

THE SHOKO CHUKIN BANK

2007

Financial Report

Year Ended March 31, 2007



Contents for the Financial Section

01 Overview of Results for Fiscal Year 2006

03 Trends in Principal Financial Indicators

04 Balance Sheets

06 Statements of Income

07 Statements of Appropriation of Earned Surplus

08 Notes to the Financial Statements

12 Statements of Cash Flows

13 Capital Account Details

15 Profit and Loss Details

19 Details of Operations

ECONOMIC AND FINANCIAL CONDITIONS

During fiscal 2006, ended March 31, 2007, the world economy overall enjoyed a sustained period of robust expansion. While the United States economy saw a slowdown in growth owing to a significant fall in housing investment, the economic expansion continued apace in China and other parts of Asia, and growth rates accelerated in Europe.

The Japanese economy, buoyed by the continuing global economic expansion, remained on a recovery path. In November 2006, the length of the current recovery, which began in 2002, overtook that of the Izanagi Economic Boom, which ran for 57 months from October 1965 to July 1970. As a result, facility utilization rates trended at high levels and firms began to experience difficulties in securing sufficient labor.

During the period under review, although rising prices for crude oil and raw materials—along with upward pressure on wages—acted as a drag on corporate earnings, domestic and overseas demand both remained robust. Consequently, corporate revenue and earnings continued to rise and capital investment activity was strong. For households, the recovery in the labor market continued, and, although wage growth was relatively low, the generally moderate improvement in incomes was sustained. With these basic conditions prevailing, personal consumption was somewhat weakened by unseasonable weather during the summer, but a gradual rebound ensued from the autumn onward.

For small and medium-sized enterprises (SMEs), according to the Bank's Monthly Survey of SME Business Sentiment, turnover trended upward as sales and orders maintained their underlying strength. However, profitability remained tight as rising raw materials prices led to higher input costs, which firms found hard to pass on through increased prices to customers. As the dearth of spare capacity for both plant and labor became apparent, the SME Business Sentiment Index began to retreat closer to 50—the demarcation point between positive and negative sentiment—in a repeated pattern of advancement and decline. A marked variance in sentiment among industries and regions also persisted.

On the financial front, after early indications that the consumer price index had moved into a year-on-year

increasing trend, the Bank of Japan (BOJ) ended its zero-interest-rate policy in July 2006, and, in February 2007, the BOJ once again raised its target for the unsecured overnight call rate. Long-term interest rates (newly issued 10-year government bond yields) moved higher from the start of the fiscal period onward, and at one stage even crossed the 2.00% threshold. However, long-term yields subsequently receded to track in a band between 1.60% and 1.80%.

In the foreign exchange market, from late April 2006, the yen temporarily entered a strengthening phase against the US dollar as the market focused on the likelihood of both an early end to the monetary tightening cycle in the United States and the abandoning of the zero-interest-rate policy in Japan. Subsequently, despite the Federal Reserve Board making the last of its consecutive federal funds rate hikes in June 2006, the market took the view that an interest rate differential of a certain level would persist between Japan and the United States. Consequently, the yen moved into a weakening phase and at the close of the period the dollar had moved back to around the ¥117 level.

From May 2006, buffeted by a strengthening yen and rising crude oil prices—as well as a fall in U.S. stock prices—Japanese stock prices moved into retreat. A renewed rally in stock prices took hold in August 2006, with Japan's benchmark index, the Nikkei Stock Average, surpassing 18,000 for the first time since 2000. In late February 2007, the rising trend in stock prices was temporarily interrupted on a global scale—triggered by a sudden tumble on the Chinese stock market—before upward momentum resumed.

During the period, the Japanese government maintained its policy aimed at providing a robust safety net for SMEs. It also worked to insure a smooth flow of funds and promote diversification in funding sources for SMEs—specifically, funding methods that are not overly dependent on collateral and personal guarantees. In addition, the government achieved steady progress in its programs to support SMEs in the manufacturing sector, with particular focus on fostering firms at the leading edge of technology.

SUMMARY OF RESULTS

Loans

The balance of outstanding loans as of the end of fiscal 2006 declined ¥72.3 billion, to ¥9,355.2 billion at year-end. The balance of loans through agencies, including credit cooperatives, totaled ¥12.1 billion. There were 155 agencies at fiscal year-end.

Debentures

Interest-bearing debentures decreased ¥451.0 billion compared with the previous year and discount debentures decreased ¥152.6 billion, for an overall decrease in the balance of debentures of ¥603.6 billion. As a result, the balance of debentures at year-end totaled ¥7,228.9 billion, a figure that includes ¥40.0 billion underwritten by the government.

Deposits and Negotiable Certificates of Deposit

The balance of deposits increased ¥119.8 billion, to ¥2539.9 billion at the end of fiscal 2006. Negotiable certificates of deposit decreased ¥9.1 billion compared with previous year-end, to ¥12.6 billion.

Securities

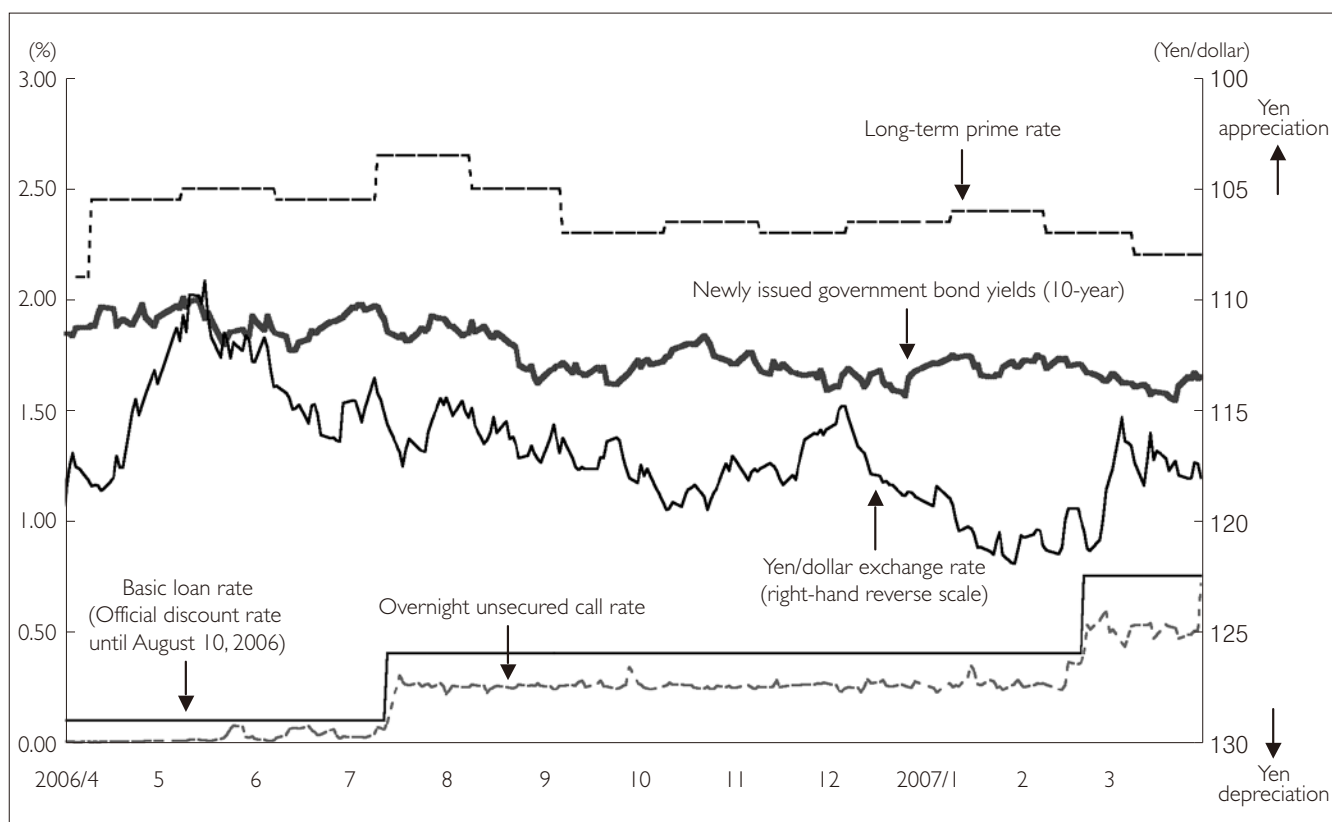
Over-the-counter sales of government bonds and other securities amounted to ¥0.5 billion. Dealings in government bonds and other securities totaled ¥28.4 billion. The balance of trading securities at the end of fiscal 2006 was ¥0.2 billion.

Domestic and Foreign Exchange

Domestic exchange transactions in fiscal 2006 totaled ¥24,896.3 billion. Foreign exchange transactions totaled US\$3,748 million.

Income and Expenditures

Total operating income amounted to ¥192.2 billion, while operating expenses totaled ¥164.0 billion, resulting in income before income taxes and others of ¥28.2 billion. Other gains amounted to ¥0.4 billion and other losses totaled ¥0.2 billion. Provision for income taxes amounted to ¥0.6 billion, and adjustment for income taxes totaled ¥13.6 billion. As a result, net income for the fiscal year amounted to ¥14.2 billion.



