period under review the steady rise in U.S. official interest rates led to repurchasing of the dollar. The exchange rate stood at around ¥107 to the U.S. dollar at the end of the fiscal year.

Stock prices were soft until mid-year, affected by the slowdown in growth and appreciation of crude oil prices. Although there was a pickup in certain sectors as a result of the rise in U.S. stock prices, the Nikkei Stock Average—the Tokyo Stock Exchange's main market indicator—did not recover to the 12,000 point level.

Although Japan's economy is in the process of recovering, forecasts are difficult to make in light of long-running deflationary pressures. Consequently, the government has taken all possible steps to provide a safety net for SMEs by, among other things, adopting various measures so as to continue to promote a smoother supply of funds.

## SUMMARY OF RESULTS

### Loans

The balance of outstanding loans as of the end of fiscal 2004 declined ¥235.6 billion, to ¥9,588.8 billion at year-end. The balance of loans through agencies including credit cooperatives totaled ¥19.2 billion. There were 158 agencies at fiscal year-end.

### Debentures

Interest bearing debentures decreased ¥143.6 billion compared to the previous year and discount debentures, ¥289.3 billion, for an overall decline in fiscal 2004 of ¥433.0 billion. As a result, the balance of debentures at year-end totaled ¥7,811.2 billion, a figure that includes ¥107.9 billion underwritten by the government.

### Deposits and Negotiable Certificates of Deposit

The balance of deposits increased ¥33.2 billion, to ¥2,390.0 billion at the end of fiscal 2004. Negotiable certificates of deposit decreased ¥30.6 billion from the previous year-end, to ¥20.9 billion.

### Securities

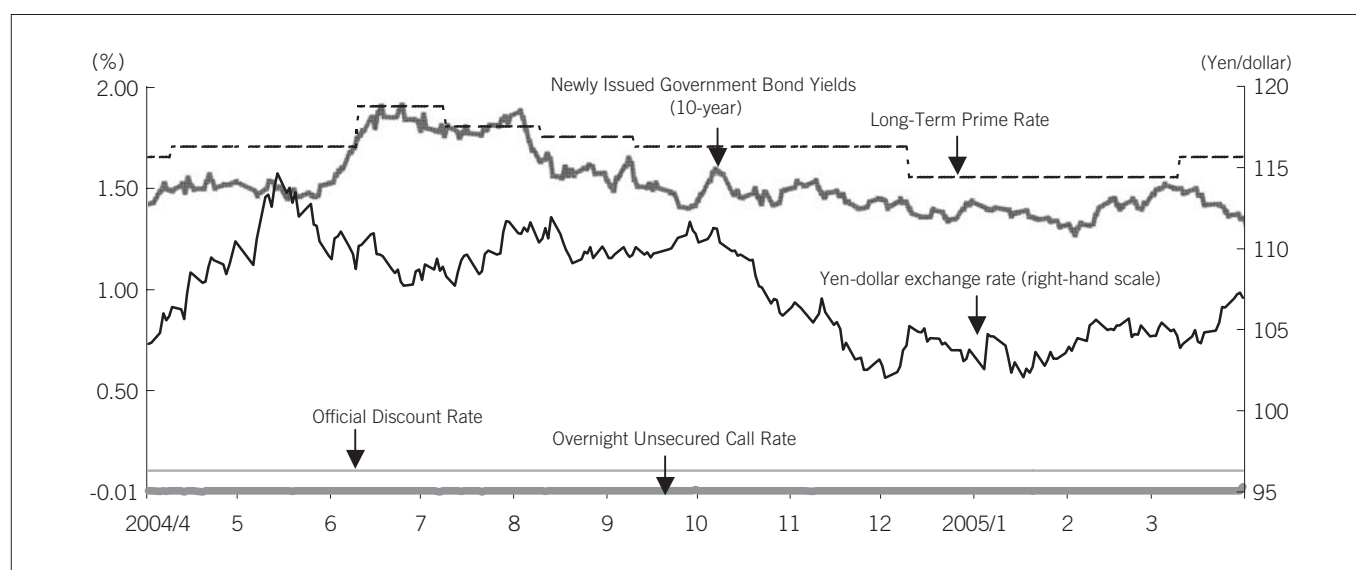
Over-the-counter sales of government bonds and other securities amounted to ¥1.3 billion. Dealings in government bonds and other securities totaled ¥11.7 billion. The balance of trading securities at the end of fiscal 2004 was ¥0.9 billion.

### Domestic and Foreign Exchange

Domestic exchange transactions in fiscal 2004 totaled ¥25,716.5 billion. Foreign exchange transactions totaled US\$3,751 million.

### Income and Expenditures

Total operating income amounted to ¥189,454 million, while operating expenses totaled ¥174,106 million, resulting in Income before income taxes and others of ¥15,348 million. Other gains amounted to ¥323 million and other losses came to ¥564 million. Income taxes amounted to ¥3,087 million, and there was a ¥2,740 million income tax adjustment. As a result, net income for the year totaled ¥9,281 million.



## Trends in Principal Financial Indicators

	Billions of yen				
	Fiscal 2004	Fiscal 2003	Fiscal 2002	Fiscal 2001	Fiscal 2000
Total Operating Income	¥ 189.4	¥ 207.5	¥ 240.5	¥ 277.1	¥ 305.6
Income (Loss) before Income Taxes and Others	15.3	4.7	2.4	4.5	(19.2)
Net Income (Loss)	9.2	8.6	4.1	5.9	(12.8)
Capital	517.2	514.2	511.2	506.0	493.9
(Total Subscription in Thousands of Units)	(5,172,650)	(5,142,650)	(5,112,650)	(5,060,650)	(4,939,650)
Total Capital Funds	652.8	635.5	636.2	629.8	608.5
Total Assets	11,584.8	12,001.8	12,929.1	13,665.5	14,012.9
Outstanding Deposits	2,390.0	2,356.8	2,313.3	2,379.4	2,389.1
Outstanding Debentures	7,811.2	8,244.3	9,281.1	9,779.3	10,170.6
Outstanding Loans	9,588.8	9,824.4	10,090.3	10,539.2	10,886.5
Balance of Investment Securities	1,610.3	1,504.4	2,043.0	2,588.8	2,318.3
Capital Ratio (%)	7.78	7.70	7.45	7.30	6.94
Dividend per Cooperative Subscription Unit (Yen)	3.00	3.00	3.00	3.00	3.00
Dividend Payment Ratio (%)	35.27	36.62	75.23	50.50	—
Number of Employees	4,480	4,571	4,691	4,835	5,003

# Balance Sheets

The Shoko Chukin Bank

As of March 31, 2005 and 2004

	Millions of yen		Millions of U.S. dollars
	2005	2004	2005
<b>Assets</b>			
<b>Loans</b>	¥ 9,588,803	¥ 9,824,470	\$ 89,289
Loans on Deeds	6,530,766	6,519,845	60,813
Loans on Notes	1,242,895	1,457,295	11,573
Overdrafts	1,159,125	1,127,398	10,793
Bills Discounted	656,014	719,931	6,108
<b>Foreign Exchange</b>	9,119	8,243	84
Foreign Exchange Bills Purchased	888	1,074	8
Foreign Exchange Bills Receivable	3,620	3,413	33
Due from Foreign Banks	4,610	3,755	42
<b>Investment Securities</b>	1,610,338	1,504,472	14,995
Government Bonds	894,684	1,017,638	8,331
Local Government Bonds	6,062	9,257	56
Short-Term Corporate Bonds	97,999	—	912
Corporate Bonds	472,648	309,672	4,401
Stocks	25,805	24,261	240
Other Securities	113,136	143,642	1,053
<b>Trading Assets</b>	67,654	61,609	629
Trading Securities	996	834	9
Trading-Related Marketable Securities Derivative Transactions	0	—	0
Trading-Related Financial Derivatives Transactions	7,658	5,775	71
Other Trading Assets	58,998	54,999	549
<b>Monetary Claims Purchased</b>	111,992	38,709	1,042
<b>Bills Purchased</b>	22,900	—	213
<b>Call Loans</b>	4,617	143,170	42
<b>Receivables under Resale Agreements</b>	20,999	24,999	195
<b>Cash and Due from Banks</b>	237,248	549,323	2,209
Cash	41,352	28,796	385
Due from Banks	195,896	520,527	1,824
<b>Other Assets</b>	40,159	49,094	373
Settlements Receivable	1	22	0
Prepaid Expenses	12	0	0
Accrued Income	8,257	9,331	76
Forward Contract Margins	—	13	—
Forward Contract Deposits Receivable	4	0	0
Financial Derivatives Transactions	7,196	12,079	67
Deferred Hedge Losses	538	589	5
Other Assets	24,149	27,057	224
<b>Premises and Equipment</b>	49,542	51,197	461
Land, Buildings and Equipment	45,428	46,951	423
Security Deposits	4,113	4,246	38
<b>Deferred Assets on Debenture Issue</b>	469	502	4
Debenture Issue Discount	469	502	4
<b>Deferred Income Taxes</b>	77,542	83,980	722
<b>Customers' Liabilities for Acceptances and Guarantees</b>	94,846	96,663	883
Customers' Liabilities for Acceptances and Guarantees	89,745	90,653	835
Customers' Liabilities for Guaranteeing Agency Loans	5,101	6,009	47
<b>Reserve for Possible Loan Losses</b>	(351,360)	(434,626)	(3,271)
<b>Total Assets</b>	¥11,584,874	¥12,001,811	\$107,876

Pursuant to Article 39-2 of the Shoko Chukin Bank Law, the list of property, balance sheet, statement of income, business report, proposal for appropriation of retained earnings and supplementary schedules have been prepared by Shoko Chukin Bank.

