



SHOKO CHUKIN BANK

Annual Report
2009
Year Ended March 31, 2009

Outline of the Bank

(As of March 31, 2009)

Company Name

The Shoko Chukin Bank, Ltd.
(Transition toward privatization commenced on October 1, 2008)

Establishment Date

October 8, 1936

Objective

Shoko Chukin's objective is to conduct businesses necessary to facilitate financing for SME cooperatives, other organizations that primarily consist of SMEs and their members, while ensuring the Bank's autonomy in management toward its goal of complete privatization.

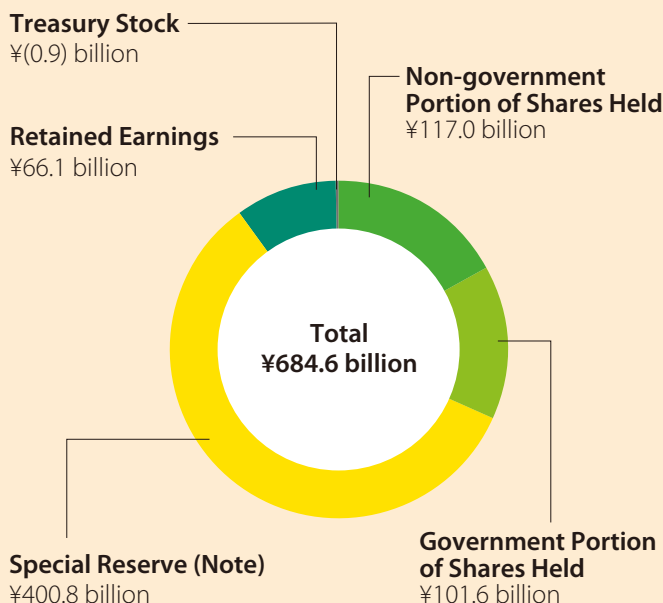
Commencement of Operations

December 10, 1936

Capital

¥218.6 billion
(including ¥101.6 billion government subscription)

Capital Composition



Note: In accordance with the transition to a company structure limited by shares, a special Tier 1 Core Capital reserve has been created to facilitate the continuous and smooth provision of funds to SMEs.

In conjunction with the transition to a company structure limited by shares, an aggregate amount totaling ¥400.8 billion has been transferred to a special reserve. This aggregate amount is comprised of ¥303.7 billion and ¥97.0 billion transferred from the government's subscription and retained earnings, respectively.

Funds Held

¥9,568.0 billion
Deposits: ¥3,112.5 billion
Negotiable Certificates of Deposit: ¥49.7 billion
Debentures: ¥6,405.7 billion

Loans Outstanding

¥9,161.2 billion

Offices

Domestic: 99
Overseas: 3

Number of Employees (Persons)

4,247



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On behalf of the Shoko Chukin Bank, I would like to take this opportunity to thank all of our stakeholders for their continued support and understanding.

The fiscal period ended March 2009 marks the Bank's first account settlement period since its privatization, the six months from October 1, 2008 to March 31, 2009. In addition to providing details of our initiatives and operating performance, we hope that this watershed Annual Report will prove useful to readers, allowing them to gain a better understanding of the Bank and its activities.

Overview of Fiscal 2008

Triggered by the subprime loan crisis in the United States, the unprecedented financial meltdown in fiscal 2008 had a wide-ranging effect on the real economy. Almost without exception, the economies of both developed and newly emerging nations experienced a rapid and dramatic downturn as a result. Under these circumstances, small and

medium-sized enterprises (SMEs) in Japan continued to confront across-the-board harsh operating conditions, irrespective of industry type, geographic location and business scale.

Entering a new stage in its ongoing development, amid this period of unparalleled financial and economic turmoil, the Bank remained all the more committed to fulfilling its designated role and function. In addition to delivering meticulous, customer-oriented consultation services, both at a higher level and in a more effective and timely manner, we continued to provide a safety net for our valued SME client base. Supported by the government's efforts to enact and implement an expanded supplementary budget, and by taking full advantage of lending limits, SMEs gained relatively smooth access to a stable stream of finance. In the period from January 30, 2009 to March 31, 2009, approximately 6,000 loans totaling around ¥400 billion were provided. As of June 30, 2009, this balance had improved to approximately 12,000 loans amounting to

about ¥880 billion. In contrast to the declining trend of the recent past, the total balance of loans has steadily increased. Accounting for the abrupt downturn in operating conditions, however, the Bank experienced an upswing in SME credit-related expenses. It is with deep regret that I therefore inform all stakeholders that the Bank incurred a loss for the fiscal period ended March 31, 2009.