TRENDS IN PRINCIPAL FINANCIAL INDICATORS

	Billions of yen				
	Fiscal 2006	Fiscal 2005	Fiscal 2004	Fiscal 2003	Fiscal 2002
Total Operating Income	192.2	186.1	189.4	207.5	240.5
Income before Income Taxes and Others	28.2	28.5	15.3	4.7	2.4
Net Income	14.2	12.8	9.2	8.6	4.1
Capital (Total Subscription in Thousands of Units)	522.7 (5,227,650)	519.7 (5,197,650)	517.2 (5,172,650)	514.2 (5,142,650)	511.2 (5,112,650)
Total Capital Funds	678.6	664.7	652.8	635.5	636.2
Total Assets	10,996.8	11,495.4	11,584.8	12,001.8	12,929.1
Outstanding Deposits	2,539.9	2,420.0	2,390.0	2,356.8	2,313.3
Outstanding Debentures	7,228.9	7,832.6	7,811.2	8,244.3	9,281.1
Outstanding Loans	9,355.2	9,427.6	9,588.8	9,824.4	10,090.3
Balance of Investment Securities	1,532.0	1,770.7	1,610.3	1,504.4	2,043.0
Capital Ratio (%)	8.31	8.01	7.78	7.70	7.45
Dividend per Cooperative Subscription Unit (Yen)	3.00	3.00	3.00	3.00	3.00
Dividend Payment Ratio (%)	24.10	26.19	35.27	36.62	75.23
Number of Employees	4,320	4,424	4,480	4,571	4,691

Note: Reserve for Possible Loan Losses is deducted as a single amount at the end of the Assets section of the Balance Sheets.

BALANCE SHEETS

The Shoko Chukin Bank As of March 31, 2007 and 2006

	Millions of yen		Millions of U.S. dollars
	2007	2006	2007
ASSETS			
Loans	¥ 9,355,271	¥ 9,427,601	\$79,248
Loans on Deeds	6,340,718	6,460,562	53,712
Loans on Notes	997,032	1,099,736	8,445
Overdrafts	1,386,860	1,268,657	11,748
Bills Discounted	630,660	598,644	5,342
Foreign Exchange	6,780	7,236	57
Foreign Exchange Bills Purchased	666	834	5
Foreign Exchange Bills Receivable	2,767	2,905	23
Due from Foreign Banks	3,346	3,495	28
Investment Securities	1,532,084	1,770,737	12,978
Government Bonds	931,658	1,043,952	7,892
Local Government Bonds	38,917	30,863	329
Short-term Corporate Bonds	—	1,999	—
Corporate Bonds	438,143	569,129	3,711
Stocks	28,766	32,380	243
Other Securities	94,599	92,411	801
Trading Assets	8,875	10,190	75
Trading Securities	206	1,206	1
Derivative of Trading Securities	—	3	—
Trading-related Marketable Securities Derivative Transactions	0	0	0
Trading-related Financial Derivative Transactions	8,669	8,979	73
Monetary Claims Purchased	49,165	50,435	416
Call Loans	7,201	6,578	60
Cash and Due from Banks	72,874	279,862	617
Cash	34,481	37,360	292
Due from Banks	38,393	242,502	325
Other Assets	27,969	32,437	236
Settlements Receivable	10	3	0
Prepaid Expenses	40	45	0
Accrued Income	8,023	8,712	67
Financial Derivative Transactions	1,264	2,676	10
Net Deferred Losses on Hedging Instruments	—	189	—
Other Assets	18,630	20,809	157
Premises and Equipment	—	48,190	—
Land, Buildings and Equipment	—	44,147	—
Construction Suspense Payments	—	5	—
Security Deposits	—	4,038	—
Tangible Fixed Assets	42,983	—	364
Buildings	17,264	—	146
Land	24,425	—	206
Other Tangible Fixed Assets	1,293	—	10
Intangible Fixed Assets	5,865	—	49
Software	4,589	—	38
Other Intangible Fixed Assets	1,275	—	10
Deferred Assets on Debenture Issue	—	440	—
Debenture Issue Discount	—	440	—
Deferred Income Taxes	59,068	72,681	500
Customers' Liabilities for Acceptances and Guarantees	75,700	81,125	641
Customers' Liabilities for Acceptances and Guarantees	71,658	76,430	607
Customers' Liabilities for Guaranteeing Agency Loans	4,041	4,695	34
Reserve for Possible Loan Losses	(247,021)	(292,040)	(2,092)
Total Assets	¥10,996,819	¥11,495,477	\$93,153

Pursuant to Article 39-2 of the Shoko Chukin Bank Law, and Articles 27-6 and 27-7 of the Shoko Chukin Bank Law Enforcement Regulations, the list of property, balance sheets, statements of income, business report, statement of appropriation of earned surplus and supplementary schedules have been prepared by Shoko Chukin Bank. From fiscal 2004, these financial statements (limited to the accounting sections included therein) have been audited and certified by an independent auditor.

	Millions of yen		Millions of U.S. dollars
	2007	2006	2007
LIABILITIES			
Shoko Chukin Bank Debentures	¥ 7,228,966	¥ 7,832,643	\$61,236
Shoko Chukin Bank Debentures Issued	7,228,966	7,832,643	61,236
Deposits	2,539,914	2,420,083	21,515
Time Deposits	1,192,013	1,059,229	10,097
Deposits at Notice	70,865	77,469	600
Ordinary Deposits	680,302	694,875	5,762
Current Deposits	534,520	506,970	4,527
Government Deposits	17,569	19,145	148
Other Deposits	44,642	62,392	378
Negotiable Certificates of Deposit	12,660	21,790	107
Borrowed Money	40,814	17,602	345
Borrowings	40,814	17,602	345
Trading Liabilities	5,089	6,221	43
Trading-related Financial Derivatives	5,089	6,221	43
Bills Sold	—	17,100	—
Call Money	10,247	18,669	86
Payables under Repurchase Agreements	40,602	—	343
Foreign Exchange	59	17	0
Foreign Exchange Bills Sold	23	2	0
Borrowings from Foreign Banks	36	15	0
Other Liabilities	338,449	386,863	2,866
Settlements Payable	4	6	0
Accrued Expenses	13,997	10,900	118
Corporate Taxes Payable	964	3,202	8
Unearned Income	16,304	15,939	138
Deposits by Employees	8,043	8,310	68
Forward Contract Deposits Receivable	0	4	0
Financial Derivative Transactions	1,723	3,191	14
Debenture Principal Payable	294,823	342,468	2,497
Other Liabilities	2,586	2,839	21
Reserve for Bonuses	4,650	4,820	39
Reserve for Retirement Benefit	21,023	23,833	178
Acceptances and Guarantees	75,700	81,125	641
Acceptances and Guarantees	71,658	76,430	607
Guarantees for Agency Loans	4,041	4,695	34
Total Liabilities	10,318,178	10,830,770	87,405
CAPITAL FUNDS			
Capital	—	519,765	—
Government Subscription	—	405,367	—
Cooperative Subscription	—	114,397	—
Retained Earnings	—	139,964	—
Earnings Reserve	—	27,410	—
General Reserves	—	96,333	—
Reserve for Particular Purposes	—	95,869	—
Reserve for Retirement Allowance Funds	—	464	—
Unappropriated Earnings	—	16,220	—
Net Income for the Year	—	12,840	—
Unrealized Gains on Securities, etc.	—	4,977	—
Total Capital Funds	—	664,707	—
Total Liabilities and Capital Funds	—	¥11,495,477	—
NET ASSETS			
Capital	522,765	—	4,428
Government Subscription	405,367	—	3,433
Cooperative Subscription	117,397	—	994
Retained Earnings	150,871	—	1,278
Earnings Reserve	28,710	—	243
Other Retained Earnings	122,161	—	1,034
General Reserves	104,433	—	884
Reserve for Particular Purposes	103,969	—	880
Reserve for Retirement Allowance Funds	464	—	3
Unappropriated Earnings	17,727	—	150
Total Capital Subscribers' Funds	673,636	—	5,706
Unrealized Gains on Securities	5,031	—	42
Deferred Hedge Losses	(26)	—	(0)
Total Valuation and Translation Adjustments	5,004	—	42
Total Net Assets	678,641	—	5,748
Total Liabilities and Net Assets	¥10,996,819	—	\$93,153