These financial statements (limited to the accounting figures included therein) for the 75th fiscal year from April 1, 2004 to March 31, 2005 have been audited and certified by ChuoAoyama Pricewaterhouse Coopers.

The Shoko Chukin Bank

As of March 31, 2005 and 2004

	Millions of yen		Millions of U.S. dollars
	2005	2004	2005
<b>Liabilities</b>			
<b>Shoko Chukin Bank Debentures</b>	¥ 7,811,258	¥ 8,244,316	\$ 72,737
Shoko Chukin Bank Debentures Issued	7,811,258	8,244,316	72,737
<b>Deposits</b>	2,390,086	2,356,855	22,256
Time Deposits	1,072,545	1,099,237	9,987
Deposits at Notice	72,917	71,798	678
Ordinary Deposits	662,950	621,454	6,173
Current Deposits	484,837	449,291	4,514
Government Deposits	17,274	19,687	160
Other Deposits	79,561	95,386	740
<b>Negotiable Certificates of Deposit</b>	20,919	51,613	194
<b>Borrowed Money</b>	46,501	67,000	433
Borrowings	46,501	67,000	433
<b>Trading Liabilities</b>	5,188	4,257	48
Derivatives of Trading Securities	3	—	0
Derivatives of Securities related to Trading Transactions	—	0	—
Trading-Related Financial Derivatives	5,184	4,256	48
<b>Call Money</b>	71,551	10,907	666
<b>Payables under Repurchase Agreements</b>	4,999	1,999	46
<b>Foreign Exchange</b>	70	24	0
Foreign Exchange Bills Sold	25	20	0
Borrowings from Foreign Banks	45	4	0
Deposits by Foreign Banks	0	0	0
<b>Other Liabilities</b>	464,822	507,334	4,328
Settlements Payable	30	3	0
Accrued Expenses	16,553	20,529	154
Corporate Taxes Payable	3,882	2,700	36
Unearned Income	16,105	15,265	149
Deposits by Employees	8,266	8,333	76
Financial Derivatives Transactions	7,532	12,157	70
Debenture Principal Payable	409,188	445,719	3,810
Other Liabilities	3,262	2,625	30
<b>Reserve for Bonuses</b>	4,900	4,950	45
<b>Reserve for Retirement Benefit</b>	16,893	20,279	157
<b>Reserve for Claim Disposal Loss</b>	—	53	—
<b>Acceptances and Guarantees</b>	94,846	96,663	883
Acceptances and Guarantees	89,745	90,653	835
Guarantees for Agency Loans	5,101	6,009	47
<b>Total Liabilities</b>	¥10,932,038	¥11,366,255	\$101,797
<b>Capital Funds</b>			
<b>Capital</b>	¥ 517,265	¥ 514,265	\$ 4,816
Government Subscription	405,367	405,367	3,774
Cooperative Subscription	111,897	108,897	1,041
<b>Retained Earnings</b>	130,397	124,300	1,214
Earnings Reserve	26,410	25,510	245
General Reserves	91,333	87,833	850
Reserve for Particular Purposes	90,869	87,369	846
Reserve for Retirement Allowance Funds	464	464	4
Unappropriated Earnings	12,653	10,955	117
Net Income for the Year	9,281	8,693	86
<b>Unrealized Gains (Losses) on Securities, etc.</b>	5,173	(3,009)	48
<b>Total Capital Funds</b>	652,835	635,555	6,079
<b>Total Liabilities and Capital Funds</b>	¥11,584,874	¥12,001,811	\$107,876

# Statements of Income

The Shoko Chukin Bank

For the years ended March 31, 2005 and 2004

	Millions of yen		Millions of U.S. dollars
	2005	2004	2005
<b>Operating Income</b>	<b>¥189,454</b>	<b>¥207,543</b>	<b>\$1,764</b>
Interest Income	174,447	185,114	1,624
Interest on Loans	159,552	166,497	1,485
Interest and Dividends on Securities	12,076	15,870	112
Interest on Bills Purchased	0	0	0
Interest on Call Loans	99	51	0
Interest on Resale Agreements	9	11	0
Interest on Deposits	51	92	0
Other Interest Income	2,658	2,591	24
Fees and Commissions	7,936	6,986	73
Domestic and Foreign Exchange Commissions	2,005	2,082	18
Other Fees and Commissions	5,931	4,903	55
Trading Revenue	1,794	1,475	16
Income on Other Trading Securities	—	24	—
Revenue from Trading-Related Financial Derivatives Transactions	1,782	1,435	16
Other Trading Revenue	12	15	0
Other Operating Income	1,755	8,622	16
Revenue from Foreign Exchange Trading	764	801	7
Revenue from Sales of Government and Other Bonds	990	7,821	9
Other Income	3,520	5,343	32
Revenue from Sales of Stocks and Other Securities	1,409	3,228	13
Other	2,110	2,115	19
<b>Operating Expenses</b>	<b>174,106</b>	<b>202,776</b>	<b>1,621</b>
Interest Expense	29,542	40,921	275
Interest on Debentures	24,021	35,297	223
Interest on Deposits	2,297	2,157	21
Interest on Negotiable Certificates of Deposit	373	308	3
Interest on Borrowed Money	1,962	2,101	18
Interest on Bills Sold	0	—	0
Interest on Loan Transactions	0	—	0
Interest on Call Money	64	73	0
Interest on Resale Agreements	2	4	0
Interest on Interest Swap Transactions	688	863	6
Other Interest Expenses	131	113	1
Fees and Commissions	648	779	6
Domestic and Foreign Exchange Commissions	467	506	4
Other Fees and Commissions	180	272	1
Trading Expenses	2	5	0
Trading Securities Expenses	0	5	0
Expenses on Securities and Derivatives related to Trading Transactions	1	—	0

For the years ended March 31, 2005 and 2004

	Millions of yen		Millions of U.S. dollars
	2005	2004	2005
Other Operating Expenses	¥ 5,925	¥ 5,733	\$ 55
Amortization of Debenture Issue Expenses	118	170	1
Losses on Sales of Government and Other Bonds	5,651	4,308	52
Financial Derivatives Expenses	155	1,254	1
General and Administrative Expenses	77,642	79,611	722
Other Expenses	60,343	75,725	561
Provision for Possible Loan Losses	51,582	62,347	480
Write-off of Loans	1,548	2,085	14
Loss on Sales of Stocks and Other Securities	57	220	0
Write-off of Stocks	1,162	43	10
Other	5,992	11,029	55
<b>Income before Income Taxes and Others</b>	<b>15,348</b>	<b>4,766</b>	<b>142</b>
<b>Other Gains</b>	<b>323</b>	<b>2,939</b>	<b>3</b>
Gains on Disposal of Premises and Equipment	0	523	0
Collection of Written-off Claims	270	75	2
Other Gains	53	2,340	0
<b>Other Losses</b>	<b>564</b>	<b>225</b>	<b>5</b>
Losses on Disposal of Premises and Equipment	564	225	5
<b>Income before Income Taxes</b>	<b>15,108</b>	<b>7,480</b>	<b>140</b>
<b>Provision for Income Taxes</b>	<b>3,087</b>	<b>2,467</b>	<b>28</b>
<b>Adjustment for Income Taxes</b>	<b>2,740</b>	<b>(3,681)</b>	<b>25</b>
<b>Net Income</b>	<b>9,281</b>	<b>8,693</b>	<b>86</b>
<b>Earnings Carried Forward from the Beginning of the Year</b>	<b>3,372</b>	<b>2,262</b>	<b>31</b>
<b>Unappropriated Earnings at the End of the Year</b>	<b>¥12,653</b>	<b>¥10,955</b>	<b>\$ 117</b>

## Statements of Appropriation of Earned Surplus

The Shoko Chukin Bank

As of March 31, 2005 and 2004

	Millions of yen		Millions of U.S. dollars
	2005	2004	2005
<b>Unappropriated Earnings at the End of the Year</b>	<b>¥12,653</b>	<b>¥10,955</b>	<b>\$117</b>
Will be appropriated as follows:			
<b>Appropriations</b>	<b>9,273</b>	<b>7,583</b>	<b>86</b>
Earnings Reserve	1,000	900	9
Reserve for Particular Purposes	5,000	3,500	46
Dividends on Cooperative Subscription	3,273	3,183	30
<b>Unappropriated Earnings to the Next Year</b>	<b>¥3,379</b>	<b>¥ 3,372</b>	<b>\$ 31</b>

All U.S. dollar figures are translated from Japanese yen amounts for convenience only, at the rate of ¥107.39=US\$1, the prevailing rate of exchange as of March 31, 2005.

# Notes to the Financial Statements

For the fiscal year ended March 31, 2005

## ● Basis of presentation

The accompanying financial statements of the Shoko Chukin Bank (the "Bank") have been prepared in accordance with the provisions set forth in the Shoko Chukin Bank Law and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The financial statements are not intended to present the financial position and the result of operations in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

Amounts in U.S. dollars are presented solely for the convenience of readers. The exchange rate of ¥107.39=U.S.\$1.00, the approximate rate of exchange prevailing as of March 31, 2005, has been used for translation purposes. The presentation of such amounts is not intended to imply that Japanese yen amounts have been or could have been readily translated, realized or settled in U.S. dollars at that rate or any other rate.