Operating Performance and Management in Fiscal 2009

As SMEs confront an increasingly difficult business environment, the Japanese government continues to promote initiatives aimed at providing a measure of relief. In its supplementary budget announced in May 2009, the Cabinet allocated an additional ¥3 trillion in safety-net loans to crisis-hit firms. Shortly thereafter in June 2009, the government allocated ¥150 billion of its fiscal 2009 supplementary budget to the Bank as crisis response reserves. At the same time, steps were taken to revise the Shoko Chukin Bank Act extending the mandated completion date for the Bank's privatization from October 2015 to April 2019. Buoyed by these measures, we are better positioned to secure our financial soundness through abundant capital and to meet the emergency needs of our customers.

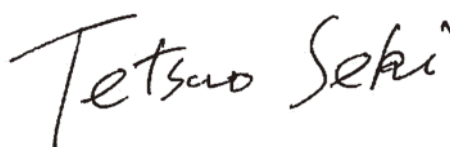
As the only government-appointed financial institution stipulated specifically to provide a stable source of long- and short-term financing to SMEs, we fully recognize the weight and importance of our role particularly during this period of unprecedented financial crisis. In addition to providing a safety net for our SME client base, we work diligently to deliver sophisticated solutions that address individual customer needs and business issues. By taking full advantage of the Group's integrated financial capabilities, while bolstering its support structure and systems, the Bank takes robust strides in realizing its primary mission to enhance the corporate value of SMEs in a sustainable manner.

In Closing

Despite an extremely difficult operating environment, each and every member of the Shoko Chukin Bank Group is committed to fulfilling its role as a financial institution run by SMEs for SMEs. Furthermore, in its efforts to become the asset management partner of preferred choice, the Bank will redouble its endeavors to garner the trust and respect of its stakeholders.

As we move toward achieving our established goals, we ask for your continued support and understanding.

July 2009

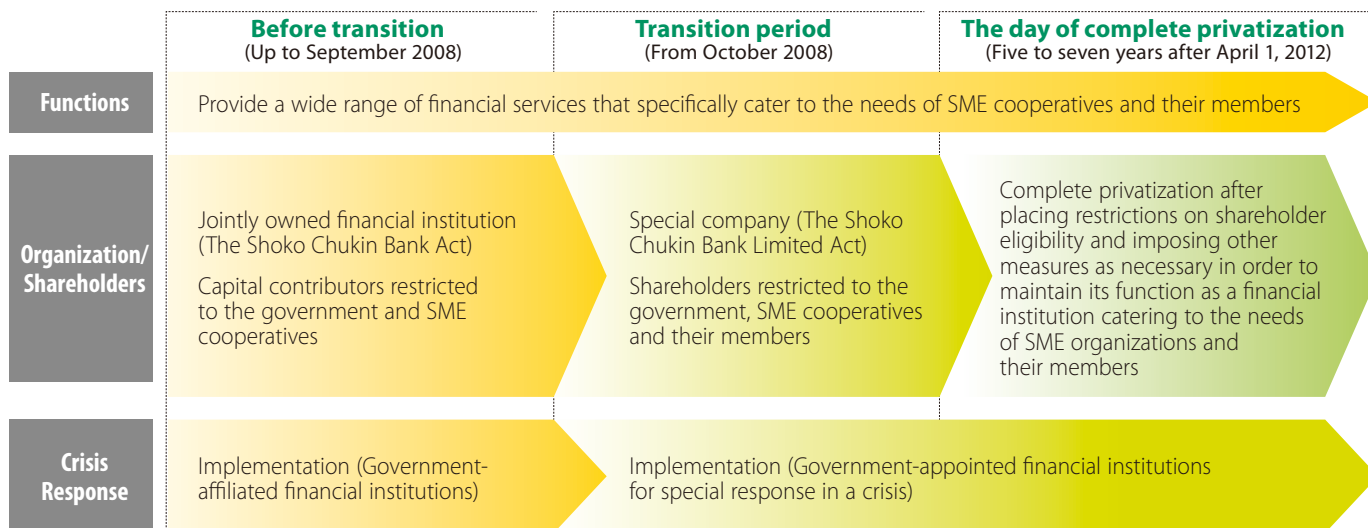


Tetsuo Seki

President

The Shoko Chukin Bank, Ltd.

