

THE SHOKO CHUKIN BANK

2006

Financial Report

Year Ended March 31, 2006



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ECONOMIC AND FINANCIAL CONDITIONS

During fiscal 2005, ended March 31, 2006, the world economy continued to expand at a moderate pace until the early part of the northern summer. However, from around the middle of 2005, the rate of growth once again accelerated and the global economy overall enjoyed a sustained period of robust expansion. In the United States, employment conditions continued to improve, while consumer spending and housing investment generally remained firm. In Asia as well, economic conditions remained strong, driven by growth in the Chinese economy.

The Japanese economy, influenced by conditions abroad, ebbed and flowed somewhat in the early part of the term. From mid-2005 onward, however, supply and demand conditions in the information technology (IT) sector became more favorable and exports in general recovered thanks to the impetus of economic growth overseas. Domestic demand also tracked upward, leading to clear indications at the end of the period that the recovery had moved into full swing.

During the period under review, although rising prices for crude oil and raw materials placed downward pressure on corporate earnings, structural adjustments to eliminate the so-called “triple burden” carried by many Japanese firms—excess capacity, surplus labor and unsustainable debt—made significant progress. Coupled with this, domestic and overseas demand both remained robust, and helped sustain the trend toward higher corporate sales and earnings and buoyed capital investment levels. For households, the recovery in the labor market gained momentum, and wages turned upward. With income conditions improving and a strong rebound on the stock market providing a wealth effect, a pickup in personal consumption levels became more widespread.

Business conditions for small and medium-sized enterprises (SMEs) seesawed in the early part of the fiscal year, with the index of the Bank’s Monthly Survey of SME Business Sentiment dipping below 50—the demarcation point between positive and negative sentiment. Later on, as the economic recovery gathered momentum, the index registered over 50 for most months from September 2005 onward, indicating a general turnaround in business conditions for SMEs. However, the strength of the recovery for

SMEs was modest in comparison with large companies and the degree of improvement continued to vary markedly between industries and regions.

On the financial front, the Bank of Japan (BOJ) ended its quantitative easing policy in March 2006, as the consumer price index moved into positive territory toward the end of the fiscal period on a year-on-year basis. Long-term interest rates (newly issued 10-year government bond yields) moved only slightly from the levels seen at the start of the fiscal year, but as the economic recovery took hold signs that Japan’s deflationary period was drawing to a close helped push long-term interest rates upward. Following the end of BOJ’s quantitative easing policy, the upswing accelerated, and long-term yields ended the fiscal year in a band between 1.75% and 1.80%.

In the foreign exchange market, dollar buying became pronounced as attention focused on the nominal interest rate differential between Japan and the United States. Consequently, from the northern autumn of 2005, the yen gradually weakened vis-à-vis the U.S. dollar. Toward the end of the period under review, with Japanese interest rates rising and the view becoming entrenched that the Federal Reserve was nearing the end of its monetary tightening cycle, the market began to anticipate future shrinkage in the Japan–U.S. interest rate differential. As a result, yen weakening tapered off and at the close of the period the dollar hovered around the ¥117 level.

From mid-2005, with the domestic economic recovery becoming clearly discernable and a medium- to long-term outlook for rising corporate profitability taking hold, the upward trend in stock prices gained strength. By the end of the fiscal year, Japan’s benchmark index, the Nikkei Stock Average, had moved past 17,000 for the first time in five and a half years.

During the period, the Japanese government maintained its policy aimed at providing a robust safety net for SMEs along with efforts to insure a smooth flow of funds and promote diversification in funding sources for SMEs. In addition, the government implemented a range of policies to support the revitalization of SMEs, particularly through the SME Revitalization Support Council.

SUMMARY OF RESULTS

Loans

The balance of outstanding loans as of the end of fiscal 2005 declined ¥161.2 billion, to ¥9,427.6 billion at year-end. The balance of loans through agencies, including credit cooperatives, totaled ¥14.9 billion. There were 157 agencies at fiscal year-end.

Debentures

Interest-bearing debentures increased ¥106.7 billion compared with the previous year and discount debentures decreased ¥85.3 billion, for an overall increase in the balance of debentures of ¥21.3 billion. As a result, the balance of debentures at year-end totaled ¥7,832.6 billion, a figure that includes ¥75.0 billion underwritten by the government.

Deposits and Negotiable Certificates of Deposit

The balance of deposits increased ¥29.9 billion, to ¥2,420.0 billion at the end of fiscal 2005. Negotiable certificates of deposit increased ¥0.8 billion compared with previous year-end, to ¥21.7 billion.

Securities

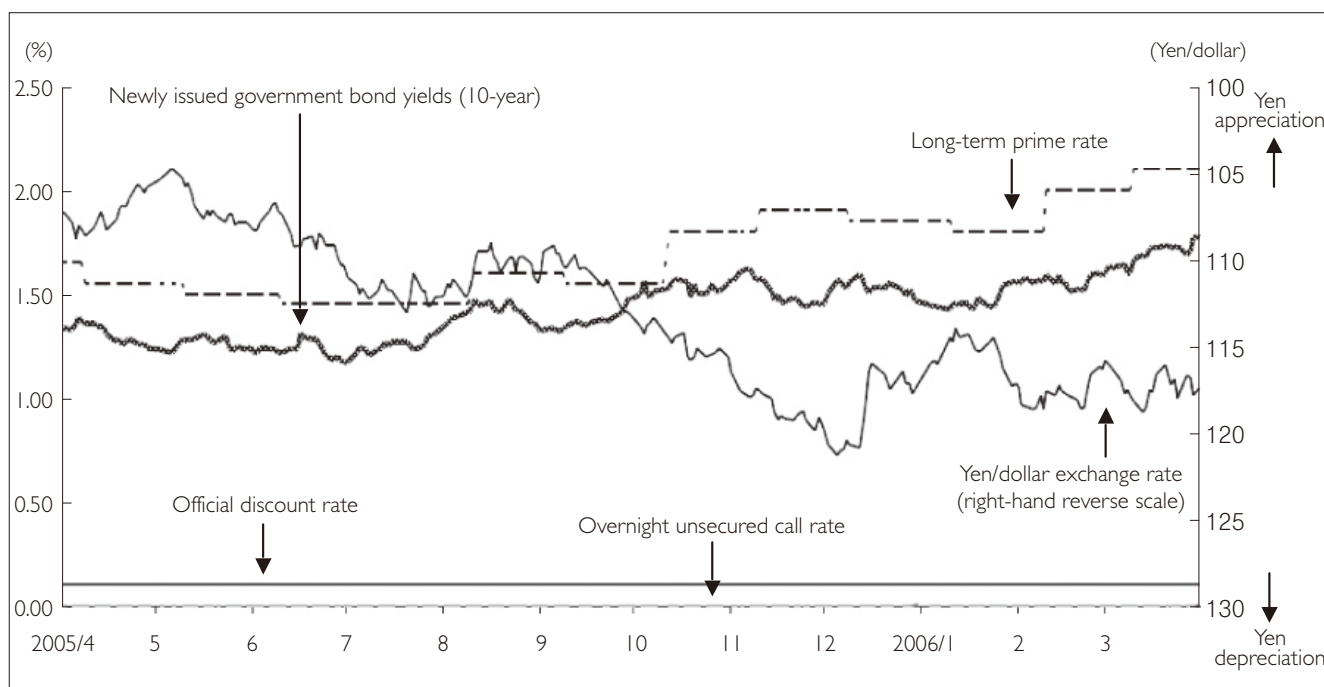
Over-the-counter sales of government bonds and other securities amounted to ¥1.2 billion. Dealings in government bonds and other securities totaled ¥21.5 billion. The balance of trading securities at the end of fiscal 2005 was ¥1.2 billion.

Domestic and Foreign Exchange

Domestic exchange transactions in fiscal 2005 totaled ¥24,951.3 billion. Foreign exchange transactions totaled US\$3,599 million.

Income and Expenditures

Total operating income amounted to ¥186.1 billion, while operating expenses totaled ¥157.6 billion, resulting in income before income taxes and others of ¥28.5 billion. Other gains amounted to ¥6.6 billion and other losses totaled ¥15.5 billion. Provision for income taxes amounted to ¥1.8 billion, and adjustment for income taxes totaled ¥4.9 billion. As a result, net income for the fiscal year amounted to ¥12.8 billion.