The yen figures disclosed in the financial statements are expressed in millions of yen and have been rounded down. Consequently, differences may exist between the sum of rounded figures and the totals listed in the annual report.

## ● Accounting standard for impairment of fixed assets

On August 9, 2002, the Business Accounting Council in Japan issued "Accounting Standard for Impairment of Fixed Assets". The standard requires that fixed assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss shall be recognized in the income statement by reducing the carrying amount of impaired assets or a group of assets to the recoverable amount to be measured as the higher of net selling price and value in use.

The standard shall be effective for fiscal years beginning April 1, 2005. However, an earlier adoption is permitted for fiscal years beginning April 1, 2004 and for fiscal years ending between March 31, 2004 and March 30, 2005.

The Bank has not yet applied this new standard nor has determined the effect of applying it on the financial statements.

## BALANCE SHEETS

1. All amounts expressed in the statements have been rounded down to the nearest million yen.
2. Transactions undertaken with a view to gains on short-term fluctuations in interest rates, currency values, market prices of securities and other indicators or differentials, etc., between markets (hereinafter referred to as "Trading Transactions") are shown in the balance sheet as "Trading Assets" or "Trading Liabilities" based on values at the time of contract.  
Trading assets and trading liabilities are valued at market prices on 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. Stocks for which market values are available are valued at the average market price during the month before the fiscal year end. Marketable securities with market values other than stocks are valued using the mark-to-market method based on market prices at the fiscal year end (cost of sales are primarily

calculated with the moving average method). Marketable securities for which market values are not available are valued using 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 using the mark-to-market method.
5. Premises and equipment are subject to declining balance depreciation.
6. Software for internal use is amortized using 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.
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.

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 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.

13. 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. 15 — 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 ¥488 million.

14. 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 posi-

tion equivalent to the hedges matching the foreign currency monetary claims and liabilities covered by the hedges.

15. 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.

16. National and local consumption taxes are accounted for with the tax exclusion method.

17. Accumulated depreciation of premises and equipment is ¥54,893 million.

18. Advanced depreciation of premises and equipment is ¥18,405 million.

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

20. In Loans, loans to bankrupt companies total ¥193,803 million and overdue loans total ¥335,808 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.

21. Loans overdue by three months or longer total ¥1,700 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.

22. Rescheduled loans total ¥176,584 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.

23. The total amount of loans to bankrupt companies, overdue loans, loans overdue by three months or longer and rescheduled loans is ¥707,897 million.

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

24. 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 ¥656,903 million.

25. Assets provided as collateral are as follows.

Assets provided as collateral:

Securities ¥143,068 million

Liabilities corresponding to collateral assets:

Deposits ¥ 6,763 million

Payables under Repurchase Agreements ¥ 4,999 million

In addition to the above amounts, securities worth ¥221,445 million have been provided as collateral for foreign currency settlements and foreign currency-yen settlements, etc., or substituted for futures margin money, etc.

26. Borrowings include loans payable under subordination covenant totaling ¥32,000 million.

27. Capital funds per capital subscription unit are ¥126.20.

28. Pursuant to Article 27-8, clause 2, of the Shoko Chukin Bank Law Enforcement Regulations, Total Capital Funds inclusive of market value amounted to ¥6,693 million.

29. 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 32. below.

Trading securities

Book value ¥ 59,995 million

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

Bonds to be held to maturity with market values

Securities Bonds

Book value ¥406,889 million

Fair value ¥412,170 million

Valuation Differences ¥ 5,281 million

Valuation Gains Therein ¥ 5,449 million

Valuation Losses Therein ¥ 168 million

#### Other securities with market values

	Millions of yen				
	Acquisition Cost	Book Value	Valuation Differences	Valuation Gains Therein	Valuation Losses Therein
Stocks	11,508	20,257	8,748	9,044	296
Bonds	906,123	904,843	(1,279)	717	1,997
Government Bonds	520,598	519,532	(1,066)	304	1,370
Local Government Bonds	6,029	6,062	33	33	—
Short-Term Corporate Bonds	97,999	97,999	0	0	—
Corporate Bonds	281,496	281,249	(246)	380	626
Others	255,858	255,899	41	239	197
Total	1,173,490	1,181,000	7,510	10,002	2,491

“Unrealized Gains on Securities” includes ¥5,173 million, which is the valuation differences stated above, net of deferred tax liability of ¥2,337 million thereto.

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

The amount disposed of ¥1,068,906 million

The profit from disposal ¥ 2,400 million

The loss from disposal ¥ 5,708 million

31. 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)	¥ 5,548 million
Bonds	¥191,398 million

32. 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	500,009	803,622	167,763	—
Government Bonds	355,746	433,652	105,286	—
Local Government Bonds	2,233	1,171	2,657	—
Short-Term Corporate Bonds	97,999	—	—	—
Corporate Bonds	44,029	368,799	59,819	—
Others	216,042	58,099	11,065	2,429
Total	716,051	861,722	178,828	2,429

33. Within marketable securities acquired under repurchase agreements, the Bank may freely dispose of certain marketable securities through sale or reuse as collateral. At the end of the fiscal year under review, such marketable securities not disposed of amounted to ¥20,999 million.
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 ¥578,802 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.

## STATEMENTS OF INCOME

1. All amounts expressed in the statements have been rounded down to the nearest million yen.
2. Net income per capital unit is ¥1.80.
3. The Shoko Chukin Bank shows gains and losses on transactions undertaken for the purposes of trading transactions in the Statements of Income as Trading Revenue or Trading Expenses.

In the Statements of Income, Trading Revenue and Trading Expenses are 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. Pursuant to revisions to the presentation schedule attached to the Shoko Chukin Bank Law Enforcement Regulations, presentation of the following item has been changed, beginning from the term under review.

The amount previously shown as Amortization of Discounts on Issued Debentures is now included within Interest on Debentures.

# Statements of Cash Flows

The Shoko Chukin Bank

For the years ended March 31, 2005 and 2004

	Millions of yen		Millions of U.S. dollars
	2005	2004	2005
<b>Cash Flows from Operating Activities</b>			
Net Income before Taxes	¥ 15,108	¥ 7,480	\$ 140
Depreciation	3,505	3,027	32
Increase in Reserve for Possible Loan Losses	(83,266)	(49,348)	(775)
Increase in Reserve for Claim Disposal Loss	(53)	(861)	(0)
Increase in Reserve for Retirement Benefits	(3,386)	(189)	(31)
Increase in Reserve for Employee Bonuses	(50)	(140)	(0)
Income from Fund Management	(174,447)	(185,114)	(1,624)
Expenses for Fund Procurement	29,542	40,921	275
Losses Relating to Securities	4,470	(6,477)	41
Losses on Disposal of Premises and Equipment	563	(297)	5
Net (Increase) Decrease in Trading Assets	(6,044)	(9,130)	(56)
Net Increase (Decrease) in Trading Liabilities	931	(1,945)	8
Net (Increase) Decrease in Loans	235,667	265,895	2,194
Net Increase (Decrease) in Debentures	(433,057)	(1,036,800)	(4,032)
Net Increase (Decrease) in Deposits	33,231	43,461	309
Net Increase (Decrease) in Negotiable Certificates of Deposit	(30,694)	14,723	(285)
Net Increase (Decrease) in Borrowed Money	(20,498)	(5,000)	(190)
Net (Increase) Decrease in Call Loans, etc.	46,369	142,519	431
Net Increase (Decrease) in Call Money, etc.	63,644	(81,502)	592
Net (Increase) Decrease in Due from Banks Other than the Central Bank	(83,585)	465,424	(778)
Net (Increase) Decrease in Foreign Currencies (Assets)	(875)	(761)	(8)
Net Increase (Decrease) in Foreign Currencies (Liabilities)	45	(3)	0
Income from Fund Operations	175,420	185,365	1,633
Expenditures for Fund Procurement	(33,409)	(46,755)	(311)
Others	(119,033)	179,438	(1,108)
Subtotal	(379,902)	(76,071)	(3,537)
Income Taxes	(1,867)	(1,980)	(17)
Net Cash Used in Operating Activities	(381,769)	(78,052)	(3,554)
<b>Cash Flows from Investing Activities</b>			
Payments for Purchases of Securities	(2,218,987)	(2,384,990)	(20,662)
Proceeds from Sales of Securities	1,068,906	1,488,406	9,953
Proceeds from Redemption of Securities	1,137,209	1,391,802	10,589
Payments for Acquisitions of Premises and Equipment	(937)	(1,239)	(8)
Proceeds from Sales of Premises and Equipment	102	811	0
Net Cash (Used in) Provided by Investing Activities	(13,705)	494,790	(127)
<b>Cash Flows from Financing Activities</b>			
Proceeds from Increase in Capital Contribution	3,000	3,000	27
Dividends Paid	(3,183)	(3,093)	(29)
Net Cash Used in Financing Activities	(183)	(93)	(1)
<b>Translation Differences of Cash and Cash Equivalents</b>	—	—	—
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(395,659)</b>	<b>416,644</b>	<b>(3,684)</b>
<b>Cash and Cash Equivalents at the Beginning of the Year</b>	<b>449,318</b>	<b>32,674</b>	<b>4,183</b>
<b>Cash and Cash Equivalents at the End of the Year</b>	<b>¥ 53,659</b>	<b>¥ 449,318</b>	<b>\$ 499</b>