Overview of the Shoko Chukin Bank Limited Act



Objective of the New Shoko Chukin

Shoko Chukin's objective is to conduct businesses necessary to facilitate financing for SME cooperatives, other organizations that primarily consist of SMEs and their members, while ensuring the Bank's autonomy in management toward its goal of complete privatization.

Financial Standing after Transition to a Joint-stock Company

In order to augment the Shoko Chukin Bank's capital base and ensure that its overall financial standing remains sound, ¥400.8 billion of the government's subscription has been shifted to a special reserve.

Business

Measures to maintain the core of the Shoko Chukin Bank's SME financing functions

- Borrowers are primarily limited to SME cooperatives and their members.
- The Bank will continue to issue bank debentures.
- SME cooperatives will continue to conduct business as a proxy for the Bank.
- The Bank is designated as a crisis-response financial institution by the government.

Measures to provide more diverse services to SMEs

- Scope of eligible subordinate borrowers will be expanded.

(Domestic subsidiaries of member companies, people taking over member companies' businesses, etc.)

- Relevant limitations on guaranty operations will be eliminated.
- Regulations on subsidiary holdings will be clarified.
- With the lifting of depositor eligibility restrictions, the Bank's products will be covered by the deposit insurance system.
- Restrictions on investment of surplus funds will be abolished.

Government Oversight

- Supervision by the minister in charge will be limited to the bare minimum.
- The Bank is required to provide disclosure publications, including consolidated information on subsidiaries, and interim disclosure publications.

Crisis Response

- As a government-appointed financial institution established under an act of the Japanese Diet, the Shoko Chukin Bank engages in crisis response operations during periods of disaster as well as economic and financial turmoil.
- The government has set aside ¥150 billion of its fiscal 2009 supplementary budget as crisis response reserves. Leveraging the government's capital contribution and support, the Shoko Chukin Bank is now in a better position to further secure the financial standing required to smoothly engage in crisis response operations.

At the Time of Complete Privatization

- Over approximately five to seven years, all of the government's shares will be disposed of while considering the market environment.
- After complete liquidation of the government's shares, the act, which is a special act established for the transition period, will be abolished.
- Restrictions on shareholder eligibility and other necessary measures will be taken to maintain the Bank's financial functions for SMEs.

Note: Subsequent to a partial revision of the Shoko Chukin Bank Limited Act, the following provisions came into effect on June 19, 2009.

- Prior to the aforementioned partial revision, the government was directed to begin full disposal of its capital subscription in the Shoko Chukin Bank from October 1, 2008. Subsequent to the partial revision, however, the period from which disposal has been rescheduled to commence has been extended to April 1, 2012.
- Targeting the end of fiscal 2011, the revised Act also stipulates that the government shall implement all required measures, as and when considered necessary, with respect to the way in which the Bank shall carry out its crisis response operations, the manner in which government-owned shares shall be disposed and the level and content of government involvement in the Bank's activities. Implementation shall take into consideration a number of factors including the status of the Bank's crisis response implementation and the financial capacity of such shareholders as SME cooperatives and their members.

Partial Revision of the Shoko Chukin Bank Limited Act (Disposal of government-owned shares and other issues)

(1) Review of the time frame applicable to the complete disposal of government-owned shares

- Taking into consideration market trends, the complete disposal of government-owned shares shall be undertaken over a target period of between five and seven years commencing on April 1, 2012. (Reference: Prior to partial revision of the Shoko Chukin Bank Limited Act) Taking into consideration market trends, and following enforcement of the applicable Act, steps shall be taken to completely dispose of government-owned shares over a target period of between five and seven years.
 - ⇒ Prior to partial revision of the Act, the period for complete disposal of government-owned shares was scheduled to commence on October 1, 2008.

(2) With a target of the end of fiscal 2011, consideration of the manner in which to dispose of government-owned shares

- With a target of the end of fiscal 2011, the government shall take into consideration a variety of factors including the status of equity investments in the Shoko Chukin Bank, the status of the Bank's crisis response implementation as well as its financial foundation, the financial capacity of such shareholders as SMEs and their members and changes in socioeconomic circumstances to deliberate on the way in which the Bank shall carry out its crisis response operations, the manner in which government-owned shares shall be disposed and the level and content of government involvement in the Bank's activities. Based on these deliberations, the government shall implement all required measures, as and when considered necessary. Prior to the implementation of the aforementioned measures, the disposal of government-owned shares shall not be undertaken.