TRENDS IN PRINCIPAL FINANCIAL INDICATORS

	Billions of yen				
	Fiscal 2005	Fiscal 2004	Fiscal 2003	Fiscal 2002	Fiscal 2001
Total Operating Income	186.1	189.4	207.5	240.5	277.1
Income before Income Taxes and Others	28.5	15.3	4.7	2.4	4.5
Net Income	12.8	9.2	8.6	4.1	5.9
Capital (Total Subscription in Thousands of Units)	519.7 (5,197,650)	517.2 (5,172,650)	514.2 (5,142,650)	511.2 (5,112,650)	506.0 (5,060,650)
Total Capital Funds	664.7	652.8	635.5	636.2	629.8
Total Assets	11,495.4	11,584.8	12,001.8	12,929.1	13,665.5
Outstanding Deposits	2,420.0	2,390.0	2,356.8	2,313.3	2,379.4
Outstanding Debentures	7,832.6	7,811.2	8,244.3	9,281.1	9,779.3
Outstanding Loans	9,427.6	9,588.8	9,824.4	10,090.3	10,539.2
Balance of Investment Securities	1,770.7	1,610.3	1,504.4	2,043.0	2,588.8
Capital Ratio (%)	8.01	7.78	7.70	7.45	7.30
Dividend per Cooperative Subscription Unit (Yen)	3.00	3.00	3.00	3.00	3.00
Dividend Payment Ratio (%)	26.19	35.27	36.62	75.23	50.50
Number of Employees	4,424	4,480	4,571	4,691	4,835

BALANCE SHEETS

The Shoko Chukin Bank As of March 31, 2006 and 2005

	Millions of yen		Millions of U.S. dollars
	2006	2005	2006
ASSETS			
Loans	¥ 9,427,601	¥ 9,588,803	\$80,255
Loans on Deeds	6,460,562	6,530,766	54,997
Loans on Notes	1,099,736	1,242,895	9,361
Overdrafts	1,268,657	1,159,125	10,799
Bills Discounted	598,644	656,014	5,096
Foreign Exchange	7,236	9,119	61
Foreign Exchange Bills Purchased	834	888	7
Foreign Exchange Bills Receivable	2,905	3,620	24
Due from Foreign Banks	3,495	4,610	29
Investment Securities	1,770,737	1,610,338	15,073
Government Bonds	1,043,952	894,684	8,886
Local Government Bonds	30,863	6,062	262
Short-term Corporate Bonds	1,999	97,999	17
Corporate Bonds	569,129	472,648	4,844
Stocks	32,380	25,805	275
Other Securities	92,411	113,136	786
Trading Assets	10,190	67,654	86
Trading Securities	1,206	996	10
Derivative of Trading Securities	3	—	0
Trading-related Marketable Securities Derivative Transactions	0	0	0
Trading-related Financial Derivative Transactions	8,979	7,658	76
Other Trading Assets	—	58,998	—
Monetary Claims Purchased	50,435	111,992	429
Bills Purchased	—	22,900	—
Call Loans	6,578	4,617	55
Receivables under Resale Agreements	—	20,999	—
Cash and Due from Banks	279,862	237,248	2,382
Cash	37,360	41,352	318
Due from Banks	242,502	195,896	2,064
Other Assets	32,437	40,159	276
Settlements Receivable	3	1	0
Prepaid Expenses	45	12	0
Accrued Income	8,712	8,257	74
Forward Contract Deposits Receivable	—	4	—
Financial Derivative Transactions	2,676	7,196	22
Net Deferred Losses on Hedging Instruments	189	538	1
Other Assets	20,809	24,149	177
Premises and Equipment	48,190	49,542	410
Land, Buildings and Equipment	44,147	45,428	375
Construction Suspense Payments	5	—	0
Security Deposits	4,038	4,113	34
Deferred Assets on Debenture Issue	440	469	3
Debenture Issue Discount	440	469	3
Deferred Income Taxes	72,681	77,542	618
Customers' Liabilities for Acceptances and Guarantees	81,125	94,846	690
Customers' Liabilities for Acceptances and Guarantees	76,430	89,745	650
Customers' Liabilities for Guaranteeing Agency Loans	4,695	5,101	39
Reserve for Possible Loan Losses	(292,040)	(351,360)	(2,486)
Total Assets	¥11,495,477	¥11,584,874	\$97,858

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 an independent auditor.

	Millions of yen		Millions of U.S. dollars
	2006	2005	2006
LIABILITIES			
Shoko Chukin Bank Debentures	¥ 7,832,643	¥ 7,811,258	\$66,677
Shoko Chukin Bank Debentures Issued	7,832,643	7,811,258	66,677
Deposits	2,420,083	2,390,086	20,601
Time Deposits	1,059,229	1,072,545	9,017
Deposits at Notice	77,469	72,917	659
Ordinary Deposits	694,875	662,950	5,915
Current Deposits	506,970	484,837	4,315
Government Deposits	19,145	17,274	162
Other Deposits	62,392	79,561	531
Negotiable Certificates of Deposit	21,790	20,919	185
Borrowed Money	17,602	46,501	149
Borrowings	17,602	46,501	149
Trading Liabilities	6,221	5,188	52
Derivative of Trading Securities	—	3	—
Trading-related Financial Derivative Transactions	6,221	5,184	52
Bills Sold	17,100	—	145
Call Money	18,669	71,551	158
Payables under Repurchase Agreements	—	4,999	—
Foreign Exchange	17	70	0
Foreign Exchange Bills Sold	2	25	0
Borrowings from Foreign Banks	15	45	0
Deposits by Foreign Banks	—	0	—
Other Liabilities	386,863	464,822	3,293
Settlements Payable	6	30	0
Accrued Expenses	10,900	16,553	92
Corporate Taxes Payable	3,202	3,882	27
Unearned Income	15,939	16,105	135
Deposits by Employees	8,310	8,266	70
Forward Contract Deposits Receivable	4	—	0
Financial Derivative Transactions	3,191	7,532	27
Debenture Principal Payable	342,468	409,188	2,915
Other Liabilities	2,839	3,262	24
Reserve for Bonuses	4,820	4,900	41
Reserve for Retirement Benefit	23,833	16,893	202
Acceptances and Guarantees	81,125	94,846	690
Acceptances and Guarantees	76,430	89,745	650
Guarantees for Agency Loans	4,695	5,101	39
Total Liabilities	¥10,830,770	¥10,932,038	\$92,200
CAPITAL FUNDS			
Capital	¥ 519,765	¥ 517,265	\$ 4,424
Government Subscription	405,367	405,367	3,450
Cooperative Subscription	114,397	111,897	973
Retained Earnings	139,964	130,397	1,191
Earnings Reserve	27,410	26,410	233
General Reserves	96,333	91,333	820
Reserve for Particular Purposes	95,869	90,869	816
Reserve for Retirement Allowance Funds	464	464	3
Unappropriated Earnings	16,220	12,653	138
Net Income for the Year	12,840	9,281	109
Unrealized Gains on Securities, etc	4,977	5,173	42
Total Capital Funds	664,707	652,835	5,658
Total Liabilities and Capital Funds	¥11,495,477	¥11,584,874	\$97,858

STATEMENTS OF INCOME

The Shoko Chukin Bank For the years ended March 31, 2006 and 2005

	Millions of yen		Millions of U.S. dollars
	2006	2005	2006
Operating Income	¥186,195	¥189,454	\$1,585
Interest Income	170,859	174,447	1,454
Interest on Loans	153,813	159,552	1,309
Interest and Dividends on Securities	13,907	12,076	118
Interest on Bills Purchased	0	0	0
Interest on Call Loans	242	99	2
Interest on Resale Agreements	3	9	0
Interest on Deposits	107	51	0
Other Interest Income	2,784	2,658	23
Fees and Commissions	8,962	7,936	76
Domestic and Foreign Exchange Commissions	1,915	2,005	16
Other Fees and Commissions	7,046	5,931	59
Trading Revenue	1,543	1,794	13
Revenue from Trading-related Financial Derivative Transactions	1,531	1,782	13
Other Trading Revenue	11	12	0
Other Operating Income	918	1,755	7
Revenue from Foreign Exchange Trading	807	764	6
Revenue from Sales of Government and Other Bonds	111	990	0
Other Income	3,911	3,520	33
Revenue from Sales of Stocks and Other Securities	335	1,409	2
Other Income	3,575	2,110	30
Operating Expenses	157,686	174,106	1,342
Interest Expense	27,161	29,542	231
Interest on Debentures	20,443	24,021	174
Interest on Deposits	3,765	2,297	32
Interest on Negotiable Certificates of Deposit	776	373	6
Interest on Short-term Debentures	0	—	0
Interest on Borrowed Money	793	1,962	6
Interest on Bills Sold	0	0	0
Interest on Loan Transactions	2	0	0
Interest on Call Money	744	64	6
Interest on Resale Agreements	1	2	0
Interest on Interest Swap Transactions	500	688	4
Other Interest Expenses	133	131	1
Fees and Commissions	697	648	5
Domestic and Foreign Exchange Commissions	431	467	3
Other Fees and Commissions	266	180	2
Trading Expenses	27	2	0
Trading Securities Expenses	2	0	0
Expenses on Securities and Derivatives related to Trading Transactions	25	1	0
Other Operating Expenses	6,608	5,925	56
Amortization of Debenture Issue Expenses	157	118	1
Losses on Sales of Government and Other Bonds	6,385	5,651	54
Financial Derivatives Expenses	49	155	0
Other Operating Expenses	15	—	0
General and Administrative Expenses	74,164	77,642	631