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, 2005

Cash and Due from Banks	¥237,248 million
Due from Banks other than the Central Bank	(¥183,589 million)
	¥ 53,659 million

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

## Capital Account Details

<b>STRUCTURE OF CAPITAL SUBSCRIPTION</b>	(¥ million, %)	
	(as of March 31, 2005)	(as of March 31, 2004)
Government Subscription	405,367 (78.4)	405,367 (78.8)
Cooperatives' Subscription	111,897 (21.6)	108,897 (21.2)
<b>Total</b>	<b>517,265</b>	<b>514,265</b>

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

<b>STRUCTURE OF CAPITAL SUBSCRIPTION BY COOPERATIVES</b>	(¥ thousand)	
	(as of March 31, 2005)	(as of March 31, 2004)
	Number of Cooperatives/ Capital Subscription Amounts	Number of Cooperatives/ Capital Subscription Amounts
Small and Medium Enterprise Cooperatives	24,028 105,676,486	24,129 103,078,445
Common Facility Cooperatives and Federations	23,038 98,756,282	23,218 96,520,502
Small Common Facility Cooperatives	2 100	2 100
Mutual Fire Relief Cooperatives and Federations	45 1,060,820	45 991,820
Credit Cooperatives and Federations	155 5,567,353	158 5,258,943
Business Cooperatives	788 291,931	706 307,080
Joint Business Cooperatives	724 1,093,374	738 1,238,514
Commercial and Industrial Cooperatives and Federations	1,036 3,573,112	1,038 3,054,792
Shopping District Promotion Cooperatives and Federations	1,067 240,264	1,055 232,904
Environmental Sanitation Trade Associations and Federations	335 621,187	336 608,777
Liquor Business Cooperatives and Federations	205 138,470	210 138,650
Domestic Maritime Transport Associations and Federations	50 544,495	50 535,295
Export Associations and Import Associations	5 10,500	5 10,500
Urban Redevelopment Associations	1 10	2 20
<b>Total</b>	<b>27,451 111,897,900</b>	<b>27,563 108,897,900</b>

Note: 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:

1. 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.
2. 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).

<b>DIVIDENDS</b>		(yen, %)	
		(Fiscal 2004)	(Fiscal 2003)
Dividend per Unit of Cooperatives' Subscription		<b>¥3.00</b>	¥3.00
Dividend Payout Ratio		<b>35.27%</b>	36.62%

Note: 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 2003.
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.

<b>CAPITAL RATIO</b>		(¥100 million, %)	
		(as of March 31, 2005)	(as of March 31, 2004)
Core Capital (Tier 1 Capital)	Capital Funds	<b>6,443</b>	6,323
	Total (A)	<b>6,443</b>	6,323
Supplementary Capital (Tier 2 Capital)	45% of Marketable Securities' Balance Sheet Value Minus Book Value	<b>33</b>	—
	Reserve for Possible Loan Losses (Excluding Special Reserve for Possible Loan Losses and Reserve for Possible Loan Losses on Special Foreign Loans)	<b>675</b>	681
	Subordinated Borrowings	<b>6</b>	70
	Total	<b>715</b>	751
	Amount Counted as Capital (B)	<b>715</b>	751
Deductions	Mutual Shareholding or Other Financing Intentionally Arranged among Financial Institutions (C)	—	—
Total Capital	(A) + (B) - (C) (D)	<b>7,159</b>	7,074
Risk-Weighted Assets	Assets Stated on the Balance Sheet	<b>90,901</b>	90,768
	Off-Balance Sheet Items	<b>1,084</b>	1,107
	Total (E)	<b>91,986</b>	91,875
Capital Ratio = (D)/(E) × 100		<b>7.78%</b>	7.70%

Note: 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 ¥12.0 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

<b>SUMMARY OF INCOME</b>	(¥100 million)	
	(Fiscal 2004)	(Fiscal 2003)
Gross Operating Profit	<b>1,499</b>	1,549
Provision for the General Reserve for Possible Loan Losses	<b>(5)</b>	65
General and Administrative Expenses (Excluding Nonrecurring Items)	<b>743</b>	756
Expenses Incurred on Debenture Issue and Redemption	<b>1</b>	2
Operating Profit	<b>760</b>	725
Operating Profit before Deduction of Provision for the General Reserve for Possible Loan Losses	<b>754</b>	790
Nonrecurring Profit and Loss (Including Nonrecurring Expenses)	<b>(606)</b>	(678)
Income before Income Taxes and Others	<b>153</b>	47
Other Gains and Losses	<b>(2)</b>	27
Provision for Income Taxes — Corporate Tax, Inhabitant Tax and Enterprise Tax	<b>30</b>	24
Adjustment of Income Taxes	<b>27</b>	(36)
Net Income	<b>92</b>	86

Note 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.

<b>GROSS OPERATING PROFIT</b>	(¥100 million, %)					
	(Fiscal 2004)			(Fiscal 2003)		
	Domestic	International	Total	Domestic	International	Total
Net Interest Income	<b>1,436</b>	<b>12</b>	<b>1,449</b>	1,431	10	1,441
Fees and Commissions	<b>68</b>	<b>4</b>	<b>72</b>	58	4	62
Trading Revenue	<b>13</b>	<b>4</b>	<b>17</b>	11	2	14
Other Operating Income	<b>(48)</b>	<b>7</b>	<b>(40)</b>	22	7	30
Gross Operating Profit	<b>1,470</b>	<b>29</b>	<b>1,499</b>	1,524	25	1,549
Gross Operating Profit Ratio (%)	<b>1.27</b>	<b>1.16</b>	<b>1.28</b>	1.24	0.65	1.24

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 2004)			(Fiscal 2003)		
		Domestic	International	Total	Domestic	International	Total
Asset	Average Balance	<b>115,301</b>	<b>2,515</b>	<b>116,789</b>	122,100	3,847	123,976
Portfolio	Interest Income	<b>1,705</b>	<b>41</b>	<b>1,744</b>	1,817	41	1,851
Accounts	Yield (%)	<b>1.47</b>	<b>1.66</b>	<b>1.49</b>	1.48	1.06	1.48
Fund	Average Balance	<b>103,492</b>	<b>2,515</b>	<b>104,981</b>	109,843	3,847	111,720
Raising	Interest Income	<b>269</b>	<b>29</b>	<b>295</b>	385	30	409
Accounts	Yield (%)	<b>0.25</b>	<b>1.15</b>	<b>0.28</b>	0.35	0.79	0.36

Note: The average balance of yen funds invested from the domestic department to the international department was ¥197.1 billion in Fiscal 2003 and ¥102.6 billion in Fiscal 2004, and the income from those investments was ¥0.7 billion in Fiscal 2003 and ¥0.2 billion in Fiscal 2004.

**ANALYSIS OF INTEREST INCOME AND EXPENSE**

(¥100 million)

		(Fiscal 2004)			(Fiscal 2003)		
		Domestic	International	Total	Domestic	International	Total
Interest Income	Change Due to Balance	<b>(100)</b>	<b>(14)</b>	<b>(107)</b>	(144)	(11)	(149)
	Change Due to Interest Rate	<b>(11)</b>	<b>14</b>	<b>0</b>	(21)	(12)	(33)
	Net Change	<b>(111)</b>	<b>0</b>	<b>(106)</b>	(165)	(23)	(182)
Interest Expense	Change Due to Balance	<b>(16)</b>	<b>(10)</b>	<b>(18)</b>	(35)	(8)	(38)
	Change Due to Interest Rate	<b>(100)</b>	<b>9</b>	<b>(94)</b>	(163)	(18)	(181)
	Net Change	<b>(116)</b>	<b>(1)</b>	<b>(113)</b>	(198)	(26)	(219)

Note: 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 2004)			(Fiscal 2003)		
		Domestic	International	Total	Domestic	International	Total
Fee and Commission Income		<b>73</b>	<b>5</b>	<b>79</b>	63	6	69
Fee and Commission Expense		<b>4</b>	<b>1</b>	<b>6</b>	5	1	7

**TRADING TRANSACTIONS** (¥100 million)

	(Fiscal 2004)			(Fiscal 2003)		
	Domestic	International	Total	Domestic	International	Total
Trading Revenue and Expenditures	<b>13</b>	<b>4</b>	<b>17</b>	11	2	14
Revenue and Expenditures from Trading Marketable Securities	<b>(0)</b>	—	<b>(0)</b>	(0)	—	(0)
Revenue and Expenditures from Trading Marketable Securities	<b>(0)</b>	—	<b>(0)</b>	0	—	0
Revenue and Expenditures from Trading-related Financial Derivatives Transactions	<b>13</b>	<b>4</b>	<b>17</b>	11	2	14
Other Trading Revenue	<b>0</b>	—	<b>0</b>	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 2004)			(Fiscal 2003)		
	Domestic	International	Total	Domestic	International	Total
Revenue and Expenditures from Foreign Exchange Trading	—	<b>7</b>	<b>7</b>	—	8	8
Revenue and Expenditures from Government and Other Bonds	<b>(46)</b>	<b>0</b>	<b>(46)</b>	35	—	35
Revenue and Expenditures from Financial Derivatives	<b>(1)</b>	<b>(0)</b>	<b>(1)</b>	(12)	(0)	(12)
Others	—	—	—	—	—	—
Total	<b>(48)</b>	<b>7</b>	<b>(40)</b>	22	7	30

Note: 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 2004)	(Fiscal 2003)
Salaries	<b>348</b>	351
Welfare Expenses	<b>6</b>	6
Depreciation	<b>35</b>	30
Rent & Lease Expenses for Land, Buildings and Equipment	<b>65</b>	65
Taxes and Duties	<b>19</b>	20
Others	<b>301</b>	321
Total	<b>776</b>	796

<b>PROVISIONAL EXPENSES</b>		(¥100 million)
	(Fiscal 2004)	(Fiscal 2003)
Total Provision of Bad Debt	<b>(592)</b>	(684)
Write-offs of Loans	<b>(15)</b>	(20)
Provision for Individual Possible Loan Losses	<b>(520)</b>	(558)
Disposal Losses of Claims	<b>(55)</b>	(105)
Others	<b>(14)</b>	6
<b>Total</b>	<b>(606)</b>	(678)

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.