STATEMENTS OF INCOME

The Shoko Chukin Bank For the years ended March 31, 2007 and 2006

	Millions of yen		Millions of U.S. dollars
	2007	2006	2007
Operating Income	¥192,240	¥186,195	\$1,628
Interest Income	175,952	170,859	1,490
Interest on Loans	156,801	153,813	1,328
Interest and Dividends on Securities	15,235	13,907	129
Interest on Bills Purchased	5	0	0
Interest on Call Loans	535	242	4
Interest on Resale Agreements	2	3	0
Interest on Deposits	320	107	2
Other Interest Income	3,051	2,784	25
Fees and Commissions	9,588	8,962	81
Domestic and Foreign Exchange Commissions	1,841	1,915	15
Other Fees and Commissions	7,746	7,046	65
Trading Revenue	2,057	1,543	17
Trading Securities Revenue	2	—	0
Revenue from Securities and Derivatives related to Trading Transactions	7	—	0
Revenue from Trading-related Financial Derivatives	1,877	1,531	0
Other Trading Revenue	169	11	1
Other Operating Income	769	918	6
Revenue from Foreign Exchange Trading	766	807	6
Revenue from Sales of Government and Other Bonds	3	111	0
Other Income	3,873	3,911	32
Revenue from Sales of Stocks and Other Securities	465	335	3
Other Income	3,408	3,575	28
Operating Expenses	164,000	157,686	1,389
Interest Expense	39,652	27,161	335
Interest on Debentures	30,404	20,443	257
Interest on Deposits	7,138	3,765	60
Interest on Negotiable Certificates of Deposit	1,046	776	8
Interest on Short-term Debentures	161	0	1
Interest on Borrowed Money	188	793	1
Interest on Bills Sold	0	0	0
Interest on Loan Transactions	2	2	0
Interest on Call Money	366	744	3
Interest on Resale Agreements	92	1	0
Interest on Interest Swap Transactions	151	500	1
Other Interest Expenses	99	133	0
Fees and Commissions	673	697	5
Domestic and Foreign Exchange Commissions	418	431	3
Other Fees and Commissions	255	266	2
Trading Expenses	—	27	—
Trading Securities Expenses	—	2	—
Expenses on Securities and Derivatives related to Trading Transactions	—	25	—
Other Operating Expenses	219	6,608	1
Amortization of Debenture Issue Expenses	106	157	0
Losses on Sales of Government and Other Bonds	0	6,385	0
Financial Derivatives Expenses	11	49	0
Other Operating Expenses	100	15	0
General and Administrative Expenses	73,676	74,164	624

	Millions of yen		Millions of U.S. dollars
	2007	2006	2007
Other Expenses	¥ 49,779	¥ 49,027	\$ 421
Provision for Possible Loan Losses	38,140	38,107	323
Write-off of Loans	902	1,607	7
Loss on Sales of Stocks and Other Securities	30	3	0
Write-off of Stocks	206	337	1
Other Expenses	10,498	8,971	88
Income before Income Taxes and Other	28,240	28,508	239
Other Gains	445	6,672	3
Gains on Disposal of Premises and Equipment	—	201	—
Gains on Disposal of Fixed Assets	175	—	1
Collection of Written-off Claims	269	266	2
Other Gains	—	6,205	—
Other Losses	207	15,559	1
Losses on Disposal of Premises and Equipment	—	103	—
Losses on Disposal of Fixed Assets	88	—	0
Impairment Loss on Fixed Assets	118	62	0
Other Losses	—	15,393	—
Income before Income Taxes	28,478	19,622	241
Provision for Income Taxes	608	1,831	5
Adjustment for Income Taxes	13,600	4,950	115
Net Income	14,269	12,840	120
Earnings Carried Forward from the Beginning of the Year	3,457	3,379	29
Unappropriated Earnings at the End of the Year	¥ 17,727	¥ 16,220	\$ 150

STATEMENTS OF APPROPRIATION OF EARNED SURPLUS

The Shoko Chukin Bank As of March 31, 2007 and 2006

	Millions of yen		Millions of U.S. dollars
	2007	2006	2007
Unappropriated Earnings at the End of the Year	¥17,727	¥16,220	\$150
Will be appropriated as follows:			
Appropriations	14,138	12,762	119
Earnings Reserve	1,500	1,300	12
Reserve for Particular Purposes	9,200	8,100	77
Dividends on Cooperative Subscription	3,438	3,362	29
Unappropriated Earnings to the Next Year	¥ 3,589	¥ 3,457	\$ 30

All U.S. dollar figures are translated from Japanese yen amounts for convenience only, at the rate of ¥118.05=US\$1, the prevailing rate of exchange as of March 31, 2007.

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2007

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 ¥118.05=U.S.\$1.00, the approximate rate of exchange prevailing as of March 31, 2007, 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.

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. Unrealized Gains on Securities are all directly incorporated into Net Assets.
4. Derivative transactions other than trading transactions are stated using the mark-to-market method.
5. Tangible fixed assets are subject to declining balance depreciation.

6. Intangible fixed assets are amortized using the straight-line method. Software for internal use is amortized using the straight-line method over its estimated useful life determined by the Bank (5 years).
7. Treatment of deferred assets on debenture issues
Debenture issue expenses are charged to income as they are incurred.

Previously, debenture issue discounts on discount debentures were recognized within assets and amortized over the period until redemption of the debenture on a straight-line basis. However, in accordance with the partial revision of "Accounting Standards for Financial Instruments" as of August 11, 2006 (Accounting Standards Board of Japan, Statement No. 10) and the application of the revised standard from the fiscal year ending on or after the public announcement date, the Bank adopted the revised accounting standard commencing with this period. Discounted debentures are stated at amortized cost (straight-line method) on the Balance Sheets. Based on this change, Debenture Issue Discount—within Deferred Assets on Debenture Issue—and Shoko Chukin Bank Debentures each decreased by ¥2,213 million compared with the previously applied accounting standard.

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 as follows:

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.

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 ¥38 million (before deduction of tax effect).

14. Interest rate 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. For this reason, earnings and expenses arising from said interest rate swap transactions have been recognized as gains and losses without being eliminated.

The deferral method or the special accrual method has been used for certain assets and liabilities.

15. National and local consumption taxes are accounted for with the tax exclusion method.
16. Accumulated depreciation of tangible fixed assets is ¥55,351 million.
17. Advanced depreciation of tangible fixed assets is ¥18,752 million.
18. In addition to the tangible fixed assets stated in the Balance Sheets, some computers are used under lease agreements.
19. In Loans, loans to bankrupt companies total ¥103,339 million and overdue loans total ¥272,615 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.

20. Loans overdue by three months or longer total ¥2,343 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.
21. Rescheduled loans total ¥122,578 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.
22. The total amount of loans to bankrupt companies, overdue loans, loans overdue by three months or longer and rescheduled loans is ¥500,877 million.

The amounts of loans stated in Notes 19 through 22 are the numbers before the deduction of possible loan loss allowance.

23. 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 ¥631,326 million.

24. Assets provided as collateral are as follows.

Assets provided as collateral:

Securities ¥278,164 million

Liabilities corresponding to collateral assets:

Deposits ¥2,024 million

Borrowings ¥5,900 million

In addition to the above amounts, securities worth ¥210,220 million have been provided as collateral for foreign currency settlements and foreign currency-yen settlements, etc., or substituted for futures margin money, etc.

25. Borrowings include loans payable under subordination covenant totaling ¥20,000 million.
26. Within Corporate Bonds—presented as a sub-item of Investment Securities—the Bank's guarantee liabilities relating to privately offered (Securities and Exchange Law, Article 2, paragraph 3) corporate bonds amounted to ¥245,620 million.

27. Net assets per capital subscription unit amounted to ¥129.81.

In accordance with the revision on January 31, 2006, of "Implementation Guidance on Accounting Standard for Net Income per Share" (Accounting Standards Board of Japan, Financial Accounting Implementation Guidance No. 4, September 25, 2002), which took effect for fiscal periods ending on or after the enforcement date of the Corporation Law, the Bank applied said implementation guidance from the fiscal period under review. As a result, net assets per capital subscription unit are calculated with the inclusion of deferred hedge gain and loss. Compared

with the previous calculation method, net assets per capital subscription unit decreased ¥0.01.

28. Pursuant to Article 27-8, clause 2, of the Shoko Chukin Bank Law Enforcement Regulations, Unrealized Gains on Securities amounted to ¥5,031 million.

29. Details of fair value and unrealized 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	¥206 million
Recognized valuation differences in this fiscal year	(¥ 1 million)

Bonds to be held to maturity with market values

	Millions of yen					
	Book value	Fair value	Valuation Differences	Valuation Gains Therein	Valuation Losses Therein	
Government Bonds	308,852	308,461	(390)	618	1,008	
Corporate Bonds	7,883	7,747	(136)	—	136	
Others	8,896	8,764	(131)	6	137	
Total	325,632	324,973	(658)	624	1,282	

Other securities with market values

	Millions of yen					
	Acquisition Cost	Book Value	Valuation Differences	Valuation Gains Therein	Valuation Losses Therein	
Stocks	12,348	22,986	10,638	10,780	141	
Bonds	842,156	838,668	(3,488)	142	3,630	
Government Bonds	624,980	622,806	(2,174)	119	2,293	
Local Government Bonds	39,182	38,917	(265)	7	273	
Corporate Bonds	177,993	176,944	(1,048)	15	1,063	
Others	83,890	84,045	154	184	30	
Total	938,395	945,699	7,304	11,107	3,802	

"Unrealized Gains on Securities, etc" includes the valuation differences stated above, minus deferred tax liability of ¥2,273 million, which amounted to ¥5,031 million.