	Millions of yen		Millions of U.S. dollars
	2006	2005	2006
Other Expenses	¥49,027	¥60,343	\$417
Provision for Possible Loan Losses	38,107	51,582	324
Write-off of Loans	1,607	1,548	13
Loss on Sales of Stocks and Other Securities	3	57	0
Write-off of Stocks	337	1,162	2
Other Expenses	8,971	5,992	76
Income before Income Taxes and Others	28,508	15,348	242
Other Gains	6,672	323	56
Gains on Disposal of Premises and Equipment	201	0	1
Collection of Written-off Claims	266	270	2
Other Gains	6,205	53	52
Other Losses	15,559	564	132
Losses on Disposal of Premises and Equipment	103	564	0
Impairment Loss on Fixed Assets	62	—	0
Other Losses	15,393	—	131
Income before Income Taxes	19,622	15,108	167
Provision for Income Taxes	1,831	3,087	15
Adjustment for Income Taxes	4,950	2,740	42
Net Income	12,840	9,281	109
Earnings Carried Forward from the Beginning of the Year	3,379	3,372	28
Unappropriated Earnings at the End of the Year	¥16,220	¥12,653	\$138

STATEMENTS OF APPROPRIATION OF EARNED SURPLUS

The Shoko Chukin Bank As of March 31, 2006 and 2005

	Millions of yen		Millions of U.S. dollars
	2006	2005	2006
Unappropriated Earnings at the End of the Year	¥16,220	¥12,653	\$138
Will be appropriated as follows:			
Appropriations	12,762	9,273	108
Earnings Reserve	1,300	1,000	11
Reserve for Particular Purposes	8,100	5,000	68
Dividends on Cooperative Subscription	3,362	3,273	28
Unappropriated Earnings to the Next Year	¥ 3,457	¥ 3,379	\$ 29

All U.S. dollar figures are translated from Japanese yen amounts for convenience only, at the rate of ¥117.47=US\$1, the prevailing rate of exchange as of March 31, 2006.

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2006

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 ¥117.47=U.S. \$1.00, the approximate rate of exchange prevailing as of March 31, 2006, 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 applied this new standard from the fiscal year commencing April 1, 2005.

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. Prior service cost and unrecognized actuarial difference are amortized as follows:

Prior service cost: Fully amortized in the fiscal year in which the cost is incurred.

Unrecognized actuarial difference: 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 was being amortized by the straight-line method and charged to income over 15 years, however, the Bank decided to fully amortize the remaining balance in this fiscal year.

This policy change follows approval from the Ministry of Health, Labour and Welfare on April 1, 2005, to return the substitutional portion of its pension fund to the government. Consequently, the Bank changed from its previous government-affiliated pension plan to a corporate pension plan. As a result of this change to a new pension system and revision of its pension plan, the assumptions used to calculate retirement benefit obligations were changed. Furthermore, in line with the "Basic Policy for the Public Financial Reform," the Bank had been considering the change to a new pension system. As a result of the application of a new accounting standard for retirement benefits on April 1, 2000, the structure of the Bank's retirement benefit obligation had changed. Since this change may have resulted in the unrecognized transition cost not matching the actual situation, we implemented the new system from a conservative point of view.

Compared with the previous system, the unrecognized transition cost stemming from the adoption of the new accounting standard led to a decrease in income before income taxes amounting to ¥13,854 million.

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 ¥189 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 position 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 ¥55,039 million.
18. Advanced depreciation of premises and equipment is ¥18,343 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 ¥139,340 million and overdue loans total ¥312,566 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 ¥1,014 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 ¥145,790 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 ¥598,711 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 JJCPA 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 ¥599,479 million.

25. Assets provided as collateral are as follows.

Assets provided as collateral:

Securities ¥247,682 million

Liabilities corresponding to collateral assets:

Deposits ¥7,381 million

In addition to the above amounts, securities worth ¥211,715 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 ¥3,000 million.
27. Capital funds per capital subscription unit are ¥127.88.
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 ¥6,573 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. The same applies through Note 32. below.

Trading securities

Book value	¥	1,206 million
Recognized valuation differences in this fiscal year	(¥	12 million)

Bonds to be held to maturity with market values

Securities Bonds

Book value	¥	398,954 million
Fair value	¥	396,394 million
Valuation Differences	(¥	2,560 million)
Valuation Gains Therein	¥	255 million
Valuation Losses Therein	¥	2,816 million

Other securities with market values

Millions of yen

	Acquisition Cost	Book Value	Valuation Differences	Valuation Gains Therein	Valuation Losses Therein
Stocks	11,998	26,718	14,719	14,826	106
Bonds	1,043,183	1,035,520	(7,662)	47	7,709
Government Bonds	671,651	666,498	(5,152)	9	5,162
Local Government Bonds	31,369	30,863	(506)	—	506
Short-Term Corporate Bonds	1,999	1,999	0	0	0
Corporate Bonds	338,162	336,158	(2,003)	37	2,041
Others	77,254	77,423	168	204	35
Total	1,132,436	1,139,662	7,226	15,078	7,852

"Unrealized Gains on Securities" includes the valuation differences stated above, minus deferred tax liability of ¥2,248 million, which amounted to ¥4,977 million,

30. Other marketable securities disposed of during the period are as follows.
- | | |
|--------------------------|------------------|
| The amount disposed of | ¥388,086 million |
| The profit from disposal | ¥ 447 million |
| The loss from disposal | ¥ 6,389 million |

31. For major securities that have no market value, book values are as follows.

Items	Book Value
Marketable securities	
Unlisted stocks (excluding over-the-counter market)	¥ 5,662 million
Bonds	¥225,069 million
Other securities	¥ 1,388 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	547,928	1,024,787	73,228	—
Government Bonds	326,254	669,591	48,106	—
Local Government Bonds	—	30,863	—	—
Short-Term Corporate Bonds	1,999	—	—	—
Corporate Bonds	219,674	324,332	25,121	—
Others	13,463	55,621	20,040	1,898
Total	561,392	1,080,408	93,268	1,898

33. Overdraft contracts and commitment line contracts on loans are the agreements under which the Bank grants a loan up to 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 ¥542,096 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.

34. Effective from this fiscal year, the Bank has applied the Accounting Standard for the Impairment of Fixed Assets (Opinion Concerning Establishment of Accounting Standard for the Impairment of Fixed Assets [Business Accounting Council, August 9, 2002]) and Implementation Guidance for the Accounting Standard for Impairment of Fixed Assets (Financial Accounting Standard Implementation Guidance No. 6 [Accounting Standards Board of Japan, October 31, 2003]). As a result, income before income taxes decreased ¥62 million in this fiscal year.

The cumulative amount of impairment loss was deducted directly from the book value of each asset in accordance with the amended accounting policy.

STATEMENTS OF INCOME

- All amounts expressed in the statements have been rounded down to the nearest million yen.
- Net income per capital unit is ¥2.48.
- 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.

- A reduction in retirement benefit obligations totaling ¥6,205 million is included in other gains. This reduction accompanied the change to a new pension system and the revision of the Bank's pension plan.

Full amortization of net transition obligation accompanying the adoption of a new accounting standard amounting to ¥15,393 million is included in other losses.

- The grouping of assets for the purpose of accounting for impairment of fixed assets is done on an individual branch basis. For common assets and idle assets such as the headquarters and welfare facilities, assets are accounted for on an individual building basis.