The Act for Partial Revision of the Shoko Chukin Bank Limited Act

○ Supplementary provisions of the Shoko Chukin Bank Limited Act

(Repeal of this Act, other essential measures)

Article 2

1. Pursuant to the provisions of Article 6, Paragraph 2 of the Act on Promotion of Administrative Reform for Realization of Small and Efficient Government (Act No. 47 of 2006), steps shall be taken to completely dispose of government-owned Shoko Chukin Bank shares (hereafter referred to as "government-owned shares") over a period of between five and seven years commencing on April 1, 2012 after taking into consideration market trends.

2. (Omitted)

○ Supplementary provisions of the Act for Partial Revision of the Shoko Chukin Bank Limited Act

(Consideration, other)

Article 3

1. The government, aiming to March 31, 2012, shall take into consideration the state of equity investments in the Shoko Chukin Bank pursuant to the provisions of Article 1-2, Paragraph 2 of the Supplementary Provisions of the Shoko Chukin Bank Limited Act following revision pursuant to the provisions of Article 1, the state of the implementation of crisis response operations (meaning the crisis response operations pursuant to Article 2, Paragraph 5 of the Japan Finance Corporation Law (Law No. 57 of 2007); the same shall apply hereafter) by the Shoko Chukin Bank, the financial foundation of the Shoko Chukin Bank, the financial strength of the small and medium-sized business associations who are shareholders and its constituent members, changes in socioeconomic circumstances, etc. and shall deliberate the state of the crisis response operations by the Shoko Chukin Bank, the state of the disposal of the shares of the Shoko Chukin Bank held by the government, and the state of the government's involvement in the Shoko Chukin Bank, and the government shall, based on the results of these investigations, take necessary measures when it deems such measures are required.

2. Until the implementation of the measures under the preceding paragraph, the government shall not dispose of shares of the Shoko Chukin Bank held by it notwithstanding the provisions of Article 6, Paragraph 2 of the Act on Promotion of Administrative Reform for Realization of Small and Efficient Government (Act No. 47 of 2006) following revision pursuant to the following Article, and the provisions of Article 2, Paragraph 1 of the Supplementary Provisions of the Shoko Chukin Bank Limited Act following revisions pursuant to the provisions of Article 1.

■ Corporate Philosophy of the Shoko Chukin Bank

Mission

The Shoko Chukin Bank is a financial institution run for SMEs, by SMEs. As such, our customers' growth is our growth.

The Shoko Chukin Bank assesses companies from a long-term perspective with great respect for every customer's point of view. We always strive to make the most of the deep understanding of SME management we have developed over the years, our cutting-edge financing methods and other comprehensive financial services, and our nationwide network. In all that we do, our goal is to support our customers' sustainable growth with solutions tailored to the life stage of their companies.

The Shoko Chukin Bank's mission is to harness the boundless joy it shares with its customers to create a new strength for Japan.

Business Posture

For all SMEs

- We offer a sense of security based on long-term, stable transactions and services that solve problems.
- We encourage cooperation among companies and among regions to create new business opportunities.
- We grow as our customers grow, and aim to improve our long-term corporate value.

For all depositors

- We ensure sound management, and are dedicated to treating customers reliably, sincerely and respectfully.
- We support optimum investments as a good partner in asset investment.
- We practice socially responsible investment.

For employees

- We strive to foster an invigorating organization that values on-the-job experience and encourages employees to take on challenges.
- We support employees as they develop expertise, and we train professional employees.
- We create a workplace in which employees feel joy and pride in giving back to society, and we value that process.

For society

- We ensure thorough compliance.
- We strive to maximize business transparency and strive to disclose and publicize information.
- We work to ensure the satisfaction of all stakeholders and contribute to the development of local economies.