30. Other marketable securities disposed of during the period are as follows.

The amount disposed of	¥13,762 million
The profit from disposal	¥ 468 million
The loss from disposal	¥ 31 million

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

Items	Book Value
Marketable securities	
Unlisted stocks	¥ 5,779 million
Bonds	¥253,315 million
Other securities	¥ 1,657 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	454,064	948,686	5,967	—
Government Bonds	314,447	617,210	—	—
Local Government Bonds	7,072	31,845	—	—
Corporate Bonds	132,544	299,630	5,967	—
Others	10,661	52,876	27,933	1,469
Total	464,726	1,001,563	33,901	1,469

33. 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 ¥521,988 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. The breakdown of deferred tax assets and deferred tax liabilities by cause of accrual is as follows.

Deferred tax assets	Millions of yen
Accrued provisions for doubtful accounts	57,219
Accrued retirement benefit costs	5,525
Other	5,849
Subtotal—deferred tax assets	68,595
Valuation allowance	(7,253)
Total deferred tax assets	61,341
Deferred tax liabilities	
Unrealized gains on securities	2,273
Total deferred tax liabilities	2,273
Net deferred tax assets	59,068

35. "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan, Statement No. 5, December 9, 2005) and "Implementation Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan, Statement No. 8, December 9, 2005) took effect for fiscal periods ending on or after the enforcement date of the Corporation Law. In light of this and pursuant to revisions to the presentation schedule attached to the Shoko Chukin Bank Law Enforcement Regulations, presentation of the following items have been changed, beginning from the term under review.

1. "Capital Funds" is changed to "Net Assets," which is classified into subscription, valuation and translation adjustments, etc., for presentation. Under the previous presentation method, "Total Capital Funds" would have amounted to ¥678,667 million as of the end of the fiscal period under review.

2. "General Reserves" and "Unappropriated Earnings" were previously presented under "Retained Earnings." "General Reserves" and "Unappropriated Earnings" are now presented under "Other Retained Earnings."

3. Gains and losses and valuation differences relating to hedging methods, which were previously presented as "Net Deferred Losses on Hedging Instruments" under "Other Assets," are now presented after deduction of tax effects as "Net Deferred Losses on Hedging Instruments" after being offset for valuation and translation adjustments.

4. "Unrealized Gains on Securities, etc" is now presented as "Unrealized Gains on Securities."

5. "Premises and Equipment" is presented in the classifications of "Tangible Fixed Assets," "Intangible Fixed Assets" and "Other Assets."

(1) "Land, Buildings and Equipment" presented under "Premises and Equipment" is now presented in the classifications of "Buildings," "Land" and "Other Tangible Fixed Assets" under "Tangible Fixed Assets."

(2) Within "Security Deposits" presented under "Premises and Equipment," rights deposits are now presented as "Other Intangible Fixed Assets" under "Intangible Fixed Assets," and guarantee deposits are now presented as "Other Assets" under "Other Assets."

(3) Software, which was presented as part of "Other Assets" under "Other Assets" is now presented as "Software" under "Intangible Fixed Assets."

STATEMENTS OF INCOME

- All amounts expressed in the statements have been rounded down to the nearest million yen.
- Net income per capital unit is ¥2.74.
- 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.

- Pursuant to revisions to the presentation schedule attached to the Shoko Chukin Bank Law Enforcement Regulations, from the term under review, "Interest on Short-term Debentures" is now presented as "Interest on Short-term Debentures."
- 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, 2007 and 2006

	Millions of yen		Millions of U.S. dollars
	2007	2006	2007
I. Cash Flows from Operating Activities			
Income before Income Taxes	¥ 28,478	¥ 19,622	\$ 241
Depreciation	3,444	3,475	29
Impairment Loss on Fixed Assets	118	62	0
Increase in Reserve for Possible Loan Losses	(45,018)	(59,319)	(381)
Increase in Reserve for Retirement Benefits	(2,809)	6,939	(23)
Increase in Reserve for Employee Bonuses	(170)	(80)	(1)
Income from Fund Management	(175,952)	(170,859)	(1,490)
Expenses for Fund Procurement	39,652	27,161	335
Losses Relating to Securities	(129)	6,278	(1)
Losses on Disposal of Premises and Equipment	—	(98)	—
Losses on Disposal of Fixed Assets	(87)	—	0
Net (Increase) Decrease in Trading Assets	1,314	57,464	11
Net Increase (Decrease) in Trading Liabilities	(1,132)	1,033	(9)
Net (Increase) Decrease in Loans	72,330	161,201	612
Net Increase (Decrease) in Debentures	(603,677)	21,385	(5,113)
Net Increase (Decrease) in Deposits	119,831	29,996	1,015
Net Increase (Decrease) in Negotiable Certificates of Deposit	(9,129)	871	(77)
Net Increase (Decrease) in Borrowed Money	—	(28,899)	—
Net Increase (Decrease) in Borrowed Money excluding Subordinated Debt	6,212	—	52
Net (Increase) Decrease in Call Loans, etc.	647	103,495	5
Net Increase (Decrease) in Call Money, etc.	15,079	(40,781)	127
Net (Increase) Decrease in Due from Banks Other than the Central Bank	(354)	150,929	(2)
Net (Increase) Decrease in Foreign Currencies (Assets)	455	1,883	3
Net Increase (Decrease) in Foreign Currencies (Liabilities)	42	(53)	0
Income from Fund Operations	180,374	169,807	1,527
Expenditures for Fund Procurement	(36,543)	(31,978)	(309)
Others	(46,867)	29,216	(397)
Subtotal	(453,889)	458,754	(3,844)
Income Taxes	(2,807)	(2,480)	(23)
Net Cash Provided by (Used in) Operating Activities	(456,697)	456,274	(3,868)
2. Cash Flows from Investing Activities			
Payments for Purchases of Securities	(3,756,467)	(1,420,859)	(31,820)
Proceeds from Sales of Securities	13,762	388,086	116
Proceeds from Redemption of Securities	3,977,697	771,257	33,695
Payments for Acquisitions of Premises and Equipment	—	(960)	—
Payments for Acquisitions of Tangible Fixed Assets	(806)	—	(6)
Payments for Acquisitions of Intangible Fixed Assets	(1,903)	—	(16)
Proceeds from Sales of Premises and Equipment	—	518	—
Proceeds from Sales of Tangible Fixed Assets	435	—	3
Net Cash Provided by (Used in) Investing Activities	232,717	(261,956)	1,971
3. Cash Flows from Financing Activities			
Proceeds from Increase in Capital Contribution	3,000	2,500	25
Dividends Paid	(3,362)	(3,273)	(28)
Proceeds from Issuance of Subordinated Debt	20,000	—	169
Repayment of Subordinated Debt	(3,000)	—	(25)
Net Cash Used in Financing Activities	16,637	(773)	140
4. Translation Differences of Cash and Cash Equivalents	—	—	—
5. Increase (Decrease) in Cash and Cash Equivalents	(207,342)	193,543	(1,756)
6. Cash and Cash Equivalents at the Beginning of the Year	247,202	53,659	2,094
7. Cash and Cash Equivalents at the End of the Year	¥ 39,860	¥ 247,202	\$ 337

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, 2007	As of March 31, 2006
Cash and Due from Banks	¥ 72,874 million	Cash and Due from Banks ¥279,862 million
Due from Banks other than the Central Bank	(¥ 33,014 million)	Due from Banks other than the Central Bank (¥ 32,659 million)
	¥ 39,860 million	¥247,202 million

3. Pursuant to revisions to the presentation schedule attached to the Shoko Chukin Bank Law Enforcement Regulations, etc., the following changes have been made to the presentation of the Statements of Cash Flows, from the term under review.

- (1) Accompanying the reclassification of Premises and Equipment in the Balance Sheets to Tangible Fixed Assets and Intangible Fixed Assets, etc., Losses on Disposal of Premises and Equipment is now presented as Losses on Disposal of Fixed Assets, etc.
- (2) Payments for Acquisitions of Premises and Equipment is now presented as Payments for Acquisitions of Tangible Fixed Assets, etc., and Proceeds from Sales of Premises and Equipment is now presented as Proceeds from Sales of Tangible Fixed Assets, etc.
- (3) The purchase and redemption of short-term corporate bonds, which had previously been included within Others under Cash Flows from Operating Activities, is now included within Payments for Purchases of Securities and Proceeds from Redemption of Securities under Cash Flows from Investing Activities, from the term under review.
- (4) The issuance and repayment of subordinated debt, which had previously been included within Net Increase (Decrease) in Borrowed Money under Cash Flows from Operating Activities, is now presented as Proceeds from Issuance of Subordinated Debt and Repayment of Subordinated Debt under Cash Flows from Financing Activities, from the term under review.