The measurement of impairment loss on fixed assets uses the recoverable amount, which is calculated based on net disposal amount.

STATEMENTS OF CASH FLOWS

The Shoko Chukin Bank For the years ended March 31, 2006 and 2005

	Millions of yen		Millions of U.S. dollars
	2006	2005	2006
I. Cash Flows from Operating Activities			
Income before Income Taxes	¥ 19,622	¥ 15,108	\$ 167
Depreciation	3,475	3,505	29
Impairment Loss on Fixed Assets	62	—	0
Increase in Reserve for Possible Loan Losses	(59,319)	(83,266)	(504)
Increase in Reserve for Claim Disposal Loss	—	(53)	—
Increase in Reserve for Retirement Benefits	6,939	(3,386)	59
Increase in Reserve for Employee Bonuses	(80)	(50)	(0)
Income from Fund Management	(170,859)	(174,447)	(1,454)
Expenses for Fund Procurement	27,161	29,542	231
Losses Relating to Securities	6,278	4,470	53
Losses on Disposal of Premises and Equipment	(98)	563	(0)
Net (Increase) Decrease in Trading Assets	57,464	(6,044)	489
Net Increase (Decrease) in Trading Liabilities	1,033	931	8
Net (Increase) Decrease in Loans	161,201	235,667	1,372
Net Increase (Decrease) in Debentures	21,385	(433,057)	182
Net Increase (Decrease) in Deposits	29,996	33,231	255
Net Increase (Decrease) in Negotiable Certificates of Deposit	871	(30,694)	7
Net Increase (Decrease) in Borrowed Money	(28,899)	(20,498)	(246)
Net (Increase) Decrease in Call Loans, etc.	103,495	46,369	881
Net Increase (Decrease) in Call Money, etc.	(40,781)	63,644	(347)
Net (Increase) Decrease in Due from Banks Other than the Central Bank	150,929	(83,585)	1,284
Net (Increase) Decrease in Foreign Currencies (Assets)	1,883	(875)	16
Net Increase (Decrease) in Foreign Currencies (Liabilities)	(53)	45	(0)
Income from Fund Operations	169,807	175,420	1,445
Expenditures for Fund Procurement	(31,978)	(33,409)	(272)
Others	29,216	(119,033)	248
Subtotal	458,754	(379,902)	3,905
Income Taxes	(2,480)	(1,867)	(21)
Net Cash Provided by (Used in) Operating Activities	456,274	(381,769)	3,884
2. Cash Flows from Investing Activities			
Payments for Purchases of Securities	(1,420,859)	(2,218,987)	(12,095)
Proceeds from Sales of Securities	388,086	1,068,906	3,303
Proceeds from Redemption of Securities	771,257	1,137,209	6,565
Payments for Acquisitions of Premises and Equipment	(960)	(937)	(8)
Proceeds from Sales of Premises and Equipment	518	102	4
Net Cash Used in Investing Activities	(261,956)	(13,705)	(2,229)
3. Cash Flows from Financing Activities			
Proceeds from Increase in Capital Contribution	2,500	3,000	21
Dividends Paid	(3,273)	(3,183)	(27)
Net Cash Used in Financing Activities	(773)	(183)	(6)
4. Increase (Decrease) in Cash and Cash Equivalents	193,543	(395,659)	1,647
5. Cash and Cash Equivalents at the Beginning of the Year	53,639	449,318	456
6. Cash and Cash Equivalents at the End of the Year	¥ 247,202	¥ 53,659	\$ 2,104

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, 2006	
Cash and Due from Banks	¥ 279,862 million
Due from Banks other than the Central Bank	(¥ 32,659 million)
	<u>¥ 247,202 million</u>
As of March 31, 2005	
Cash and Due from Banks	¥ 237,248 million
Due from Banks other than the Central Bank	(¥ 183,589 million)
	<u>¥ 53,659 million</u>

CAPITAL ACCOUNT DETAILS

STRUCTURE OF CAPITAL SUBSCRIPTION (¥ million, %)

	(as of March 31, 2006)	(as of March 31, 2005)
Government Subscription	405,367 (78.0)	405,367 (78.4)
Cooperative's Subscription	114,397 (22.0)	111,897 (21.6)
Total	519,765	517,265

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

STRUCTURE OF CAPITAL SUBSCRIPTION BY COOPERATIVES (¥ thousand)

	(as of March 31, 2006)	(as of March 31, 2005)
	Number of Cooperatives/ Capital Subscription Amounts	Number of Cooperatives/ Capital Subscription Amounts
Small and Medium Enterprise Cooperatives	23,762 107,925,814	24,028 105,676,486
Common Facility Cooperatives and Federations	22,741 100,607,773	23,038 98,756,282
Small Common Facility Cooperatives	2 100	2 100
Mutual Fire Relief Cooperatives and Federations	45 1,155,020	45 1,060,820
Credit Cooperatives and Federations	152 5,891,589	155 5,567,353
Business Cooperatives	822 271,331	788 291,931
Joint Business Cooperatives	714 1,095,609	724 1,093,374
Commercial and Industrial Cooperatives and Federations	1,035 3,797,068	1,036 3,573,112
Shopping District Promotion Cooperatives and Federations	1,080 239,024	1,067 240,264
Environmental Sanitation Trade Associations and Federations	340 636,257	335 621,187
Liquor Business Cooperatives and Federations	193 139,380	205 138,470
Domestic Maritime Transport Associations and Federations	50 564,295	50 544,495
Export Associations and Import Associations	4 450	5 10,500
Urban Redevelopment Associations	0 0	1 10
Total	27,178 114,397,900	27,451 111,897,900

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:

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

DIVIDENDS

(Yen, %)

	(Fiscal 2005)	(Fiscal 2004)
Dividend per Unit of Cooperatives' Subscription	3.00	3.00
Dividend Payout Ratio (%)	26.19	35.27

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, unchanged from fiscal 2004.
2. In order to solidify the Bank's operational base and fulfill financial services for the member SMEs, the Bank is exempt from paying dividends on the government's paid-up subscription until the dividend paid to public subscribers exceeds 6% under Article 49 of the Shoko Chukin Bank Law.
3. In addition, the Bank shall not pay a dividend of more than 6% until its legal reserve amounts to one quarter of the capital under Article 3, Clause 2 of the Regulation Enforcing the Shoko Chukin Bank Law.

CAPITAL RATIO

(¥100 million, %)

		(as of March 31, 2006)	(as of March 31, 2005)
Core Capital (Tier 1 Capital)	Capital Funds	6,563	6,443
	Total (A)	6,563	6,443
Supplementary Capital (Tier 2 Capital)	45% of Marketable Securities' Balance Sheet Value Minus Book Value	32	33
	Reserve for Possible Loan Losses (Excluding Special Reserve for Possible Loan Losses and Reserve for Possible Loan Losses on Special Foreign Loans)	635	675
	Subordinated Borrowings	—	6
	Total	667	715
	Amount Counted as Capital (B)	667	715
Deductions	Mutual Shareholding or Other Financing Intentionally Arranged among Financial Institutions (C)	—	—
Total Capital	(A) + (B) - (C) (D)	7,231	7,159
Risk-weighted Assets	Assets Stated on the Balance Sheet	89,421	90,901
	Off-balance Sheet Items	834	1,084
	Total (E)	90,256	91,986
Capital Ratio (%)	(D)/(E)	8.01%	7.78%

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 ¥7.2 billion. Contributing factors included additional capital of ¥2.5 billion from cooperatives, and increased net income for the period.

The Bank's Capital Ratio:

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

PROFIT AND LOSS DETAILS

SUMMARY OF INCOME

(¥100 million)

	(Fiscal 2005)	(Fiscal 2004)
Gross Operating Profit	1,479	1,499
Provision for the General Reserve for Possible Loan Losses	(40)	(5)
General and Administrative Expenses (Excluding Nonrecurring Items)	724	743
Expenses Incurred on Debenture Issue and Redemption	1	1
Operating Profit	793	760
Operating Profit before Deduction of Provision for the General Reserve for Possible Loan Losses	753	754
Nonrecurring Profit and Loss (Including Nonrecurring Expenses)	(508)	(606)
Income before Income Taxes and Others	285	153
Other Gains and Losses	(88)	(2)
Provision for Income Taxes — Corporate Tax, Inhabitant Tax and Enterprise Tax	18	30
Adjustment of Income Taxes	49	27
Net Income	128	92

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.