<b>RETURN ON EQUITY AND ASSETS</b>		(%)
	(Fiscal 2004)	(Fiscal 2003)
Ratio of Recurring Profit to Total Assets	<b>0.12</b>	0.03
Ratio of Recurring Profit to Capital Funds	<b>2.41</b>	0.75
Ratio of Net Income to Total Assets	<b>0.07</b>	0.06
Ratio of Net Income to Capital Funds	<b>1.46</b>	1.38

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

	<b>MARGIN</b>			(%)		
	(Fiscal 2004)			(Fiscal 2003)		
	Domestic	International	Total	Domestic	International	Total
Yield	<b>1.47</b>	<b>1.66</b>	<b>1.49</b>	1.48	1.06	1.48
Cost of Funds Raised	<b>0.96</b>	<b>1.88</b>	<b>0.99</b>	1.01	1.35	1.04
Total Margin	<b>0.51</b>	<b>(0.22)</b>	<b>0.50</b>	0.46	(0.29)	0.44

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

## Details of Operations

### DEBENTURES AND DEPOSITS

<b>BREAKDOWN OF FUND SOURCES</b>		(¥100 million, %)	
	(as of March 31, 2005)	(as of March 31, 2004)	
Debentures Issued:	<b>78,112</b> (76.4)	82,443 (77.4)	
Outstanding Balance	<b>78,112</b> (76.4)	82,443 (77.4)	
Deposits:	<b>23,900</b> (23.4)	23,568 (22.1)	
Cooperatives and Others	<b>23,728</b> (23.2)	23,371 (21.9)	
Local Governments and Municipalities	<b>172</b> (0.2)	196 (0.2)	
Negotiable Certificates of Deposit	<b>209</b> (0.2)	516 (0.5)	
<b>Total</b>	<b>102,222</b>	106,527	
Government Contribution of Debentures Issued	<b>1,079</b> (1.1)	1,684 (1.6)	

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

<b>OUTSTANDING BALANCE OF SHOKO CHUKIN BANK DEBENTURES</b>		(¥100 million, %)	
	(as of March 31, 2005)	(as of March 31, 2004)	
Interest-Bearing Debentures	<b>62,763</b> (80.3)	64,199 (77.9)	
Discount Debentures	<b>15,349</b> (19.7)	18,243 (22.1)	
<b>Total</b>	<b>78,112</b>	82,443	

Notes: 1. Debentures sold by public offering in the period are included.  
2. The figures in parentheses represent percentages of the total.

<b>CLASSIFICATION BY TIME TO MATURITY OF THE OUTSTANDING BALANCE OF SHOKO CHUKIN BANK DEBENTURES</b>		(¥100 million)	
Time to Maturity	(as of March 31, 2005)	(as of March 31, 2004)	
Interest-Bearing Debentures	1 year or less	<b>19,534</b>	18,313
	More than 1 year, 3 years or less	<b>27,183</b>	29,491
	More than 3 years, 5 years or less	<b>15,591</b>	16,094
	More than 5 years, 7 years or less	<b>254</b>	100
	More than 7 years	<b>200</b>	200
	<b>Total</b>	<b>62,763</b>	64,199
Discount Debentures	1 year or less	<b>15,349</b>	18,243
	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	—	—
	<b>Total</b>	<b>15,349</b>	18,243
<b>Total</b>	1 year or less	<b>34,883</b>	36,556
	More than 1 year, 3 years or less	<b>27,183</b>	29,491
	More than 3 years, 5 years or less	<b>15,591</b>	16,094
	More than 5 years, 7 years or less	<b>254</b>	100
	More than 7 years	<b>200</b>	200
	<b>Total</b>	<b>78,112</b>	82,443

**BALANCE OF PROPERTY ACCUMULATION SAVINGS**

(¥100 million)

	(as of March 31, 2005)	(as of March 31, 2004)
Balance of Property Accumulation Savings	<b>1,187</b>	1,224

**BREAKDOWN OF DEPOSIT BALANCE**

(¥100 million, %)

	(Fiscal 2004)			(Fiscal 2003)				
	Domestic	International	Total	Domestic	International	Total		
Year End Balance	Time Deposits	<b>10,021</b> <b>(44.2)</b>	<b>703</b> <b>(58.3)</b>	<b>10,725</b> <b>(44.9)</b>	10,263 (46.3)	728 (52.8)	10,992 (46.6)	
	Floating Free-Rate Time Deposits	—	—	—	—	—	—	
	Free Fixed-Rate Time Deposits	<b>10,021</b> <b>(44.2)</b>	<b>703</b> <b>(58.3)</b>	<b>10,725</b> <b>(44.9)</b>	10,263 (46.3)	728 (52.8)	10,992 (46.6)	
	Liquid Deposits	<b>12,206</b> <b>(53.8)</b>	<b>0</b> <b>(0.0)</b>	<b>12,207</b> <b>(51.1)</b>	11,424 (51.5)	1 (0.1)	11,425 (48.5)	
	Interest-Bearing Deposits	<b>7,358</b> <b>(32.4)</b>	—	<b>7,358</b> <b>(30.8)</b>	6,932 (31.2)	—	6,932 (29.4)	
	Others	<b>465</b> <b>(2.0)</b>	<b>502</b> <b>(41.7)</b>	<b>968</b> <b>(4.0)</b>	500 (2.2)	650 (47.1)	1,150 (4.9)	
	Total	<b>22,694</b>	<b>1,206</b>	<b>23,900</b>	22,188	1,379	23,568	
	Negotiable Certificates of Deposit	—	<b>209</b>	<b>209</b>	300	216	516	
	Average Balance	Time Deposits	<b>10,157</b> <b>(48.1)</b>	<b>691</b> <b>(55.8)</b>	<b>10,848</b> <b>(48.5)</b>	10,455 (50.9)	576 (37.2)	11,032 (50.0)
		Floating Free-Rate Time Deposits	—	—	—	—	—	—
Free Fixed-Rate Time Deposits		<b>10,157</b> <b>(48.1)</b>	<b>691</b> <b>(55.8)</b>	<b>10,848</b> <b>(48.5)</b>	10,455 (50.9)	576 (37.2)	11,032 (50.0)	
Liquid Deposits		<b>10,022</b> <b>(47.4)</b>	<b>0</b> <b>(0.1)</b>	<b>10,023</b> <b>(44.8)</b>	9,136 (44.5)	0 (0.0)	9,137 (41.4)	
Interest-Bearing Deposits		<b>6,583</b> <b>(31.2)</b>	—	<b>6,583</b> <b>(29.4)</b>	5,932 (28.9)	—	5,932 (26.9)	
Others		<b>946</b> <b>(4.5)</b>	<b>545</b> <b>(44.1)</b>	<b>1,492</b> <b>(6.7)</b>	939 (4.6)	972 (62.8)	1,911 (8.6)	
Total		<b>21,125</b>	<b>1,237</b>	<b>22,363</b>	20,532	1,549	22,081	
Negotiable Certificates of Deposit		<b>115</b>	<b>212</b>	<b>327</b>	56	264	321	

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)

	Time to Maturity	(as of March 31, 2005)	(as of March 31, 2004)
Time Deposits	3 months or less	6,180	6,465
	More than 3 months, 6 months or less	1,816	1,894
	More than 6 months, 1 year or less	2,583	2,518
	More than 1 year, 2 years or less	89	68
	More than 2 years, 3 years or less	17	33
	More than 3 years	38	11
	Total	10,725	10,992
Free Fixed-Rate Time Deposits (included above)	3 months or less	6,180	6,465
	More than 3 months, 6 months or less	1,816	1,894
	More than 6 months, 1 year or less	2,583	2,518
	More than 1 year, 2 years or less	89	68
	More than 2 years, 3 years or less	17	33
	More than 3 years	38	11
	Total	10,725	10,992

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

	(as of March 31, 2005)	(as of March 31, 2004)
Corporations	20,473 (89.4)	20,049 (89.6)
Individuals	1,956 (8.5)	1,843 (8.2)
Financial Institutions	298 (1.3)	282 (1.3)
Government Funds	172 (0.8)	196 (0.9)
Total	22,901	22,371