CAPITAL ACCOUNT DETAILS

STRUCTURE OF CAPITAL SUBSCRIPTION			(¥ million, %)
	(as of March 31, 2007)	(as of March 31, 2006)	
Government Subscription	405,367 (77.5)	405,367 (78.0)	
Cooperative's Subscription	117,397 (22.5)	114,397 (22.0)	
Total	522,765	519,765	

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

STRUCTURE OF CAPITAL SUBSCRIPTION BY COOPERATIVES			(¥ thousand)
	(as of March 31, 2007)	(as of March 31, 2006)	
	Number of Cooperatives/ Capital Subscription Amounts	Number of Cooperatives/ Capital Subscription Amounts	
Small and Medium Enterprise Cooperatives	23,144 111,251,823	23,762 107,925,814	
Common Facility Cooperatives and Federations	22,124 103,668,263	22,741 100,607,773	
Small Common Facility Cooperatives	2 100	2 100	
Mutual Fire Relief Cooperatives and Federations	45 1,210,060	45 1,155,020	
Credit Cooperatives and Federations	147 6,039,089	152 5,891,589	
Business Cooperatives	826 334,310	822 271,331	
Joint Business Cooperatives	675 1,103,614	714 1,095,609	
Commercial and Industrial Cooperatives and Federations	1,020 3,406,111	1,035 3,797,068	
Shopping District Promotion Cooperatives and Federations	1,077 241,714	1,080 239,024	
Environmental Sanitation Trade Associations and Federations	333 695,570	340 636,257	
Liquor Business Cooperatives and Federations	181 136,760	193 139,380	
Domestic Maritime Transport Associations and Federations	49 561,845	50 564,295	
Export Associations and Import Associations	4 450	4 450	
Urban Redevelopment Associations	1 10	0 0	
Total	26,484 117,397,900	27,178 114,397,900	

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 2006)	(Fiscal 2005)
Dividend per Unit of Cooperatives' Subscription	3.00	3.00
Dividend Payout Ratio (%)	24.10	26.19

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 2005.
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, 2007)	(as of March 31, 2006)
Core Capital (Tier 1 Capital)	(A)	6,701	6,563
Capital		5,227	5,197
	45% of Marketable Securities' Balance Sheet Value Minus Book Value	32	32
Supplementary Capital (Tier 2 Capital)	General Reserve for Possible Loan Losses	628	635
	Subordinated Borrowings	200	—
	Total	861	667
	Amount Counted as Capital	(B) 861	667
Deductions	Intentional Holdings of Other Financial Institutions' Capital	(C) —	—
Total Capital	(A) + (B) - (C)	(D) 7,563	7,231
	Credit Risk-weighted Assets		
	Assets Stated on the Balance Sheet	86,946	89,421
	Off-balance Sheet Items	1,181	834
Risk-weighted Assets	Total	88,128	90,256
	Risk-weighted Assets for Operational Risk, Divided by 8%	2,867	—
	Total	(E) 90,995	90,256
Capital Ratio (%) (D)/(E)		8.31	8.01

Note: From fiscal 2006, Capital Ratio is calculated in accordance with the formula stipulated in 2007 Notice No. 1 from the Ministry of Finance and the Ministry of Economy, Trade and Industry. Capital Ratio for fiscal 2005 is calculated in accordance with the previous standard.

Total Capital:

Total Capital increased by ¥33.2 billion. Contributing factors included additional capital subscriptions from cooperatives amounting to ¥3.0 billion, the introduction of subordinated borrowings, and the increase from 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.
2. The Bank's capital ratio is computed according to the formula stipulated in said notice. Credit Risk-weighted Assets and Risk-weighted Assets for Operational Risk are each calculated according to standard methods and basic methods stipulated in said notice.
3. The Bank receives special treatment in terms of the application of BIS international capital adequacy guidelines for financial institutions and is exempt from the Prompt Corrective Action specified under the Banking Law, etc., owing to its special status 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 2006)	(Fiscal 2005)
Gross Operating Profit	1,479	1,479
Provision for the General Reserve for Possible Loan Losses	(6)	(40)
General and Administrative Expenses (Excluding Nonrecurring Items)	723	724
Expenses Incurred on Debenture Issue and Redemption	1	1
Operating Profit	760	793
Operating Profit before Deduction of Provision for the General Reserve for Possible Loan Losses	754	753
Nonrecurring Profit and Loss (Including Nonrecurring Expenses)	(478)	(508)
Income before Income Taxes and Others	282	285
Other Gains and Losses	2	(88)
Provision for Income Taxes — Corporate Tax, Inhabitant Tax and Enterprise Tax	6	18
Adjustment of Income Taxes	136	49
Net Income	142	128

Note: Operating Profit is income generated by the Bank's primary businesses and is calculated using the following formula:

$$\text{Operating Profit} = \text{Gross Operating Profit} - (\text{Provision for the General Reserve for Possible Loan Losses} + \text{General and Administrative Expenses (Excluding Nonrecurring Items)} + \text{Expenses Incurred on Debenture Issue and Redemption})$$

GROSS OPERATING PROFIT

(¥100 million, %)

	(Fiscal 2006)			(Fiscal 2005)		
	Domestic	International	Total	Domestic	International	Total
Net Interest Income	1,347	15	1,362	1,422	14	1,436
Fees and Commissions	85	3	89	78	4	82
Trading Revenue	15	4	20	12	2	15
Other Operating Income	(1)	7	6	(59)	4	(55)
Gross Operating Profit	1,447	31	1,479	1,454	25	1,479
Gross Operating Profit Ratio (%)	1.31	1.47	1.32	1.28	1.10	1.29

Notes: 1. Domestic departments handle transactions in yen with Japanese residents through the domestic branches. International departments handle transactions with non-residents in Japan, foreign currency transactions and transactions made on special international financial accounts (transactions in the Tokyo Off-shore Market) through the domestic branches and those operated through the New York branch.

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

Overview of Results for Fiscal Year 2006

Trends in Principal Financial Indicators

Balance Sheets

Statements of Income

Statements of Appropriation of Earned Surplus

Notes to the Financial Statements

Statements of Cash Flows

Capital Account Details

Profit and Loss Details

Details of Operations

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

		(Fiscal 2006)			(Fiscal 2005)		
		Domestic	International	Total	Domestic	International	Total
Asset Portfolio Accounts	Average Balance	110,057	2,137	111,403	112,817	2,266	114,291
	Interest Income	1,681	81	1,759	1,642	67	1,708
	Yield (%)	1.52	3.79	1.57	1.45	2.98	1.49
Fund Raising Accounts	Average Balance	99,686	2,137	101,031	101,617	2,266	103,092
	Interest Income	333	66	396	219	53	271
	Yield (%)	0.33	3.08	0.39	0.21	2.36	0.26

Note: The average balance of yen funds invested from the domestic department to the international department was ¥79.1 billion in Fiscal 2005 and ¥79.2 billion in Fiscal 2006, and the income from those investments was ¥0.1 billion in Fiscal 2005 and ¥0.2 billion in Fiscal 2006.

ANALYSIS OF INTEREST INCOME AND EXPENSE (¥100 million)

		(Fiscal 2006)			(Fiscal 2005)		
		Domestic	International	Total	Domestic	International	Total
Interest Income	Change Due to Balance	(40)	(3)	(43)	(36)	(4)	(37)
	Change Due to Interest Rate	78	17	94	(26)	29	1
	Net Change	38	13	50	(62)	25	(35)
Interest Expense	Change Due to Balance	(4)	(3)	(5)	(4)	(2)	(4)
	Change Due to Interest Rate	117	15	130	(45)	27	(18)
	Net Change	113	12	124	(49)	24	(23)

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 2006)			(Fiscal 2005)		
		Domestic	International	Total	Domestic	International	Total
Fee and Commission Income		90	5	95	83	5	89
Fee and Commission Expense		4	1	6	5	1	6

TRADING TRANSACTIONS (¥100 million)

	(Fiscal 2006)			(Fiscal 2005)		
	Domestic	International	Total	Domestic	International	Total
Trading Revenue and Expenditures	15	4	20	12	2	15
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	13	4	18	12	2	15
Other Trading Revenue	1	—	1	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 2006)			(Fiscal 2005)		
	Domestic	International	Total	Domestic	International	Total
Revenue and Expenditures from Foreign Exchange Trading	—	7	7	—	8	8
Revenue and Expenditures from Government and Other Bonds	0	0	0	(59)	(3)	(62)
Revenue and Expenditures from Financial Derivatives	(0)	—	(0)	(0)	(0)	(0)
Others	(1)	—	(1)	(0)	—	(0)
Total	(1)	7	6	(59)	4	(55)

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 2006)	(Fiscal 2005)
Salaries	337	345
Welfare Expenses	6	6
Depreciation	34	34
Rent & Lease Expenses for Land, Buildings and Equipment	63	64
Taxes and Duties	18	18
Others	275	272
Total	736	741

PROVISIONAL EXPENSES

(¥100 million)

	(Fiscal 2006)	(Fiscal 2005)
Total Provision of Bad Debt	(496)	(524)
Write-offs of Loans	(9)	(16)
Provision for Individual Possible Loan Losses	(387)	(421)
Disposal Losses of Claims	(99)	(86)
Others	18	15
Total	(478)	(508)

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 2006)	(Fiscal 2005)
Ratio of Recurring Profit to Total Assets	0.25	0.24
Ratio of Recurring Profit to Capital Funds	4.32	4.43
Ratio of Net Income to Total Assets	0.12	0.11
Ratio of Net Income to Capital Funds	2.18	1.99