GROSS OPERATING PROFIT

(¥100 million, %)

	(Fiscal 2005)			(Fiscal 2004)		
	Domestic	International	Total	Domestic	International	Total
Net Interest Income	1,422	14	1,436	1,436	12	1,449
Fees and Commissions	78	4	82	68	4	72
Trading Revenue	12	2	15	13	4	17
Other Operating Income	(59)	4	(55)	(48)	7	(40)
Gross Operating Profit	1,454	25	1,479	1,470	29	1,499
Gross Operating Profit Ratio (%)	1.28	1.10	1.29	1.27	1.16	1.28

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 Off-shore Market) through the domestic branches and those operated through the New York branch.

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

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

		(Fiscal 2005)			(Fiscal 2004)		
		Domestic	International	Total	Domestic	International	Total
Asset Portfolio Accounts	Average Balance	112,817	2,266	114,291	115,301	2,515	116,789
	Interest Income	1,642	67	1,708	1,705	41	1,744
	Yield (%)	1.45	2.98	1.49	1.47	1.66	1.49
Fund Raising Accounts	Average Balance	101,617	2,266	103,092	103,492	2,515	104,981
	Interest Income	219	53	271	269	29	295
	Yield (%)	0.21	2.36	0.26	0.25	1.15	0.28

Note: The average balance of yen funds invested from the domestic department to the international department was ¥102.6 billion in Fiscal 2004 and ¥79.1 billion in Fiscal 2005, and the income from those investments was ¥0.2 billion in Fiscal 2004 and ¥0.1 billion in Fiscal 2005.

ANALYSIS OF INTEREST INCOME AND EXPENSE (¥100 million)

		(Fiscal 2005)			(Fiscal 2004)		
		Domestic	International	Total	Domestic	International	Total
Interest Income	Change Due to Balance	(36)	(4)	(37)	(100)	(14)	(107)
	Change Due to Interest Rate	(26)	29	1	(11)	14	0
	Net Change	(62)	25	(35)	(111)	0	(106)
Interest Expense	Change Due to Balance	(4)	(2)	(4)	(16)	(10)	(18)
	Change Due to Interest Rate	(45)	27	(18)	(100)	9	(94)
	Net Change	(49)	24	(23)	(116)	(1)	(113)

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 2005)			(Fiscal 2004)		
		Domestic	International	Total	Domestic	International	Total
Fee and Commission Income		83	5	89	73	5	79
Fee and Commission Expense		5	1	6	4	1	6

TRADING TRANSACTIONS (¥100 million)

	(Fiscal 2005)			(Fiscal 2004)		
	Domestic	International	Total	Domestic	International	Total
Trading Revenue and Expenditures	12	2	15	13	4	17
Revenue and Expenditures from Trading Marketable Securities	(0)	—	(0)	(0)	—	(0)
Revenue and Expenditures from Trading Marketable Securities	(0)	—	(0)	(0)	—	(0)
Revenue and Expenditures from Trading-related Financial Derivatives Transactions	12	2	15	13	4	17
Other Trading Revenue	0	—	0	0	—	0

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

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

DETAILS OF OTHER OPERATING AND EXPENSES (¥100 million)

	(Fiscal 2005)			(Fiscal 2004)		
	Domestic	International	Total	Domestic	International	Total
Revenue and Expenditures from Foreign Exchange Trading	—	8	8	—	7	7
Revenue and Expenditures from Government and Other Bonds	(59)	3	(62)	(46)	0	(46)
Revenue and Expenditures from Financial Derivatives	(0)	(0)	(0)	(1)	(0)	(1)
Others	(0)	—	(0)	—	—	—
Total	(59)	4	(55)	(48)	7	(40)

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 2005)	(Fiscal 2004)
Salaries	345	348
Welfare Expenses	6	6
Depreciation	34	35
Rent & Lease Expenses for Land, Buildings and Equipment	64	65
Taxes and Duties	18	19
Others	272	301
Total	741	776

PROVISIONAL EXPENSES

(¥100 million)

	(Fiscal 2005)	(Fiscal 2004)
Total Provision of Bad Debt	(524)	(592)
Write-offs of Loans	(16)	(15)
Provision for Individual Possible Loan Losses	(421)	(520)
Disposal Losses of Claims	(86)	(55)
Others	15	(14)
Total	(508)	(606)

Note: Disposal losses of claims are shown after the deduction of draw down of reserves for individual possible loan losses.

RETURN ON EQUITY AND ASSETS

(%)

	(Fiscal 2005)	(Fiscal 2004)
Ratio of Recurring Profit to Total Assets	0.24	0.12
Ratio of Recurring Profit to Capital Funds	4.43	2.41
Ratio of Net Income to Total Assets	0.11	0.07
Ratio of Net Income to Capital Funds	1.99	1.46

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

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

MARGIN

(%)

	(Fiscal 2005)			(Fiscal 2004)		
	Domestic	International	Total	Domestic	International	Total
Yield	1.45	2.98	1.49	1.47	1.66	1.49
Cost of Funds Raised	0.91	3.14	0.96	0.96	1.88	0.99
Total Margin	0.54	(0.15)	0.52	0.51	(0.22)	0.50

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

BREAKDOWN OF FUND SOURCES			(¥100 million, %)
	(as of March 31, 2006)	(as of March 31, 2005)	
Debentures Issued:	78,326 (76.2)	78,112 (76.4)	
Outstanding Balance	78,326 (76.2)	78,112 (76.4)	
Deposits:	24,200 (23.6)	23,900 (23.4)	
Cooperatives and Others	24,009 (23.4)	23,728 (23.2)	
Local Governments and Municipalities	191 (0.2)	172 (0.2)	
Negotiable Certificates of Deposit	217 (0.2)	209 (0.2)	
Total	102,745	102,222	
Government Contribution of Debentures Issued	750 (0.7)	1,079 (1.1)	

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

OUTSTANDING BALANCE OF SHOKO CHUKIN BANK DEBENTURES			(¥100 million, %)
	(as of March 31, 2006)	(as of March 31, 2005)	
Interest-Bearing Debentures	63,830 (81.5)	62,763 (80.3)	
Discount Debentures	14,495 (18.5)	15,349 (19.7)	
Total	78,326	78,112	

Notes: 1. Debentures sold by public offering in the period are included.

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

CLASSIFICATION BY TIME TO MATURITY OF THE OUTSTANDING BALANCE OF SHOKO CHUKIN BANK DEBENTURES (¥100 million)			
Time to Maturity		(as of March 31, 2006)	(as of March 31, 2005)
Interest-Bearing Debentures	1 year or less	18,990	19,534
	More than 1 year, 3 years or less	27,061	27,183
	More than 3 years, 5 years or less	17,224	15,591
	More than 5 years, 7 years or less	354	254
	More than 7 years	200	200
	Total	63,830	62,763
Discount Debentures	1 year or less	14,495	15,349
	More than 1 year, 3 years or less	—	—
	More than 3 years, 5 years or less	—	—
	More than 5 years, 7 years or less	—	—
	More than 7 years	—	—
Total	14,495	15,349	
Total	1 year or less	33,485	34,883
	More than 1 year, 3 years or less	27,061	27,183
	More than 3 years, 5 years or less	17,224	15,591
	More than 5 years, 7 years or less	354	254
	More than 7 years	200	200
	Total	78,326	78,112

BALANCE OF PROPERTY ACCUMULATION SAVINGS

(¥100 million)

	(as of March 31, 2006)	(as of March 31, 2005)
Balance of Property Accumulation Savings	1,143	1,187

BREAKDOWN OF DEPOSIT BALANCE

(¥100 million, %)