Conduct Guidelines

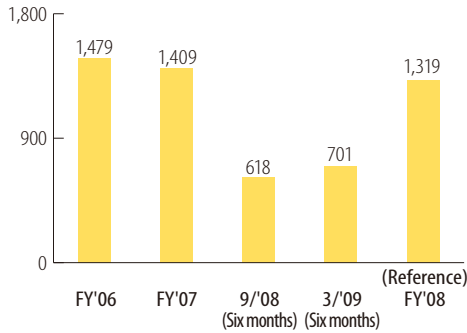
1. We stand in the customer's position.
2. We consider our customers' future.
3. We enhance skills sought by customers.
4. We work together for the sake of the customer.
5. We help customers realize their dreams.

In all these things, we act with pride, great ambition and a fair and sound spirit.

Income and Expenditures

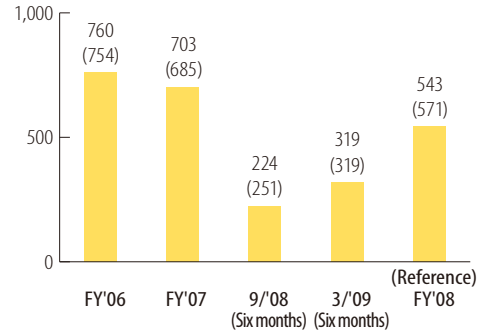
Gross Operating Profit

(¥100 million)



Operating Profit

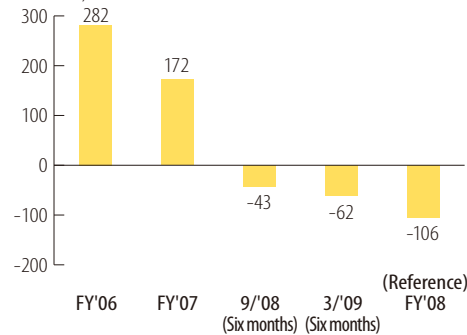
(¥100 million)



Note: The amount in parentheses is Operating Profit before Deduction of Provision for the General Reserve for Possible Loan Losses.

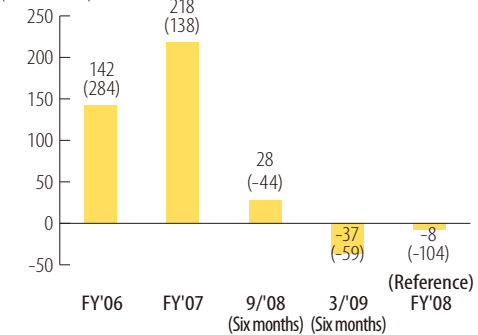
Income (Loss) before Income Taxes and Others

(¥100 million)



Net Income (Loss)

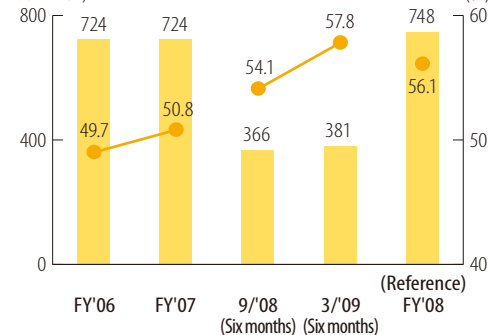
(¥100 million)



Note: The amount in parentheses is Income before Income Taxes.

General and Administrative Expenses and Overhead Ratio (OHR)

(¥100 million)



General and Administrative Expenses (left-hand scale)

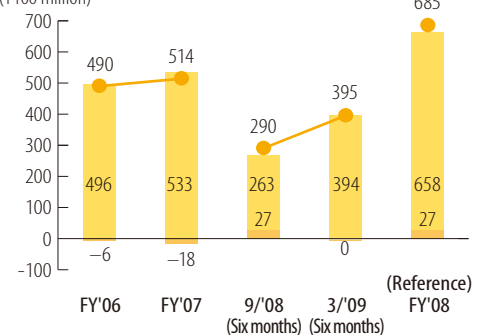
OHR (right-hand scale)

Note: The peak for general and administrative expenses was ¥112.0 billion recorded in Fiscal 1991.