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 Net Assets (Capital Funds)

$$\text{(Fiscal 2005)} \frac{\text{Recurring Profit}}{\text{Average Balance of Capital Funds}} \times 100 \quad \text{(Fiscal 2006)} \frac{\text{Recurring Profit}}{\text{Average Balance of Net Assets}} \times 100$$

MARGIN

(%)

	(Fiscal 2006)			(Fiscal 2005)		
	Domestic	International	Total	Domestic	International	Total
Yield	1.52	3.79	1.57	1.45	2.98	1.49
Cost of Funds Raised	1.04	3.88	1.10	0.91	3.14	0.96
Total Margin	0.48	(0.09)	0.47	0.54	(0.15)	0.52

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

DEBENTURES AND DEPOSITS

BREAKDOWN OF FUND SOURCES			(¥100 million, %)
	(as of March 31, 2007)	(as of March 31, 2006)	
Debentures Issued:	72,289 (73.9)	78,326 (76.2)	
Outstanding Balance	72,289 (73.9)	78,326 (76.2)	
Deposits:	25,399 (26.0)	24,200 (23.6)	
Cooperatives and Others	25,223 (25.8)	24,009 (23.4)	
Local Governments and Municipalities	175 (0.2)	191 (0.2)	
Negotiable Certificates of Deposit	126 (0.1)	217 (0.2)	
Total	97,815	102,745	
Government Contribution of Debentures Issued	400 (0.4)	750 (0.7)	

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

OUTSTANDING BALANCE OF SHOKO CHUKIN BANK DEBENTURES			(¥100 million, %)
	(as of March 31, 2007)	(as of March 31, 2006)	
Interest-Bearing Debentures	59,320 (82.1)	63,830 (81.5)	
Discount Debentures	12,969 (17.9)	14,495 (18.5)	
Total	72,289	78,326	

Notes: 1. Debentures sold by public offering in the period are included.
2. The figures in parentheses represent percentages of the total.
3. As of March 31, 2007, the face value of Discount Debentures amounted to ¥1,299.1 billion.

CLASSIFICATION BY TIME TO MATURITY OF THE OUTSTANDING BALANCE OF SHOKO CHUKIN BANK DEBENTURES (¥100 million)			
Time to Maturity		(as of March 31, 2007)	(as of March 31, 2006)
Interest-Bearing Debentures	1 year or less	16,310	18,990
	More than 1 year, 3 years or less	26,480	27,061
	More than 3 years, 5 years or less	15,983	17,224
	More than 5 years, 7 years or less	200	354
	More than 7 years	346	200
	Total	59,320	63,830
Discount Debentures	1 year or less	12,969	14,495
	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	12,969	14,495	
Total	1 year or less	29,279	33,485
	More than 1 year, 3 years or less	26,480	27,061
	More than 3 years, 5 years or less	15,983	17,224
	More than 5 years, 7 years or less	200	354
	More than 7 years	346	200
	Total	72,289	78,326

BALANCE OF PROPERTY ACCUMULATION SAVINGS

(¥100 million)

	(as of March 31, 2007)	(as of March 31, 2006)
Balance of Property Accumulation Savings	1,100	1,143

BREAKDOWN OF DEPOSIT BALANCE

(¥100 million, %)

	(Fiscal 2006)			(Fiscal 2005)				
	Domestic	International	Total	Domestic	International	Total		
Year End Balance	Time Deposits	10,991 (45.3)	928 (81.2)	11,920 (46.9)	9,967 (42.9)	625 (66.4)	10,592 (43.8)	
	Floating-rate Time Deposits	—	—	—	—	—	—	
	Fixed-rate Time Deposits	10,991 (45.3)	928 (81.2)	11,920 (46.9)	9,967 (42.9)	625 (66.4)	10,592 (43.8)	
	Liquid Deposits	12,850 (53.0)	6 (0.5)	12,856 (50.6)	12,791 (55.0)	1 (0.2)	12,793 (52.8)	
	Interest-bearing Deposits	7,511 (31.0)	—	7,511 (29.6)	7,723 (33.2)	—	7,723 (31.9)	
	Others	412 (1.7)	209 (18.3)	622 (2.5)	500 (2.1)	315 (33.4)	815 (3.4)	
	Total	24,254	1,144	25,399	23,258	942	24,200	
	Negotiable Certificates of Deposit	—	126	126	—	217	217	
	Average Balance	Time Deposits	10,649 (47.8)	750 (70.0)	11,399 (48.9)	10,026 (46.6)	709 (66.4)	10,736 (47.6)
		Floating-rate Time Deposits	—	—	—	—	—	—
Fixed-rate Time Deposits		10,649 (47.8)	750 (70.0)	11,399 (48.9)	10,026 (46.6)	709 (66.4)	10,736 (47.6)	
Liquid Deposits		10,860 (48.8)	1 (0.1)	10,861 (46.5)	10,655 (49.5)	0 (0.1)	10,656 (47.2)	
Interest-bearing Deposits		6,975 (31.3)	—	6,975 (29.9)	6,916 (32.2)	—	6,916 (30.6)	
Others		749 (3.4)	320 (29.9)	1,069 (4.6)	827 (3.9)	357 (33.5)	1,184 (5.2)	
Total		22,259	1,072	23,331	21,509	1,068	22,577	
Negotiable Certificates of Deposit		—	198	198	—	208	208	

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, 2007)	(as of March 31, 2006)
Time Deposits	3 months or less	5,838	5,804
	More than 3 months, 6 months or less	2,106	1,837
	More than 6 months, 1 year or less	2,771	2,679
	More than 1 year, 2 years or less	135	151
	More than 2 years, 3 years or less	1,048	94
	More than 3 years	20	24
	Total	11,920	10,592
Fixed-rate Time Deposits (included above)	3 months or less	5,838	5,804
	More than 3 months, 6 months or less	2,106	1,837
	More than 6 months, 1 year or less	2,771	2,679
	More than 1 year, 2 years or less	135	151
	More than 2 years, 3 years or less	1,048	94
	More than 3 years	20	24
	Total	11,920	10,592

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

	(as of March 31, 2007)	(as of March 31, 2006)
Corporations	21,219 (86.7)	20,976 (89.4)
Individuals	2,847 (11.6)	2,014 (8.6)
Financial Institutions	221 (0.9)	291 (1.2)
Government Funds	175 (0.7)	191 (0.8)
Total	24,464	23,473

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, 2007)	(as of March 31, 2006)
Deposits of Public Funds	175 (68.2)	191 (70.3)
Borrowings from Public Sources	3 (1.2)	0 (0.2)
Debentures Sold to Local Governments	78 (30.6)	80 (29.5)
Total	257	272

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

ANNUAL REVENUES AND PUBLIC FUNDS HANDLED (¥100 million)

	(as of March 31, 2007)	(as of March 31, 2006)
Bank of Japan Revenue Agency Accounts	1,587	1,632
Local Government Public Fund Collection Accounts	548	560
Total	2,136	2,193

LOANS

BALANCE OF LOANS

(¥100 million)

		(Fiscal 2006)			(Fiscal 2005)		
		Domestic	International	Total	Domestic	International	Total
Year End Balance	Loans on Deeds	62,904	502	63,407	64,169	435	64,605
	Loans on Notes	9,798	171	9,970	10,825	171	10,997
	Overdraft	13,846	22	13,868	12,686	—	12,686
	Bills Discounted	6,306	—	6,306	5,986	—	5,986
	Total	92,856	695	93,552	93,668	607	94,276
Average Balance	Loans on Deeds	62,619	470	63,090	64,007	405	64,413
	Loans on Notes	10,094	143	10,237	11,360	158	11,518
	Overdraft	12,589	11	12,600	11,646	—	11,646
	Bills Discounted	5,290	—	5,290	5,837	—	5,837
	Total	90,593	625	91,219	92,851	564	93,415

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, 2007)	(as of March 31, 2006)
Loans	1 year or less	48,653	47,936
	More than 1 year, 3 years or less	23,750	24,333
	More than 3 years, 5 years or less	10,073	10,115
	More than 5 years, 7 years or less	3,822	3,766
	More than 7 years	6,935	7,775
	Without specific term	317	347
	Total	93,552	94,276
Fixed-rate Loans	1 year or less		
	More than 1 year, 3 years or less	18,971	20,151
	More than 3 years, 5 years or less	7,949	8,244
	More than 5 years, 7 years or less	3,027	3,114
	More than 7 years	5,374	6,243
	Without specific term	—	—
Floating-rate Loans	1 year or less		
	More than 1 year, 3 years or less	4,779	4,181
	More than 3 years, 5 years or less	2,124	1,870
	More than 5 years, 7 years or less	794	651
	More than 7 years	1,560	1,532
	Without specific term	317	347
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, 2007)			(as of March 31, 2006)		
	Domestic	International	Total	Domestic	International	Total
Available Funds	25	81	25	26	65	26
Lending Loans	24	13	24	24	13	24

Notes: 1. Available Funds = Debentures Issued + 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, 2007)			(as of March 31, 2006)		
	Domestic	International	Total	Domestic	International	Total
Available Funds	1,051	1,061	1,051	1,107	844	1,104
Lending Loans	1,014	177	1,005	1,022	176	1,013