	(Fiscal 2005)			(Fiscal 2004)				
	Domestic	International	Total	Domestic	International	Total		
Year End Balance	Time Deposits	9,967 (42.9)	625 (66.4)	10,592 (43.8)	10,021 (44.2)	703 (58.3)	10,725 (44.9)	
	Floating Free-rate Time Deposits	—	—	—	—	—	—	
	Free Fixed-rate Time Deposits	9,967 (42.9)	625 (66.4)	10,592 (43.8)	10,021 (44.2)	703 (58.3)	10,725 (44.9)	
	Liquid Deposits	12,791 (55.0)	1 (0.2)	12,793 (52.8)	12,206 (53.8)	0 (0.0)	12,207 (51.1)	
	Interest-bearing Deposits	7,723 (33.2)	—	7,723 (31.9)	7,358 (32.4)	—	7,358 (30.8)	
	Others	500 (2.1)	315 (33.4)	815 (3.4)	465 (2.0)	502 (41.7)	968 (4.0)	
	Total	23,258	942	24,200	22,694	1,206	23,900	
	Negotiable Certificates of Deposit	—	217	217	—	209	209	
	Average Balance	Time Deposits	10,026 (46.6)	709 (66.4)	10,736 (47.6)	10,157 (48.1)	691 (55.8)	10,848 (48.5)
		Floating Free-rate Time Deposits	—	—	—	—	—	—
Free Fixed-rate Time Deposits		10,026 (46.6)	709 (66.4)	10,736 (47.6)	10,157 (48.1)	691 (55.8)	10,848 (48.5)	
Liquid Deposits		10,655 (49.5)	0 (0.1)	10,656 (47.2)	10,022 (47.4)	0 (0.1)	10,023 (44.8)	
Interest-bearing Deposits		6,916 (32.2)	—	6,916 (30.6)	6,583 (31.2)	—	6,583 (29.4)	
Others		827 (3.9)	357 (33.5)	1,184 (5.2)	946 (4.5)	545 (44.1)	1,492 (6.7)	
Total		21,509	1,068	22,577	21,125	1,237	22,363	
Negotiable Certificates of Deposit		—	208	208	115	212	327	

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 OUTSTANDING BALANCE OF TIME DEPOSITS (¥100 million)

Time to Maturity		(as of March 31, 2006)	(as of March 31, 2005)
Time Deposits	3 months or less	5,804	6,180
	More than 3 months, 6 months or less	1,837	1,816
	More than 6 months, 1 year or less	2,679	2,583
	More than 1 year, 2 years or less	151	89
	More than 2 years, 3 years or less	94	17
	More than 3 years	24	38
	Total	10,592	10,725
Free Fixed-rate Time Deposits (included above)	3 months or less	5,804	6,180
	More than 3 months, 6 months or less	1,837	1,816
	More than 6 months, 1 year or less	2,679	2,583
	More than 1 year, 2 years or less	151	89
	More than 2 years, 3 years or less	94	17
	More than 3 years	24	38
	Total	10,592	10,725

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

	(as of March 31, 2006)	(as of March 31, 2005)
Corporations	20,976 (89.4)	20,473 (89.4)
Individuals	2,014 (8.6)	1,956 (8.5)
Financial Institutions	291 (1.2)	298 (1.3)
Government Funds	191 (0.8)	172 (0.8)
Total	23,473	22,901

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, 2006)	(as of March 31, 2005)
Deposits of Public Funds	191 (70.3)	172 (71.2)
Borrowings from Public Sources	0 (0.2)	0 (0.3)
Debentures Sold to Local Governments	80 (29.5)	69 (28.5)
Total	272	242

Note: The figures in parentheses represent percentages of the total

ANNUAL REVENUES AND PUBLIC FUNDS HANDLED (¥100 million)

	(as of March 31, 2006)	(as of March 31, 2005)
Bank of Japan Revenue Agency Accounts	1,632	1,605
Local Government Public Fund Collection Accounts	560	662
Total	2,193	2,268

LOANS

BALANCE OF LOANS

(¥100 million)

		(Fiscal 2005)			(Fiscal 2004)		
		Domestic	International	Total	Domestic	International	Total
Year End Balance	Loans on Deeds	64,169	435	64,605	64,913	393	65,307
	Loans on Notes	10,825	171	10,997	12,283	145	12,428
	Overdraft	12,686	—	12,686	11,591	—	11,591
	Bills Discounted	5,986	—	5,986	6,560	—	6,560
	Total	93,668	607	94,276	95,348	539	95,888
Average Balance	Loans on Deeds	64,007	405	64,413	64,338	366	64,705
	Loans on Notes	11,360	158	11,518	13,160	156	13,316
	Overdraft	11,646	—	11,646	10,674	—	10,674
	Bills Discounted	5,837	—	5,837	6,394	—	6,394
	Total	92,851	564	93,415	94,568	522	95,091

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 TIME MATURITY OF OUTSTANDING BALANCE OF LOANS

(¥100 million)

	Time to Maturity	(as of March 31, 2006)	(as of March 31, 2005)
Loans	1 year or less	47,936	49,246
	More than 1 year, 3 years or less	24,333	24,240
	More than 3 years, 5 years or less	10,115	9,861
	More than 5 years, 7 years or less	3,766	3,740
	More than 7 years	7,775	8,421
	Without specific term	347	378
	Total	94,276	95,888
Fixed-rate Loans	1 year or less		
	More than 1 year, 3 years or less	20,151	20,927
	More than 3 years, 5 years or less	8,244	8,288
	More than 5 years, 7 years or less	3,114	3,196
	More than 7 years	6,243	7,022
	Without specific term	—	—
Total			
Floating-rate Loans	1 year or less		
	More than 1 year, 3 years or less	4,181	3,312
	More than 3 years, 5 years or less	1,870	1,572
	More than 5 years, 7 years or less	651	543
	More than 7 years	1,532	1,398
	Without specific term	347	378
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, 2006)			(as of March 31, 2005)		
	Domestic	International	Total	Domestic	International	Total
Available Funds	26	65	26	26	71	26
Lending Loans	24	13	24	24	11	24

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, 2006)			(as of March 31, 2005)		
	Domestic	International	Total	Domestic	International	Total
Available Funds	1,107	844	1,104	1,101	913	1,099
Lending Loans	1,022	176	1,013	1,040	149	1,031

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, 2006)	(as of March 31, 2005)
Balance of Loans to Members	93,484 (99.2)	95,032 (99.1)
Balance of Loans to Non-members	792 (0.8)	856 (0.9)
Financial Institutions	36 (0.0)	43 (0.0)
Holders of Shoko Chukin Bank Debentures	35 (0.0)	42 (0.0)
Total	94,276	95,888

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 BALANCE BY USE (¥100 million, %)

	(as of March 31, 2006)	(as of March 31, 2005)
Capital Investment	23,174 (24.6)	22,625 (23.6)
Long-term Working Funds	40,942 (43.4)	42,221 (44.0)
Short-term Working Funds	30,158 (32.0)	31,041 (32.4)
Total	94,276	95,888

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

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

	(as of March 31, 2006)	(as of March 31, 2005)
Manufacturing	31,802 (33.7)	32,180 (33.6)
Machinery and Metal Product Manufacturing	15,903 (16.9)	16,009 (16.7)
Agriculture, Forestry and Fishery	140 (0.2)	122 (0.1)
Mining	127 (0.1)	127 (0.1)
Construction	3,148 (3.3)	3,367 (3.5)
Wholesale and Retail	29,329 (31.1)	30,106 (31.4)
Finance and Insurance	1,139 (1.2)	1,309 (1.4)
Real Estate	5,478 (5.8)	5,696 (5.9)
Transport and Communication	11,269 (12.0)	10,906 (11.4)
Electricity, Gas, Water and Heat Supply	181 (0.2)	181 (0.2)
Services	11,541 (12.3)	11,740 (12.2)
Others	118 (0.1)	147 (0.2)
Total	94,276	95,888

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

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

	(as of March 31, 2006)	(as of March 31, 2005)
Deposits and Debentures	2,115 (2.2)	2,130 (2.2)
Securities	757 (0.8)	581 (0.6)
Claims	1,324 (1.4)	1,738 (1.8)
Merchandise	2 (0.0)	1 (0.0)
Real Estate	55,865 (59.3)	58,424 (61.0)
Other Collateral	740 (0.8)	668 (0.7)
Total	60,805 (64.5)	63,545 (66.3)
Guarantee	28,394 (30.1)	27,320 (28.5)
Credit	5,076 (5.4)	5,022 (5.2)
Grand Total	94,276	95,888
(Loans with Subordination Covenant)	—	—

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

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

	(as of March 31, 2006)	(as of March 31, 2005)
Deposits and Debentures	5,812 (7.2)	6,091 (6.4)
Securities	237 (0.3)	149 (0.2)
Claims	95 (0.1)	57 (0.1)
Merchandise	—	—
Real Estate	19,268 (23.8)	19,917 (21.0)
Other Collateral	2,218 (2.7)	2,010 (2.1)
Subtotal	27,630 (34.1)	28,224 (29.8)
Guarantee	41,991 (51.8)	42,911 (45.2)
Credit	11,504 (14.2)	23,711 (25.0)
Total	81,125	94,846

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

TRUST FACILITY LOAN BALANCE (¥100 million)