OHR = (General and administrative expenses (excluding nonrecurring items) ÷ Gross operating profit (after deduction of revenue and expenditures from trading of Japanese Government Bonds and other bonds))

Credit-Related Expense

(¥100 million)



Credit-related expense

Disposal amount of problem loans

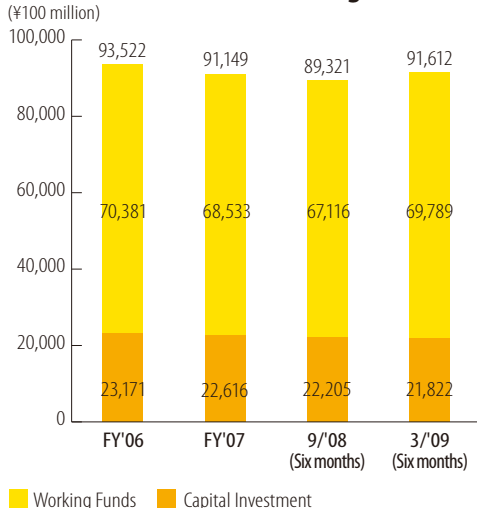
Provision to (reversal of) general reserve for possible loan losses

Note: Reversal of general reserve for possible loan losses is shown as a negative amount.

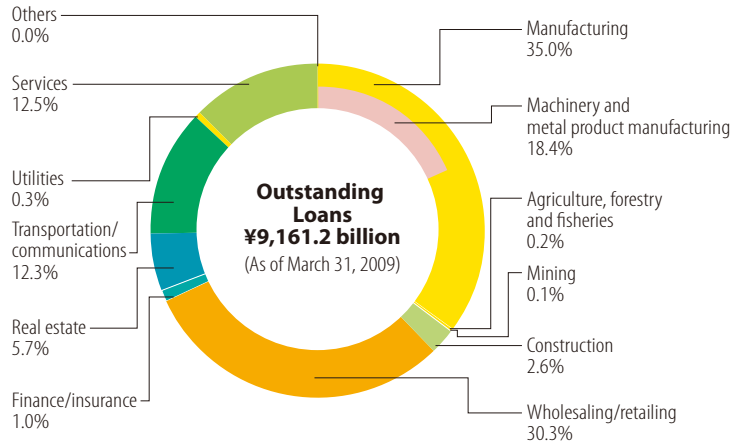
Gross operating profit for the six-month period ended March 31, 2009 increased ¥8.3 billion compared with the six-month period ended September 30, 2008. This was attributable to a variety of factors including improvements in revenue from (losses on) sales of investment securities. Reflecting such factors as deterioration in the operating environment confronted by small and medium-sized enterprises, which led to the upswing in credit-related expenses, however, the Shoko Chukin Bank recorded a loss before income taxes and others.