Notes: 1. Available Funds = Debentures Issued + 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, 2007)	(as of March 31, 2006)
Balance of Loans to Members	92,700 (99.1)	93,484 (99.2)
Balance of Loans to Non-members	852 (0.9)	792 (0.8)
Financial Institutions	28 (0.0)	36 (0.0)
Holders of Shoko Chukin Bank Debentures	32 (0.0)	35 (0.0)
Total	93,552	94,276

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, 2007)	(as of March 31, 2006)
Capital Investment	23,171 (24.8)	23,174 (24.6)
Long-term Working Funds	39,818 (42.5)	40,942 (43.4)
Short-term Working Funds	30,563 (32.7)	30,158 (32.0)
Total	93,552	94,276

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

BREAKDOWN OF LOAN BALANCE BY INDUSTRY

(¥100 million, %)

	(as of March 31, 2007)	(as of March 31, 2006)
Manufacturing	31,605 (33.8)	31,802 (33.7)
Machinery and Metal Product Manufacturing	16,002 (17.1)	15,903 (16.9)
Agriculture, Forestry and Fishery	148 (0.2)	140 (0.2)
Mining	134 (0.1)	127 (0.1)
Construction	2,870 (3.1)	3,148 (3.3)
Wholesale and Retail	29,045 (31.0)	29,329 (31.1)
Finance and Insurance	1,050 (1.1)	1,139 (1.2)
Real Estate	5,484 (5.9)	5,478 (5.8)
Transport and Communication	11,344 (12.1)	11,269 (12.0)
Electricity, Gas, Water and Heat Supply	237 (0.3)	181 (0.2)
Services	11,526 (12.3)	11,541 (12.3)
Others	105 (0.1)	118 (0.1)
Total	93,552	94,276

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

BREAKDOWN OF LOAN BALANCE BY COLLATERAL

(¥100 million, %)

	(as of March 31, 2007)	(as of March 31, 2006)
Deposits and Debentures	2,002 (2.1)	2,115 (2.2)
Securities	672 (0.7)	757 (0.8)
Claims	1,222 (1.3)	1,324 (1.4)
Merchandise	5 (0.0)	2 (0.0)
Real Estate	54,768 (58.5)	55,865 (59.3)
Other Collateral	858 (0.9)	740 (0.8)
Total	59,530 (63.6)	60,805 (64.5)
Guarantee	28,094 (30.0)	28,394 (30.1)
Credit	5,927 (6.3)	5,076 (5.4)
Grand Total	93,552	94,276

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, 2007)	(as of March 31, 2006)
Deposits and Debentures	6,702 (8.9)	5,812 (7.2)
Securities	258 (0.3)	237 (0.3)
Claims	17 (0.0)	95 (0.1)
Merchandise	—	—
Real Estate	16,832 (22.2)	19,268 (23.8)
Other Collateral	1,394 (1.8)	2,218 (2.7)
Subtotal	25,203 (33.3)	27,630 (34.1)
Guarantee	45,806 (60.5)	41,991 (51.8)
Credit	4,691 (6.2)	11,504 (14.2)
Total	75,700	81,125

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

TRUST FACILITY LOAN BALANCE (¥100 million)

	(as of March 31, 2007)	(as of March 31, 2006)
Trust Facility Loan Balance	1,291	1,125

ENTRUSTED AGENCY LOANS (¥ million)

	(as of March 31, 2007)	(as of March 31, 2006)
Japan Finance Corporation for Small and Medium Enterprise (JASME)	0	0
Social Welfare and Medical Service Corporation	185	228
Japan Shipbuilding Industry Foundation	163,760	158,293
Japan Bicycle Promotion Institute	—	5
Organization for Workers' Retirement Allowance Mutual Aid	61	79
Smaller Enterprise Retirement Allowance Mutual Aid Corporation	61	79
Environmental Restoration and Conservation Agency of Japan	340	391
National Life Finance Corporation	777	1,202
Organization for Small & Medium Enterprises and Regional Innovation, Japan	319,723	303,598
Promotion programs	41,530	45,038
Mutual aid programs	278,192	258,560
Japan Labour Health and Welfare Organization	87	298
Employment and Human Resources Development Organization of Japan	0	0
Okinawa Development Finance Corporation	—	—
Development Bank of Japan	—	6
Total	484,937	464,104

BALANCE OF ENTRUSTED AGENCY LOANS

(Contracts, ¥100 million)

		(as of March 31, 2007)	(as of March 31, 2006)
Capital Investment	Contracts	1,034	1,151
	Amount	115	135
Working Funds	Contracts	72	123
	Amounts	6	13
Total	Contracts	1,106	1,274
	Amounts	121	149

RATIO OF LOANS TO DEBENTURES AND DEPOSITS

(¥100 million, %)

		(as of March 31, 2007)			(as of March 31, 2006)		
		Domestic	International	Total	Domestic	International	Total
Loans	(A)	92,856	695	93,552	93,668	607	94,276
Debentures and Deposits	(B)	96,544	1,271	97,815	101,585	1,160	102,745
Ratio (%)	(A)/(B)	96.18	54.74	95.64	92.20	52.38	91.75
Average during the Year		92.10	49.18	91.55	92.45	44.18	91.84

Note: Deposits include Negotiable Certificates of Deposit.

INCREASE (DECREASE) IN RESERVE FOR POSSIBLE LOAN LOSSES

(¥100 million)

	(as of March 31, 2007)					(as of March 31, 2006)				
	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	635	628	—	635*	628	675	635	—	675*	635
General Reserve for Individual Possible Loan Losses	2,284	1,841	831	1,453*	1,841	2,837	2,284	974	1,863*	2,284
Total	2,920	2,470	831	2,088	2,470	3,513	2,920	974	2,539	2,920

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

WRITE-OFF OF LOANS (¥100 million)

	(Fiscal 2006)	(Fiscal 2005)
Write-off of Loans	9	16

LOANS TO RESTRUCTURING COUNTRIES

No transactions

CREDIT-RELATED EXPENSE (¥100 million)

		(Fiscal 2006)	(Fiscal 2005)
Credit-related Expense	(A) = (B) + (C)	490	483
Disposal Amount of Problem Loans	(B)	496	524
Provision to General Reserve for Possible Loan Losses	(C)	(6)	(40)

PROBLEM LOANS (¥100 million, %)

		(as of March 31, 2007)	(as of March 31, 2006)
Loans to Bankrupt Companies	(A)	1,033	1,393
(Loans to Companies that May Fall into Bankruptcy other than Category IV Loans)	(B)	315	411
Overdue Loans	(C)	2,726	3,125
(Overdue Loans other than Category IV Loans)	(D)	2,272	2,544
Loans Overdue for 3 Months or Longer	(E)	23	10
Rescheduled Loans	(F)	1,225	1,457
Total Problem Loans	(G) = (A)+(C) + (E) + (F)	5,008	5,987
Category IV Loans in Loans to Bankrupt Companies	(H)	718	982
Category IV Loans in Overdue Loans	(I)	453	581
Problem Loans other than Category IV Loans	(J) = (B)+(D) + (E) + (F)	3,837	4,423
Loans other than Category IV Loans	(K)	92,486	92,832
Percentage of Loans (%)	(J)/(K)	4.1	4.8

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 2006 was ¥117.1 billion out of the Provision for Possible Loan Losses of ¥184.1 billion and at the end of Fiscal 2005 was ¥156.3 billion out of the Provision for Possible Loan Losses of ¥228.4 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, 2007)	(as of March 31, 2006)
Loans to Legally Bankrupt and Substantially Bankrupt Companies	(A)	1,746	2,310
Loans with Collection Risk	(B)	2,033	2,226
Loans for Special Attention	(C)	1,249	1,468
Subtotal	(D) = (A) + (B) + (C)	5,028	6,005
Category IV Loans	(G)	1,182	1,565
(Amount after deduction of Category IV Loans)	(D) - (G)	3,846	4,439
Normal Loans		89,485	89,298
Total	(H)	94,514	95,303
Percentage of Loans (%)	((D)-(G))/((H)-(G))	4.1	4.7

(REFERENCE) Loan Coverage after Deduction for Category IV Loans

Recoverable Amount from Collateral and Other Coverage Accounted for in (D)	(E)	1,975	2,465
Reserve for Possible Loan Losses Allocated for (D)	(F)	2,007	2,502
Ratio for Reserves (%)	(F - G)/((D - G) - E)	44.1	47.5
Coverage Ratio (%)	((E + F) - G)/(D - G)	72.8	76.6

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.)