	(as of March 31, 2006)	(as of March 31, 2005)
Trust Facility Loan Balance	1,125	1,228

ENTRUSTED AGENCY LOANS (¥ million)

	(as of March 31, 2006)	(as of March 31, 2005)
Japan Finance Corporation for Small and Medium Enterprise (JASME)	0	0
Social Welfare and Medical Service Corporation	141	153
Government Pension Investment Fund	86	91
Japan Shipbuilding Industry Foundation	158,293	161,014
Japan Bicycle Promotion Institute	5	21
Organization for Workers' Retirement Allowance Mutual Aid	79	107
Smaller Enterprise Retirement Allowance Mutual Aid Corporation	79	107
Sake Brewery Retirement Allowance Mutual Aid Operational Headquarters	—	—
Environmental Restoration and Conservation Agency of Japan	391	420
National Life Finance Corporation	1,202	1,321
Organization for Small & Medium Enterprises and Regional Innovation, Japan	303,575	284,415
Promotion programs	45,038	47,982
Mutual aid programs	258,537	236,433
Japan Labour Health and Welfare Organization	298	316
Employment and Human Resources Development Organization of Japan	0	0
Okinawa Development Finance Corporation	—	—
Development Bank of Japan	7	13
Total	464,081	447,879

BALANCE OF ENTRUSTED AGENCY LOANS

(Contracts, ¥100 million)

		(as of March 31, 2006)	(as of March 31, 2005)
Capital Investment	Contracts	1,151	1,289
	Amount	135	166
Working Funds	Contracts	123	228
	Amounts	13	26
Total	Contracts	1,274	1,517
	Amounts	149	192

RATIO OF LOANS TO DEBENTURES AND DEPOSITS

(¥100 million, %)

		(as of March 31, 2006)			(as of March 31, 2005)		
		Domestic	International	Total	Domestic	International	Total
Loans	(A)	93,668	607	94,276	95,348	539	95,888
Debentures and Deposits	(B)	101,585	1,160	102,745	100,806	1,415	102,222
Ratio (%)	(A)/(B)	92.20	52.38	91.75	94.58	38.11	93.80
Average during the Year		92.45	44.18	91.84	92.69	36.02	91.90

Note: Deposits include Negotiable Certificates of Deposit.

INCREASE (DECREASE) IN RESERVE FOR POSSIBLE LOAN LOSSES

(¥100 million)

	(as of March 31, 2006)					(as of March 31, 2005)				
	Beginning Balance	Decrease this Period				Beginning Balance	Decrease this Period			
		Increase	Purpose	Other	Ending Balance		Increase	Purpose	Other	Ending Balance
General Reserve for Possible Loan Losses	675	635	—	675*	635	681	675	—	681*	675
General Reserve for Individual Possible Loan Losses	2,837	2,284	974	1,863*	2,284	3,665	2,837	1,348	2,316*	2,837
Total	3,513	2,920	974	2,539	2,920	4,346	3,513	1,348	2,997	3,513

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

WRITE-OFF OF LOANS (¥100 million)

	(Fiscal 2005)	(Fiscal 2004)
Write-off of Loans	16	15

LOANS TO RESTRUCTURING COUNTRIES

No transactions

CREDIT-RELATED EXPENSE (¥100 million)

		(Fiscal 2005)	(Fiscal 2004)
Credit-related Expense	(A) = (B) + (C)	483	587
Disposal Amount of Problem Loans	(B)	524	592
Provision to General Reserve for Possible Loan Losses	(C)	(40)	(5)

PROBLEM LOANS (¥100 million, %)

		(as of March 31, 2006)	(as of March 31, 2005)
Loans to Bankrupt Companies	(A)	1,393	1,938
(Loans to Companies that May Fall into Bankruptcy other than Category IV Loans)	(B)	411	596
Overdue Loans	(C)	3,125	3,358
(Overdue Loans other than Category IV Loans)	(D)	2,544	2,582
Loans Overdue for 3 Months or Longer	(E)	10	17
Rescheduled Loans	(F)	1,457	1,765
Total Problem Loans	(G) = (A)+(C) + (E) + (F)	5,987	7,078
Category IV Loans in Loans to Bankrupt Companies	(H)	982	1,341
Category IV Loans in Overdue Loans	(I)	581	775
Problem Loans other than Category IV Loans	(J) = (B)+(D) + (E) + (F)	4,423	4,961
Loans other than Category IV Loans	(K)	92,832	93,771
Percentage of Loans (%)	(J)/(K)	4.8	5.3

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 2005 was ¥156.3 billion out of the Provision for Possible Loan Losses of ¥228.4 billion and at the end of Fiscal 2004 was ¥211.6 billion out of the Provision for Possible Loan Losses of ¥283.7 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, 2006)	(as of March 31, 2005)
Loans to Legally Bankrupt and Substantially Bankrupt Companies	(A)	2,310	3,179
Loans with Collection Risk	(B)	2,226	2,132
Loans for Special Attention	(C)	1,468	1,782
Subtotal	(D) = (A) + (B) + (C)	6,005	7,094
Category IV Loans	(G)	1,565	2,121
(Amount after deduction of Category IV Loans)	(D) - (G)	4,439	4,973
Normal Loans		89,298	89,859
Total	(H)	95,303	96,954
Percentage of Loans	$((D)-(G))/((H)-(G))$	4.7%	5.2%

(REFERENCE) Loan Coverage after Deduction for Category IV Loans

Recoverable Amount from Collateral and Other Coverage Accounted for in (D)	(E)	2,465	2,734
Reserve for Possible Loan Losses Allocated for (D)	(F)	2,502	3,164
Ratio for Reserves (%)	$(F - G)/((D - G) - E)$	47.5	46.6
Coverage Ratio (%)	$((E + F) - G)/(D - G)$	76.6	76.0

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.)

SECURITIES

AVERAGE BALANCES OF TRADING SECURITIES

(¥100 million)

	(Fiscal 2005)	(Fiscal 2004)
Trading Government Bonds	10	9
Trading Local Government Bonds	—	—
Trading Government Guarantee Bonds	—	—
Trading Bonds Loaned	—	—
Total	10	9

BREAKDOWN BALANCE OF SECURITIES

(¥100 million, %)

	(Fiscal 2005)			(Fiscal 2004)			
	Domestic	International	Total	Domestic	International	Total	
Year End Balance	Government Bonds	10,439 (62.2)	—	10,439 (59.0)	8,946 (59.8)	—	8,946 (55.6)
	Local Government Bonds	308 (1.8)	—	308 (1.8)	60 (0.4)	—	60 (0.4)
	Short-term Corporate Bonds	19 (0.1)	—	19 (0.1)	979 (6.5)	—	979 (6.1)
	Corporate Bonds	5,691 (33.9)	—	5,691 (32.1)	4,726 (31.6)	—	4,726 (29.3)
	Stocks	323 (1.9)	—	323 (1.8)	258 (1.7)	—	258 (1.6)
	Other Securities	13 (0.1)	910 (100.0)	924 (5.2)	—	1,131 (100.0)	1,131 (7.0)
	Foreign Bonds	—	910 (100.0)	910 (5.1)	—	1,131 (100.0)	1,131 (7.0)
	Total	16,797	910	17,707	14,972	1,131	16,103
Average Balance	Government Bonds	9,656 (56.1)	—	9,656 (52.7)	11,689 (74.2)	—	11,689 (69.0)
	Local Government Bonds	223 (1.3)	—	223 (1.2)	91 (0.6)	—	91 (0.5)
	Short-term Corporate Bonds	1,638 (9.5)	—	1,638 (9.0)	251 (1.6)	—	251 (1.5)
	Corporate Bonds	5,499 (32.0)	—	5,499 (30.0)	3,568 (22.6)	—	3,568 (21.1)
	Stocks	178 (1.0)	—	178 (1.0)	162 (1.0)	—	162 (1.0)
	Others Securities	11 (0.1)	1,101 (100.0)	1,112 (6.1)	—	1,169 (100.0)	1,169 (6.9)
	Foreign Bonds	—	1,101 (100.0)	1,101 (6.0)	—	1,169 (100.0)	1,169 (6.9)
	Total	17,207	1,101	18,308	15,763	1,169	16,933

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.

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.