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, 2005)	(as of March 31, 2004)
Deposits of Public Funds	172 (71.2)	196 (71.7)
Borrowings from Public Sources	0 (0.3)	1 (0.5)
Debentures Sold to Local Governments	69 (28.5)	76 (27.8)
Total	242	274

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

**ANNUAL REVENUES AND PUBLIC FUNDS HANDLED** (¥100 million)

	(as of March 31, 2005)	(as of March 31, 2004)
Bank of Japan Revenue Agency Accounts	1,605	1,622
Local Government Public Fund Collection Accounts	662	721
Total	2,268	2,343

## LOANS

### BALANCE OF LOANS

(¥100 million)

		(Fiscal 2004)			(Fiscal 2003)		
		Domestic	International	Total	Domestic	International	Total
Year End Balance	Loans on Deeds	<b>64,913</b>	<b>393</b>	<b>65,307</b>	64,832	365	65,198
	Loans on Notes	<b>12,283</b>	<b>145</b>	<b>12,428</b>	14,411	161	14,572
	Overdraft	<b>11,591</b>	—	<b>11,591</b>	11,273	—	11,273
	Bills Discounted	<b>6,560</b>	—	<b>6,560</b>	7,199	—	7,199
	Total	<b>95,348</b>	<b>539</b>	<b>95,888</b>	97,717	527	98,244
Average Balance	Loans on Deeds	<b>64,338</b>	<b>366</b>	<b>64,705</b>	64,497	356	64,854
	Loans on Notes	<b>13,160</b>	<b>156</b>	<b>13,316</b>	15,245	179	15,424
	Overdraft	<b>10,674</b>	—	<b>10,674</b>	10,387	—	10,387
	Bills Discounted	<b>6,394</b>	—	<b>6,394</b>	6,899	—	6,899
	Total	<b>94,568</b>	<b>522</b>	<b>95,091</b>	97,030	535	97,566

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, 2005)	(as of March 31, 2004)
Loans	1 year or less	<b>49,246</b>	50,489
	More than 1 year, 3 years or less	<b>24,240</b>	23,991
	More than 3 years, 5 years or less	<b>9,861</b>	10,007
	More than 5 years, 7 years or less	<b>3,740</b>	3,724
	More than 7 years	<b>8,421</b>	9,499
	Without specific term	<b>378</b>	531
	Total	<b>95,888</b>	98,244
Fixed-Rate Loans	1 year or less	/	/
	More than 1 year, 3 years or less	<b>20,927</b>	21,385
	More than 3 years, 5 years or less	<b>8,288</b>	8,761
	More than 5 years, 7 years or less	<b>3,196</b>	3,274
	More than 7 years	<b>7,022</b>	8,091
	Without specific term	—	—
Floating-Rate Loans	1 year or less	/	/
	More than 1 year, 3 years or less	<b>3,312</b>	2,606
	More than 3 years, 5 years or less	<b>1,572</b>	1,246
	More than 5 years, 7 years or less	<b>543</b>	450
	More than 7 years	<b>1,398</b>	1,408
	Without specific term	<b>378</b>	531
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, 2005)			(as of March 31, 2004)		
	Domestic	International	Total	Domestic	International	Total
Available Funds	26	71	26	27	72	27
Lending Loans	24	11	24	25	10	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, 2005)			(as of March 31, 2004)		
	Domestic	International	Total	Domestic	International	Total
Available Funds	1,101	913	1,099	1,147	945	1,145
Lending Loans	1,040	149	1,031	1,066	132	1,056

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, 2005)	(as of March 31, 2004)
Balance of Loans to Members	95,032 (99.1)	97,244 (99.0)
Balance of Loans to Non-Members	856 (0.9)	1,000 (1.0)
Financial Institutions	43 (0.0)	35 (0.0)
Holders of Shoko Chukin Bank Debentures	42 (0.0)	46 (0.0)
Total	95,888	98,244

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, 2005)	(as of March 31, 2004)
Capital Investment	22,625 (23.6)	22,239 (22.6)
Long-term Working Funds	42,221 (44.0)	42,446 (43.2)
Short-term Working Funds	31,041 (32.4)	33,559 (34.2)
Total	95,888	98,244

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

**BREAKDOWN OF LOAN BALANCE BY INDUSTRY**

(¥100 million, %)

	(as of March 31, 2005)	(as of March 31, 2004)
Manufacturing	32,180 (33.6)	33,018 (33.6)
Machinery and Metal Product Manufacturing	16,009 (16.7)	16,414 (16.7)
Agriculture, Forestry and Fishery	122 (0.1)	100 (0.1)
Mining	127 (0.1)	128 (0.1)
Construction	3,367 (3.5)	3,413 (3.5)
Wholesale and Retail	30,106 (31.4)	30,819 (31.4)
Finance and Insurance	1,309 (1.4)	1,626 (1.6)
Real Estate	5,696 (5.9)	6,102 (6.2)
Transport and Communication	10,906 (11.4)	10,803 (11.0)
Electricity, Gas, Water and Heat Supply	181 (0.2)	183 (0.2)
Services	11,740 (12.2)	11,888 (12.1)
Others	147 (0.2)	160 (0.2)
<b>Total</b>	<b>95,888</b>	<b>98,244</b>

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

**BREAKDOWN OF LOAN BALANCE BY COLLATERAL**

(¥100 million, %)

	(as of March 31, 2005)	(as of March 31, 2004)
Deposits and Debentures	2,130 (2.2)	1,934 (2.0)
Securities	581 (0.6)	530 (0.5)
Claims	1,738 (1.8)	1,706 (1.7)
Merchandise	1 (0.0)	1 (0.0)
Real Estate	58,424 (61.0)	61,904 (63.0)
Other Collateral	668 (0.7)	675 (0.7)
<b>Total</b>	<b>63,545 (66.3)</b>	<b>66,752 (67.9)</b>
Guarantee	27,320 (28.5)	26,183 (26.7)
Credit	5,022 (5.2)	5,308 (5.4)
<b>Grand Total</b>	<b>95,888</b>	<b>98,244</b>
(Loans with Subordination Covenant)	0	0

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

<b>BREAKDOWN OF CUSTOMERS' LIABILITIES FOR ACCEPTANCE AND GUARANTEES BY COLLATERAL</b>		<b>(¥ million, %)</b>	
		<b>(as of March 31, 2005)</b>	<b>(as of March 31, 2004)</b>
Deposits and Debentures		<b>6,091</b> <b>(6.4)</b>	6,997 (7.2)
Securities		<b>149</b> <b>(0.2)</b>	156 (0.2)
Claims		<b>57</b> <b>(0.1)</b>	18 (0.0)
Merchandise		<b>0</b> <b>(0.0)</b>	0 (0.0)
Real Estate		<b>19,917</b> <b>(21.0)</b>	19,015 (19.7)
Other Collateral		<b>2,010</b> <b>(2.1)</b>	1,585 (1.6)
Subtotal		<b>28,224</b> <b>(29.8)</b>	27,771 (28.7)
Guarantee		<b>42,911</b> <b>(45.2)</b>	36,712 (38.0)
Credit		<b>23,711</b> <b>(25.0)</b>	32,180 (33.3)
Total		<b>94,846</b>	96,663

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

<b>TRUST FACILITY LOAN BALANCE</b>		<b>(¥100 million)</b>	
		<b>(as of March 31, 2005)</b>	<b>(as of March 31, 2004)</b>
Trust Facility Loan Balance		<b>1,228</b>	1,419

<b>BALANCE OF ENTRUSTED AGENCY LOANS</b>		<b>(Contracts, ¥100 million)</b>	
		<b>(as of March 31, 2005)</b>	<b>(as of March 31, 2004)</b>
Capital Investment	Contracts	<b>1,289</b>	1,433
	Amount	<b>166</b>	211
Working Funds	Contracts	<b>228</b>	337
	Amounts	<b>26</b>	41
Total	Contracts	<b>1,517</b>	1,770
	Amounts	<b>192</b>	252

	(¥100 million)	
	(as of March 31, 2005)	(as of March 31, 2004)
Japan Finance Corporation for Small and Medium Enterprise (JASME)	0	0
Social Welfare and Medical Service Corporation	153	171
Government Pension Investment Fund	91	228
Japan Regional Development Corporation	—	—
Japan Shipbuilding Industry Foundation	161,014	167,283
Japan Bicycle Promotion Institute	21	54
Organization for Workers' Retirement Allowance Mutual Aid	107	150
Smaller Enterprise Retirement Allowance Mutual Aid Corporation	107	146
Sake Brewery Retirement Allowance Mutual Aid Operational Headquarters	—	3
Environmental Restoration and Conservation Agency of Japan	420	455
National Life Finance Corporation	1,321	1,802
Organization for Small & Medium Enterprises and Regional Innovation, Japan	284,415	237,389
Promotion programs	47,982	55,456
Mutual aid programs	236,433	181,933
Japan Labour Health and Welfare Organization	316	330
Employment and Human Resources Development Organization of Japan	0	1
Okinawa Development Finance Corporation	—	—
Development Bank of Japan	13	20
<b>Total</b>	<b>447,879</b>	<b>407,888</b>

	(¥100 million, %)						
		(as of March 31, 2005)			(as of March 31, 2004)		
			Domestic	International	Total	Domestic	International
Loans (A)	<b>95,348</b>	<b>539</b>	<b>95,888</b>	97,717	527	98,244	
Debentures and Deposits (B)	<b>100,806</b>	<b>1,415</b>	<b>102,222</b>	104,931	1,595	106,527	
Ratio (A)/(B)	<b>94.58</b>	<b>38.11</b>	<b>93.80</b>	93.12	33.03	92.22	
Average during the Year	<b>92.69</b>	<b>36.02</b>	<b>91.90</b>	89.94	29.52	88.94	

Note: Deposits include Negotiable Certificates of Deposit.