SECURITIES

AVERAGE BALANCES OF TRADING SECURITIES

(¥100 million)

	(Fiscal 2006)	(Fiscal 2005)
Trading Government Bonds	7	10
Trading Local Government Bonds	—	—
Trading Government Guarantee Bonds	—	—
Total	7	10

BREAKDOWN BALANCE OF SECURITIES

(¥100 million, %)

	(Fiscal 2006)			(Fiscal 2005)			
	Domestic	International	Total	Domestic	International	Total	
Year-end Balance	Government Bonds	9,316 (64.7)	—	9,316 (60.8)	10,439 (62.2)	—	10,439 (59.0)
	Local Government Bonds	389 (2.7)	—	389 (2.5)	308 (1.8)	—	308 (1.8)
	Short-term Corporate Bonds	—	—	—	19 (0.1)	—	19 (0.1)
	Corporate Bonds	4,381 (30.5)	—	4,381 (28.6)	5,691 (33.9)	—	5,691 (32.1)
	Stocks	287 (2.0)	—	287 (1.9)	323 (1.9)	—	323 (1.8)
	Other Securities	16 (0.1)	929 (100.0)	945 (6.2)	13 (0.1)	910 (100.0)	924 (5.2)
	Foreign Bonds	—	929 (100.0)	929 (6.1)	—	910 (100.0)	910 (5.1)
	Total	14,391	929	15,320	16,797	910	17,707
Average Balance	Government Bonds	10,001 (56.9)	—	10,001 (54.1)	9,656 (56.1)	—	9,656 (52.7)
	Local Government Bonds	346 (2.0)	—	346 (1.9)	223 (1.3)	—	223 (1.2)
	Short-term Corporate Bonds	1,870 (10.6)	—	1,870 (10.1)	1,638 (9.5)	—	1,638 (9.0)
	Corporate Bonds	5,158 (29.4)	—	5,158 (27.9)	5,499 (32.0)	—	5,499 (30.0)
	Stocks	180 (1.0)	—	180 (1.0)	178 (1.0)	—	178 (1.0)
	Other Securities	15 (0.1)	915 (100.0)	930 (5.0)	11 (0.1)	1,101 (100.0)	1,112 (6.1)
	Foreign Bonds	—	915 (100.0)	915 (5.0)	—	1,101 (100.0)	1,101 (6.0)
	Total	17,572	915	18,488	17,207	1,101	18,308

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, 2007)
Book Value	2
Recognized Valuation Difference in Fiscal 2006	(0)

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

	(as of March 31, 2007)				
	Book Value	Market Value	Valuation Difference	Valuation Gains	Valuation Losses
Government Bonds	3,088	3,084	(3)	6	10
Local Government Bonds	—	—	—	—	—
Short-term Corporate Bonds	—	—	—	—	—
Corporate Bonds	78	77	(1)	—	1
Others	88	87	(1)	0	1
Total	3,256	3,249	(6)	6	12

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

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

	(as of March 31, 2007)				
	Acquisition Cost	Book Value	Valuation Difference	Valuation Gains	Valuation Losses
Stocks	123	229	106	107	1
Bonds	8,421	8,386	(34)	1	36
Government Bonds	6,249	6,228	(21)	1	22
Local Government Bonds	391	389	(2)	0	2
Short-term Corporate Bonds	—	—	—	—	—
Corporate Bonds	1,779	1,769	(10)	0	10
Others	838	840	1	1	0
Total	9,383	9,456	73	111	38

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

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

	(as of March 31, 2007)
Held-to-Maturity Bonds	—
Subsidiaries' Stocks	—
Unlisted Stocks	57
Other Marketable Securities	
Corporate Bonds	2,533
Other Securities	16

(REFERENCE)

MARKET VALUE OF SECURITIES AND RELATED INFORMATION (FISCAL 2005)

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 values were based on closing market values, 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 values of stocks were calculated using the average market values in the final month of the fiscal year. The market values for other items were based on market values, 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	56
Other Marketable Securities	2,250
Unlisted Corporate Bonds	2,250
Other Securities	13

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, 2007)			(as of March 31, 2006)		
		Domestic	International	Total	Domestic	International	Total
Marketable Securities	(A)	14,391	929	15,320	16,797	910	17,707
Debentures and Deposits	(B)	96,544	1,271	97,815	101,585	1,160	102,745
Ratio (%)	(A)/(B)	14.90	73.12	15.66	16.53	78.46	17.23
	Yearly Average	17.86	71.98	18.55	17.13	86.26	18.00

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

UNDERWRITING OF PUBLIC BONDS

(¥100 million)

	(Fiscal 2006)	(Fiscal 2005)
Public Bonds Underwritten	0	118

Note: All public bonds underwritten are government bonds.

COUNTER SALES OF PUBLIC BONDS

(¥100 million)

	(Fiscal 2006)	(Fiscal 2005)
Counter Sales of Public Bonds	5	12

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

PUBLIC BOND DEALING

(¥100 million)

	(Fiscal 2006)	(Fiscal 2005)
Amount of Trade	284	215
Average Balance	5	9

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, 2007)					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	3,144	6,172	—	—	—	9,316
Local Government Bonds	70	318	—	—	—	389
Short-term Corporate Bonds	—	—	—	—	—	—
Corporate Bonds	1,325	2,996	59	—	—	4,381
Stocks	—	—	—	—	287	287
Other Securities	106	528	279	14	16	945
Foreign Bonds	106	528	279	14	—	929
Foreign Stocks	—	—	—	—	—	—
Total	4,647	10,015	339	14	304	15,320

	(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	—	—	—	—	—	—
Total	5,613	10,804	932	18	337	17,707

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

INTERNATIONAL OPERATIONS**FOREIGN EXCHANGE TRANSACTION BY TYPE**

(US\$ million)

	(Fiscal 2006)	(Fiscal 2005)
Trade-related Foreign Exchange Transactions	2,190	2,140
Non-trade Foreign Exchange Transactions	949	929
Capital Transactions	608	529
Total	3,748	3,599

Note: Overseas branches are included.

BALANCE OF FOREIGN CURRENCY ASSETS

(US\$ million)

	(Fiscal 2006)	(Fiscal 2005)
Balance of Assets Denominated in Foreign Currencies	1,251	1,220

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, 2007)	(as of March 31, 2006)
Bank Remittance	To other locations	Transactions	1,844	2,088
		Amount	122,564	121,922
	From other locations	Transactions	1,492	1,476
		Amount	103,647	102,606
Bank Collection	To other locations	Transactions	1,036	1,149
		Amount	22,203	24,433
	From other locations	Transactions	27	29
		Amount	548	550
Total	Transactions	4,400	4,745	
	Amount	248,963	249,513	

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, 2007)		(as of March 31, 2006)	
	Contract Amount/ Notational Principal Amount	Credit Risk Amount	Contract Amount/ Notational Principal Amount	Credit Risk Amount
Interest Rate Swap	53,735	403	52,731	389
Currency Swap	4,731	296	3,495	220
Forward Foreign Exchange	423	8	198	5
Interest Rate Options (Bought)	—	—	—	—
Currency Options (Bought)	—	—	—	—
Other Financial Derivatives	—	—	—	—
Credit Risk Reduction by Netting		(296)		(305)
Total	58,891	411	56,424	310

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

2. The contract amounts and notional principal amounts of transactions carried out through public securities exchanges that are excluded from capital adequacy guidelines, and foreign exchange-related transactions for which the duration of the original contract is five business days or less, are as follows.

	(as of March 31, 2007)		(as of March 31, 2006)	
	Contract Amount/Notational Principal Amount		Contract Amount/Notational Principal Amount	
Forward Foreign Exchange	37		18	
Interest Rate Options (Sold)	35		35	
Interest Rate Options (Bought)	—		—	
Currency Options (Sold)	—		—	
Currency Options (Bought)	—		—	
Other Financial Derivatives	1		19	
Total	74		72	

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, 2007)			
			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	1,452,665	1,017,048	673	673
		Floating Rate Receiving/ Fixed Rate Paying	1,517,408	916,757	1,217	1,217
	Interest-rate Options	Floating Rate Receiving/ Floating Rate Paying	—	—	—	—
		Selling Position	—	—	—	—
	Others	Buying Position	—	—	—	—
		Selling Position	3,570	2,200	(11)	18
Total					1,879	1,909
			(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
	Interest-rate Options	Floating Rate Receiving/ Floating Rate Paying	—	—	—	—
		Selling Position	—	—	—	—
	Others	Buying Position	—	—	—	—
		Selling Position	3,536	3,336	(20)	4
Total					1,175	1,200

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, 2007)				(as of March 31, 2006)			
			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		473,167	438,621	1,194	1,194	349,532	330,108	955	955
Traded on the Over-the-counter	Currency Futures	Selling Position	23,272	118	(69)	(69)	10,132	469	(151)	(151)
		Buying Position	22,879	118	138	138	11,488	469	284	284
	Currency Options	Selling Position	—	—	—	—	—	—	—	—
		Buying Position	—	—	—	—	—	—	—	—
	Others	Selling Position	—	—	—	—	—	—	—	—
		Buying Position	—	—	—	—	—	—	—	—
Total					1,263	1,263			1,089	1,089

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, 2007)				(as of March 31, 2006)			
			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	134	—	0	0	537	—	3	3
		Buying Position	—	—	—	—	133	—	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					0	0			4	4

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

THE SHOKO CHUKIN BANK

10-17, 2-Chome, Yaesu, Chuo-ku, Tokyo 104-0028, Japan
Tel: +81-3-3272-6111 Fax: +81-3-3272-6169 (International Division)
URL: <http://www.shokochukin.go.jp/>



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

Printed in Japan