1) Trading Securities (¥100 million)

	(as of March 31, 2006)
Book Value	12
Recognized Valuation Difference in Fiscal 2005	(0)

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

	(as of March 31, 2006)				
	Book Value	Market Value	Valuation Difference	Valuation Gains	Valuation Losses
Government Bonds	3,774	3,753	(20)	2	23
Local Government Bonds	—	—	—	—	—
Short-term Corporate Bonds	—	—	—	—	—
Corporate Bonds	79	76	(2)	—	2
Others	136	133	(2)	—	2
Total	3,989	3,963	(25)	2	28

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, 2006)				
	Acquisition Cost	Book Value	Valuation Difference	Valuation Gains	Valuation Losses
Stocks	119	267	147	148	1
Bonds	10,431	10,355	(76)	0	77
Government Bonds	6,716	6,664	(51)	0	51
Local Government Bonds	313	308	(5)	—	5
Short-term Corporate Bonds	19	19	0	0	0
Corporate Bonds	3,381	3,361	(20)	0	20
Others	772	774	1	2	0
Total	11,324	11,396	72	150	78

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 Categories and Book Value of Securities without Market Values (¥100 million)

	(as of March 31, 2006)
Held-to-Maturity Bonds	—
Subsidiaries' Stocks	—
Unlisted Stocks (excluding over-the-counter stocks)	56
Other Marketable Securities	
Corporate Bonds	2,250
Other Securities	13

(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 and Commercial Paper in Other Trading Assets, and Commercial Paper and Negotiable Certificates of Deposit in Due from Banks in Monetary Claims Purchased.

1) Trading Securities (¥100 million)

	(as of March 31, 2005)
Book Value	599
Recognized Valuation Difference in Fiscal 2004	0

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	3,751	3,803	51	51	—
Local Government Bonds	—	—	—	—	—
Short-term Corporate Bonds	—	—	—	—	—
Corporate Bonds	—	—	—	—	—
Others	317	318	1	2	1
Total	4,068	4,121	52	54	1

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
Total	11,734	11,810	75	100	24

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 Categories and Book Value of Securities without Market Values (¥100 million)

	(as of March 31, 2005)
Held-to-Maturity Bonds	—
Subsidiaries' Stocks	—
Other Marketable Securities	55
Unlisted Stocks (excluding over-the-counter stocks)	55
Unlisted Corporate Bonds	1,913

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

RATIO OF SECURITIES TO DEBENTURES AND DEPOSITS

(¥100 million, %)

		(as of March 31, 2006)			(as of March 31, 2005)		
		Domestic	International	Total	Domestic	International	Total
Marketable Securities	(A)	16,797	910	17,707	14,972	1,131	16,103
Debentures and Deposits	(B)	101,585	1,160	102,745	100,806	1,415	102,222
Ratio (%)	(A)/(B)	16.53	78.46	17.23	14.85	79.89	15.75
	Yearly Average	17.13	86.26	18.00	15.45	80.66	16.36

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

UNDERWRITING OF PUBLIC BONDS

(¥100 million)

	(Fiscal 2005)	(Fiscal 2004)
Public Bonds Underwritten	118	183

Note: All public bonds underwritten are government bonds.

COUNTER SALES OF PUBLIC BONDS

(¥100 million)

	(Fiscal 2005)	(Fiscal 2004)
Counter Sales of Public Bonds	12	13

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

PUBLIC BOND DEALING

(¥100 million)

	(Fiscal 2005)	(Fiscal 2004)
Amount of Trade	215	117
Average Balance	9	7

Note: All public bonds traded are government bonds.

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

	(as of March 31, 2006)					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	3,262	6,695	481	—	—	10,439
Local Government Bonds	—	308	—	—	—	308
Short-term Corporate Bonds	19	—	—	—	—	19
Corporate Bonds	2,196	3,243	251	—	—	5,691
Stocks	—	—	—	—	323	323
Other Securities	134	556	200	18	13	924
Foreign Bonds	134	556	200	18	—	910
Foreign Stocks	—	—	—	—	—	—
Securities Loaned	—	—	—	—	—	—
Others	—	—	—	—	—	—
Total	5,613	10,804	932	18	337	17,707

	(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
Total	7,160	8,617	1,788	24	258	17,848

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 in Monetary Claims Purchased.

INTERNATIONAL OPERATIONS
FOREIGN EXCHANGE TRANSACTION BY TYPE

(US\$ million)

	(Fiscal 2005)	(Fiscal 2004)
Trade Exchange Transactions	2,140	2,247
Trade Foreign Exchange Transactions	929	926
Capital Transactions	529	577
Total	3,599	3,751

Note: Overseas branches are included.

BALANCE OF FOREIGN CURRENCY ASSETS

(US\$ million)

	(Fiscal 2005)	(Fiscal 2004)
Balance of Assets Denominated in Foreign Currencies	1,220	1,540

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

OTHERS

DOMESTIC EXCHANGE TRANSACTION

(Thousands of transactions, ¥100 million)

			(as of March 31, 2006)	(as of March 31, 2005)
Bank Remittance	To other locations	Instances	2,088	2,315
		Value	121,922	125,157
	From other locations	Instances	1,476	1,442
		Value	102,606	104,572
Bank Collection	To other locations	Instances	1,149	1,230
		Value	24,433	26,849
	From other locations	Instances	29	30
		Value	550	585
Total	Instances	4,745	5,019	
	Value	249,513	257,165	

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 DERIVATIVE AND FORWARD FOREIGN EXCHANGE TRANSACTIONS

(¥100 million)

	(as of March 31, 2006)		(as of March 31, 2005)	
	Contract Amount/ Notational Principal Amount	Credit Risk Amount	Contract Amount/ Notational Principal Amount	Credit Risk Amount
Interest Rate Swap	52,731	389	51,319	604
Currency Swap	3,495	220	2,820	195
Forward Foreign Exchange	198	5	219	5
Interest Rate Options (Bought)	—	—	—	—
Currency Options (Bought)	—	—	—	—
Other Financial Derivatives	—	—	—	—
Credit Risk Reduction by Netting		(305)		(262)
Total	56,424	310	54,359	542

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.

	(as of March 31, 2006)		(as of March 31, 2005)	
	Contract Amount/Notational Principal Amount		Contract Amount/Notational Principal Amount	
Forward Foreign Exchange	18		12	
Interest Rate Options (Sold)	35		34	
Interest Rate Options (Bought)	—		—	
Currency Options (Sold)	—		—	
Currency Options (Bought)	—		—	
Other Financial Derivatives	19		4	
Total	72		51	

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

This is 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, 2006)			
			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	1,238	—	(0)	(0)
	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	1,471,211	1,156,584	(5,664)	(5,664)
		Floating Rate Receiving/ Fixed Rate Paying	1,491,931	1,085,822	6,861	6,861
		Floating Rate Receiving/ Floating Rate Paying	—	—	—	—
		Interest-rate Options	Selling Position	—	—	—
Others	Buying Position	—	—	—	—	
	Selling Position	3,536	3,336	(20)	4	
Total					1,175	1,200
			(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	—	—	—
Others	Buying Position	—	—	—	—	
	Selling Position	3,649	3,449	(12)	25	
Total					810	848

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, 2006)				(as of March 31, 2005)			
			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		349,532	330,108	955	955	276,687	267,977	892	892
Traded on the Over-the-counter	Currency Futures	Selling Position	10,132	469	(151)	(151)	12,053	805	(179)	(179)
		Buying Position	11,488	469	284	284	11,093	805	220	220
	Currency Options	Selling Position	—	—	—	—	—	—	—	—
		Buying Position	—	—	—	—	—	—	—	—
	Others	Selling Position	—	—	—	—	—	—	—	—
		Buying Position	—	—	—	—	—	—	—	—
Total					1,089	1,089			933	933

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, 2006)				(as of March 31, 2005)				
		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	537	—	3	3	274	—	(3)	(3)
		Buying Position	133	—	0	0	139	—	0	0
Traded on the Exchange	Bond Futures Options	Selling Position	—	—	—	—	—	—	—	—
		Buying Position	—	—	—	—	—	—	—	—
Traded on the Over-the-counter	Over-the-counter Bond Options	Selling Position	—	—	—	—	—	—	—	—
		Buying Position	—	—	—	—	—	—	—	—
Traded on the Over-the-counter	Others	Selling Position	—	—	—	—	—	—	—	—
		Buying Position	—	—	—	—	—	—	—	—
Total				4	4			(3)	(3)	

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

2. Determination of market value

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

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

TRANSACTIONS RELATED TO PRODUCTS

No Transactions

CREDIT DERIVATIVE TRANSACTIONS

No Transactions

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