Loans

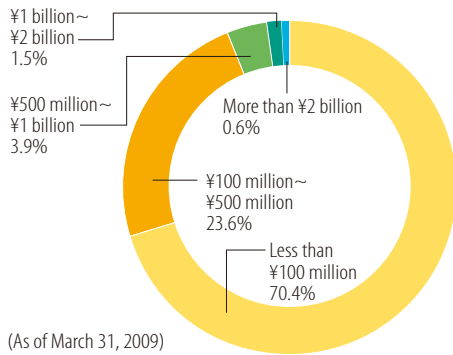
Balance of Loans Outstanding



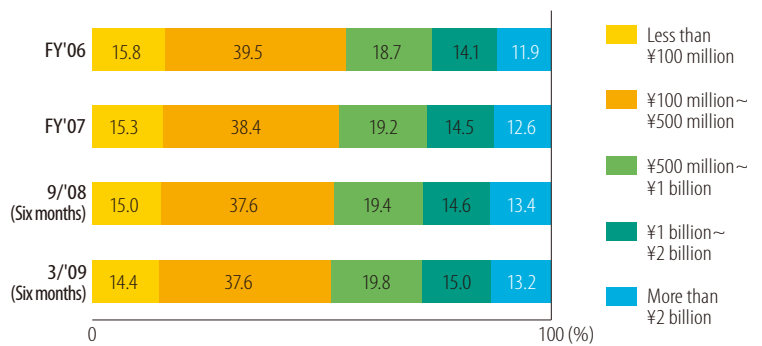
Outstanding Loans by Sector



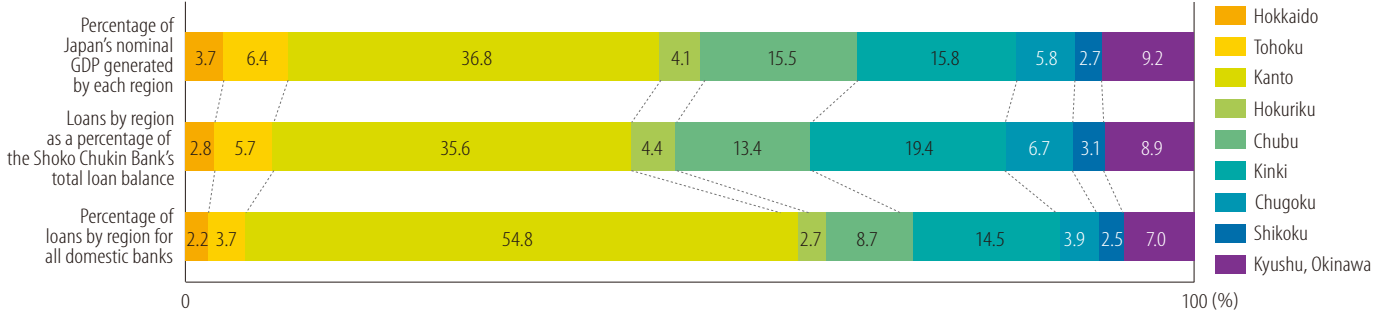
Breakdown of Borrowers by Loan Balance Outstanding



Breakdown of Loans by Balance Outstanding



Comparison of Nominal GDP by Region and the Bank's Breakdown of Loan Balance by Region

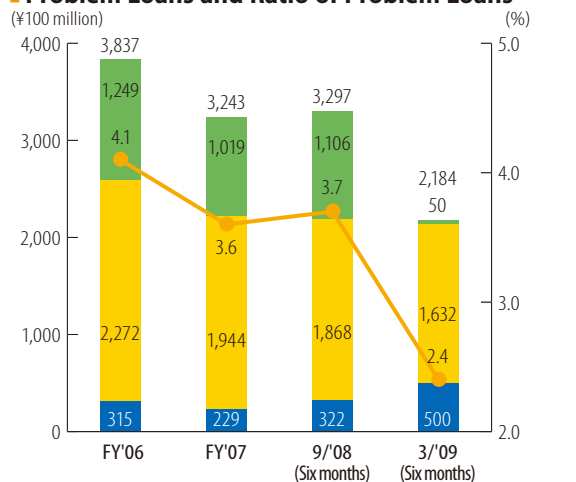


Note: Figures for nominal GDP by region are for Fiscal 2006. Figures for loans by the Shoko Chukin Bank and loans by all domestic banks are as of March 31, 2009.
Sources: Annual Report on Prefectural Economies, Cabinet Office; Deposits, Loans and Discount Outstanding of Domestically Licensed Banks by Prefecture, Bank of Japan

Throughout the period under review, the Shoko Chukin Bank took comprehensive steps to fulfill its safety net role. As a part of these endeavors, the Bank bolstered its crisis response operations. As a result, the balance of loans outstanding as of March 31, 2009 experienced a positive net turnaround, improving ¥46.2 billion compared with the balance as of March 31, 2008.

Problem Loans

Problem Loans and Ratio of Problem Loans



■ Rescheduled loans and Loans overdue by three months or longer (left-hand scale)
■ Overdue loans (left-hand scale)
■ Loans to bankrupt companies (left-hand scale)
● Ratio of problem loans (right-hand scale)

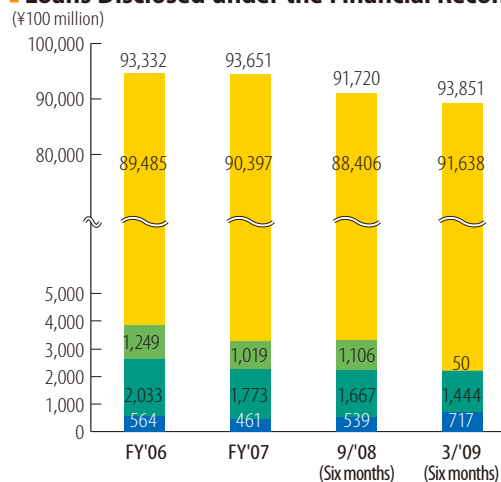
Note: Based on the results of the Bank's self-assessment of assets, loans to bankrupt companies, overdue loans (loans to virtually bankrupt companies and companies at risk of bankruptcy), loans overdue by three months or longer and rescheduled loans (where interest rates have been lowered or other advantageous loan terms have been provided to support business restructuring) are disclosed.
Ratio of problem loans: Risk-managed assets as a proportion of outstanding loans