<b>INCREASE (DECREASE) IN RESERVE FOR POSSIBLE LOAN LOSSES</b> (¥100 million)										
	<b>(as of March 31, 2005)</b>					<b>(as of March 31, 2004)</b>				
	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	681	675	—	681*	675	616	681	—	616*	681
General Reserve for Individual Possible Loan Losses	3,665	2,837	1,348	2,316*	2,837	4,223	3,665	1,116	3,106*	3,665
<b>Total</b>	<b>4,346</b>	<b>3,513</b>	<b>1,348</b>	<b>2,997</b>	<b>3,513</b>	<b>4,839</b>	<b>4,346</b>	<b>1,116</b>	<b>3,722</b>	<b>4,346</b>

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

<b>WRITE-OFF OF LOANS</b> (¥100 million)		
	<b>(Fiscal 2004)</b>	<b>(Fiscal 2003)</b>
Write-off of Loans	15	20

### LOANS TO RESTRUCTURING COUNTRIES

No transactions

<b>PROBLEM LOANS</b> (¥100 million)		
	<b>(as of March 31, 2005)</b>	<b>(as of March 31, 2004)</b>
Loans to Bankrupt Companies (A)	1,938	2,840
Overdue Loans (B)	3,358	3,508
<b>Total (A) + (B)</b>	<b>5,296</b>	<b>6,348</b>
Loans Overdue for 3 Months or Longer (C)	17	56
Rescheduled Loans (D)	1,765	1,556
<b>Total Problem Loans (E) = (A) + (B) + (C) + (D)</b>	<b>7,078</b>	<b>7,961</b>
Category IV Loans in Loans to Bankrupt Companies (F)	1,341	2,113
Category IV Loans in Overdue Loans (G)	775	818
<b>Problem Loans other than Category IV Loans (H) = (E) - (F) - (G)</b>	<b>4,961</b>	<b>5,029</b>
<b>Loans other than Category IV Loans (I)</b>	<b>93,771</b>	<b>95,313</b>
<b>Percentage of Loans (H) / (I)</b>	<b>5.3%</b>	<b>5.3%</b>

- Notes: 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).
2. Overdue Loans are loans of which accrued interest is not shown in the accounts, excluding loans to bankrupt companies and loans of which the rescheduling of interest payments have been granted to support the financial restructuring of the borrowers.
3. Loans Overdue for 3 Months or Longer are defined as loans on which principal or interest payments are overdue by three months or longer reckoning from the payment date stipulated in the contract. The loans that are classified as loans to bankrupt companies and overdue loans are excluded.
4. Rescheduled Loans 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 2003 was ¥211.6 billion out of the Provision for Possible Loan Losses of ¥283.7 billion and at the end of Fiscal 2002 was ¥293.1 billion out of the Provision for Possible Loan Losses of ¥366.5 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, 2005)	(as of March 31, 2004)
Loans to Legally Bankrupt and Substantially Bankrupt Companies	(A)	<b>3,179</b>	4,197
Loans with Collection Risk	(B)	<b>2,132</b>	2,171
Loans for Special Attention	(C)	<b>1,782</b>	1,612
Subtotal	(D) = (A) + (B) + (C)	<b>7,094</b>	7,981
Category IV Loans	(G)	<b>2,121</b>	2,936
(Amount after deduction of Category IV Loans)	(D) – (G)	<b>4,973</b>	5,045
Normal Loans		<b>89,859</b>	91,343
Total		<b>96,954</b>	99,324
<b>(REFERENCE) Loan Coverage after Deduction for Category IV Loans</b>			
Recoverable Amount from Collateral and Other Coverage Accounted for in (D)	(E)	<b>2,734</b>	2,930
Reserve for Possible Loan Losses Allocated for (D)	(F)	<b>3,164</b>	3,971
Ratio for Reserves	$(F - G) / ((D - G) - E)$	<b>46.6%</b>	49.0%
Coverage Ratio	$((E + F) - G) / (D - G)$	<b>76.0%</b>	78.6%

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 2004 was ¥212.1 billion out of the Provision for Possible Loan Losses of ¥283.7 billion.)

## SECURITIES

<b>AVERAGE BALANCES OF TRADING SECURITIES</b>		(¥100 million)	
		(Fiscal 2004)	(Fiscal 2003)
Trading Government Bonds		9	8
Trading Local Government Bonds		—	—
Trading Government Guarantee Bonds		—	—
Trading Bonds Loaned		—	—
<b>Total</b>		<b>9</b>	<b>8</b>

<b>BREAKDOWN BALANCE OF SECURITIES</b>		(¥100 million)					
		(Fiscal 2004)			(Fiscal 2003)		
		Domestic	International	Total	Domestic	International	Total
Year End Balance	Government Bonds	8,946 (59.8)	—	8,946 (55.6)	10,176 (74.8)	—	10,176 (67.6)
	Local Government Bonds	60 (0.4)	—	60 (0.4)	92 (0.7)	—	92 (0.6)
	Short-Term Corporate Bonds	979 (6.5)	—	979 (6.1)	—	—	—
	Corporate Bonds	4,726 (31.6)	—	4,726 (29.3)	3,096 (22.7)	—	3,096 (20.6)
	Stocks	258 (1.7)	—	258 (1.6)	242 (1.8)	—	242 (1.6)
	Other Securities	—	1,131 (100.0)	1,131 (7.0)	—	1,436 (100.0)	1,436 (9.6)
	Foreign Bonds	—	1,131 (100.0)	1,131 (7.0)	—	1,436 (100.0)	1,436 (9.6)
<b>Total</b>		<b>14,972</b>	<b>1,131</b>	<b>16,103</b>	<b>13,608</b>	<b>1,436</b>	<b>15,044</b>
Average Balance	Government Bonds	11,689 (74.2)	—	11,689 (69.0)	14,811 (75.8)	—	14,811 (70.1)
	Local Government Bonds	91 (0.6)	—	91 (0.5)	256 (1.3)	—	256 (1.2)
	Short-Term Corporate Bonds	251 (1.6)	—	251 (1.5)	—	—	—
	Corporate Bonds	3,568 (22.6)	—	3,568 (21.1)	4,275 (21.9)	—	4,275 (20.2)
	Stocks	162 (1.0)	—	162 (1.0)	201 (1.0)	—	201 (1.0)
	Others Securities	—	1,169 (100.0)	1,169 (6.9)	—	1,585 (100.0)	1,585 (7.5)
	Foreign Bonds	—	1,169 (100.0)	1,169 (6.9)	—	1,585 (100.0)	1,585 (7.5)
<b>Total</b>		<b>15,763</b>	<b>1,169</b>	<b>16,933</b>	<b>19,544</b>	<b>1,585</b>	<b>21,130</b>

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, 2005)			(as of March 31, 2004)		
		Domestic	International	Total	Domestic	International	Total
Marketable Securities	(A)	<b>14,972</b>	<b>1,131</b>	<b>16,103</b>	13,608	1,436	15,044
Debentures and Deposits	(B)	<b>100,806</b>	<b>1,415</b>	<b>102,222</b>	104,931	1,595	106,527
Ratio (%)	(A)/(B)	<b>14.85</b>	<b>79.89</b>	<b>15.75</b>	12.96	90.00	14.12
Yearly Average		<b>15.45</b>	<b>80.66</b>	<b>16.36</b>	18.11	87.40	19.26

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

**UNDERWRITING OF PUBLIC BONDS**

(¥100 million)

	(Fiscal 2004)	(Fiscal 2003)
Public Bonds Underwritten	<b>183</b>	242

Note: All public bonds underwritten are government bonds.

**COUNTER SALES OF PUBLIC BONDS**

(¥100 million)

	(Fiscal 2004)	(Fiscal 2003)
Counter Sales of Public Bonds	<b>13</b>	11

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

**PUBLIC BOND DEALING**

(¥100 million)

	(Fiscal 2004)	(Fiscal 2003)
Amount of Trade	<b>117</b>	97
Average Balance	<b>7</b>	7

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, Short-Term Corporate 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, 2005)
Book Value	<b>599</b>
Recognized Valuation Difference in Fiscal 2004	<b>0</b>

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

	(as of March 31, 2005)				
	Book Value	Market Value	Valuation Difference	Valuation Gains	Valuation Losses
Government Bonds	<b>3,751</b>	<b>3,803</b>	<b>51</b>	<b>51</b>	—
Local Government Bonds	—	—	—	—	—
Short-Term Corporate Bonds	—	—	—	—	—
Corporate Bonds	—	—	—	—	—
Others	<b>317</b>	<b>318</b>	<b>1</b>	<b>2</b>	<b>1</b>
Total	<b>4,068</b>	<b>4,121</b>	<b>52</b>	<b>54</b>	<b>1</b>

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, 2005)				
	Acquisition Cost	Book Value	Valuation Difference	Valuation Gains	Valuation Losses
Stocks	115	202	87	90	2
Bonds	9,061	9,048	(12)	7	19
Government Bonds	5,205	5,195	(10)	3	13
Local Government Bonds	60	60	0	0	—
Short-Term Corporate Bonds	979	979	0	0	—
Corporate Bonds	2,814	2,812	(2)	3	6
Others	2,558	2,558	0	2	1
<b>Total</b>	<b>11,734</b>	<b>11,810</b>	<b>75</b>	<b>100</b>	<b>24</b>

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, 2005)	
Held-to-Maturity Bonds		—
Subsidiaries' Stocks		—
Other Marketable Securities	Unlisted Stocks (excluding/other than over-the-counter stocks)	55
	Unlisted Corporate Bonds	1,913

## (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, Short-Term Corporate 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 2004	(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	—	—	—	—	—
Short-Term Corporate Bonds	—	—	—	—	—
Corporate Bonds	—	—	—	—	—
Others	348	366	18	18	—
<b>Total</b>	<b>4,272</b>	<b>4,325</b>	<b>53</b>	<b>53</b>	<b>—</b>

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
Short-Term Corporate Bonds	—	—	—	—	—
Corporate Bonds	1,679	1,660	(19)	3	22
Others	1,120	1,124	3	4	0
<b>Total</b>	<b>9,349</b>	<b>9,305</b>	<b>(43)</b>	<b>91</b>	<b>135</b>

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

## 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, 2005)					Total
	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	
Government Bonds	3,557	4,336	1,052	—	—	8,946
Local Government Bonds	22	11	26	—	—	60
Short-Term Corporate Bonds	979	—	—	—	—	979
Corporate Bonds	440	3,687	598	—	—	4,726
Stocks	—	—	—	—	258	258
Other Securities	415	580	110	24	—	1,131
Foreign Bonds	415	580	110	24	—	1,131
Foreign Stocks	—	—	—	—	—	—
Securities Loaned	—	—	—	—	—	—
Others	1,744	—	—	—	—	1,744
<b>Total</b>	<b>7,160</b>	<b>8,617</b>	<b>1,788</b>	<b>24</b>	<b>258</b>	<b>17,848</b>

	(as of March 31, 2004)					Total
	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	
Government Bonds	1,303	4,954	3,918	—	—	10,176
Local Government Bonds	31	23	38	—	—	92
Short-Term Corporate Bonds	—	—	—	—	—	—
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
<b>Total</b>	<b>2,569</b>	<b>7,548</b>	<b>4,677</b>	<b>36</b>	<b>242</b>	<b>15,074</b>

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 2004)	(Fiscal 2003)
Trade Exchange Transactions	2,247	2,017
Trade Foreign Exchange Transactions	926	802
Capital Transactions	577	639
<b>Total</b>	<b>3,751</b>	<b>3,459</b>

Note: Overseas branches are included.

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

	(Fiscal 2004)	(Fiscal 2003)
Balance of Assets Denominated in Foreign Currencies	1,540	1,803

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

(Thousands of transactions, ¥100 million)

			(as of March 31, 2005)	(as of March 31, 2004)
Bank Remittance	To other locations	Instances	2,315	2,317
		Value	125,157	117,153
	From other locations	Instances	1,442	1,403
		Value	104,572	97,455
Bank Collection	To other locations	Instances	1,230	1,302
		Value	26,849	29,224
	From other locations	Instances	30	32
		Value	585	662
Total	Instances	5,019	5,054	
	Value	257,165	244,496	

### OFF-BALANCE-SHEET TRANSACTIONS

Included within off-balance-sheet transactions are such derivative transactions as futures, swap contracts and options. Further details are shown below:

### FINANCIAL DERIVATIVES AND FORWARD FOREIGN EXCHANGE TRANSACTIONS

(¥100 million)

	(as of March 31, 2005)		(as of March 31, 2004)	
	Contract Amount/ Notational Principal Amount	Credit Risk Amount	Contract Amount/ Notational Principal Amount	Credit Risk Amount
Interest Rate Swap	51,319	604	56,404	668
Currency Swap	2,820	195	1,681	128
Forward Foreign Exchange	219	5	235	6
Interest Rate Options (Bought)	—	—	—	—
Currency Options (Bought)	—	—	—	—
Other Financial Derivatives	—	—	—	—
Credit Risk Reduction by Netting		(262)		(310)
Total	54,359	542	58,321	492

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. From this term, over-the-counter options are also included.

(¥100 million)

	(as of March 31, 2005)		(as of March 31, 2004)	
	Contract Amount/Notational Principal Amount		Contract Amount/Notational Principal Amount	
Forward Foreign Exchange	12		21	
Interest Rate Options (Sold)	34		33	
Interest Rate Options (Bought)	—		—	
Currency Options (Sold)	—		—	
Currency Options (Bought)	—		—	
Other Financial Derivatives	4		4	
Total	51		58	

---

## **DERIVATIVE TRANSACTIONS**

The Bank's policies regarding derivative transactions and risk management relating to these transactions are outlined below.

### **PURPOSE OF DERIVATIVE TRANSACTIONS**

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

- **Meeting Customer Needs**

The Bank provides swaps, options and exchange contracts to meet customer needs 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**

As with such on-balance sheet transactions as lending and debentures, derivative transactions involve credit and market risk.

- **Credit Risk**

This is the risk of a transaction counterparty 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.

### **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, as with other market transactions, credit limits are established for each counterparty 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.

**TRANSACTIONS RELATING TO INTEREST RATES**

(¥ million)

			(as of March 31, 2005)			
			Contractual Amount, etc.	Maturity over 1 year (of Contractual Amount)	Market Value	Unrealized Gain and Loss
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	1,472,530	1,335,230	15,393	15,393
		Floating Rate Receiving/ Fixed Rate Paying	1,480,028	1,295,056	(14,570)	(14,570)
		Floating Rate Receiving/ Floating Rate Paying	—	—	—	—
	Interest-Rate Options	Selling Position	—	—	—	—
		Buying Position	—	—	—	—
	Others	Selling Position	3,649	3,449	(12)	25
Buying Position		149	—	0	(0)	
<b>Total</b>					<b>810</b>	<b>848</b>

			(as of March 31, 2004)			
			Contractual Amount, etc.	Maturity over 1 year (of Contractual Amount)	Market Value	Unrealized Gain and Loss
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	3,784	3,784	(39)	7
Buying Position		453	453	0	(1)	
<b>Total</b>					<b>(147)</b>	<b>(102)</b>

Notes: 1. The above transactions are valued at market prices, and valuation gains or losses are shown in the Statement of Income. In accordance with JICPA Industry Audit Committee Report No. 24, 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, 2005)				(as of March 31, 2004)			
			Contractual Amount	Maturity over 1 year (of Contractual Amount)	Market Value	Unrealized Gain and Loss	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	—	—	—	—	—	—	—	—
Currency Swaps			<b>276,687</b>	<b>267,977</b>	<b>892</b>	<b>892</b>	162,892	154,193	534	534
Traded on the Over-the- Counter	Currency Futures	Selling Position	<b>12,053</b>	<b>805</b>	<b>(179)</b>	<b>(179)</b>	13,889	898	336	336
		Buying Position	<b>11,093</b>	<b>805</b>	<b>220</b>	<b>220</b>	11,868	898	(235)	(235)
	Currency Options	Selling Position	—	—	—	—	—	—	—	—
		Buying Position	—	—	—	—	—	—	—	—
	Others	Selling Position	—	—	—	—	—	—	—	—
		Buying Position	—	—	—	—	—	—	—	—
<b>Total</b>					<b>933</b>	<b>933</b>			<b>635</b>	<b>635</b>

Notes: 1. The above transactions are valued at market prices, and valuation gains or losses are shown in the Statement of Income. In accordance with JICPA Industry Audit Committee Report No. 25, transaction amounts relating to currency swaps subject to hedge accounting and foreign currency-denominated monetary claims that are reflected in the Balance Sheets are excluded from the above amounts.

2. Determination of Market Value

Market values are calculated using discounted present value or other appropriate methods.

## TRANSACTIONS RELATING TO STOCKS

No Transactions

## TRANSACTIONS RELATING TO BONDS

(¥ million)

			(as of March 31, 2005)				(as of March 31, 2004)			
			Contractual Amount	Maturity over 1 year (of Contractual Amount)	Market Value	Unrealized Gain and Loss	Contractual Amount	Maturity over 1 year (of Contractual Amount)	Market Value	Unrealized Gain and Loss
Traded on the Exchange	Bond Futures	Selling Position	<b>274</b>	—	<b>(3)</b>	<b>(3)</b>	—	—	—	—
		Buying Position	<b>139</b>	—	<b>0</b>	<b>0</b>	413	—	(0)	(0)
	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					<b>(3)</b>	<b>(3)</b>			(0)	(0)

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.

From this term, the method of presentation of bond futures transaction market values has been changed.

## TRANSACTIONS RELATED TO PRODUCTS

No Transactions

## CREDIT DERIVATIVE TRANSACTIONS

No Transactions





# THE SHOKO CHUKIN BANK

10-17, 2-Chome Yaesu Chuo-ku, Tokyo 104-0028, Japan  
Tel: (03) 3272-6111 Fax: (03) 3272-6169 (International Division)  
Homepage Address: <http://www.shokochukin.go.jp/>



This annual report is printed on 100% recycled paper using soy ink.

Printed in Japan