Breakdown of Loan Balance by Borrower Category under the Bank's Self-Assessment

	(#100 million)					
	FY'07		9/08 (Six months)		3/09 (Six months)	
	Amount	%	Amount	%	Amount	%
Legally Bankrupt	860	1.0%	1,056	1.1%	1,408	1.5%
Virtually Bankrupt	641	0.7%	652	0.7%	534	0.6%
Risk of Bankruptcy	1,770	1.9%	1,667	1.8%	1,444	1.5%
Need Special Attention	21,106	22.9%	24,162	26.0%	27,834	29.2%
Borrowers receiving special management	1,342	1.5%	1,458	1.6%	74	0.1%
Other need for special attention	19,763	21.5%	22,703	24.4%	27,759	29.2%
Normal	67,691	73.5%	65,375	70.4%	63,872	67.2%
Total	92,070	100.0%	92,915	100.0%	95,095	100.0%

Note: Based on the Bank's internal credit rating system, borrowers are classified into five categories: Normal, Need Special Attention, Risk of Bankruptcy, Virtually Bankrupt, and Legally Bankrupt.

Loans Disclosed under the Financial Reconstruction Act



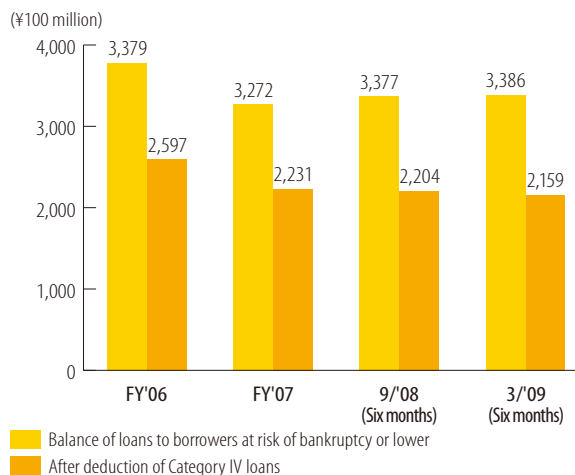
■ Normal Loans
■ Loans for Special Attention
■ Loans with Collection Risk
■ Loans to Legally Bankrupt and Substantially Bankrupt companies

Note: Based on the results of the Bank's self-assessment of assets, loans to borrowers that are virtually bankrupt or legally bankrupt are presented as "Loans to Legally Bankrupt and Substantially Bankrupt Companies"; loans to borrowers with risk of bankruptcy are presented as "Loans with Collection Risk"; and loans overdue by three months or longer and rescheduled loans are presented as "Loans for Special Attention."

The Shoko Chukin Bank was not subject to the provisions of the Act Concerning Emergency Measures for the Reconstruction of the Functions of the Financial System (the "Financial Reconstruction Act") prior to the period ended September 30, 2008. However, the Bank discloses self-assessment amounts pursuant to the standards stipulated in the aforementioned Financial Reconstruction Act for reference purposes.

Private placement bonds guaranteed by the Shoko Chukin Bank (private placement bonds for which the Shoko Chukin Bank guarantees the repayment of the principal and interest payments in full or in part) have been added to the scope of loans for which it discloses information beginning in Fiscal 2007.

Balance of Loans to Borrowers at Risk of Bankruptcy or Lower



■ Balance of loans to borrowers at risk of bankruptcy or lower
■ After deduction of Category IV loans

- The figures above exclude loans classified as unrecoverable (Category IV) based on self-assessment. (These figures are equivalent to the loan balance after the direct write-off of Category IV loans. This is in line with disclosure standards used by private financial institutions.) For Fiscal 2008, the excluded amounts are as follows. Risk-managed Assets Loans to bankrupt borrowers amounted to ¥85.9 billion. Overdue loans amounted to ¥33.6 billion. Loans disclosed under the Financial Reconstruction Act Loans to legally bankrupt and substantially bankrupt borrowers amounted to ¥123.5 billion.
- The breakdown of loan balance by borrower category under the Bank's self-assessment includes Category IV loans.
- Problem loans cover loans only.
Loans subject to self-assessment include loans and assets equivalent to loans such as foreign exchange, acceptances and guarantees, uncollected interest, and suspense payments.
Loans disclosed under the Financial Reconstruction Act include loans and assets equivalent to loans, such as private placement bonds guaranteed by the Shoko Chukin Bank (private placement bonds for which the Shoko Chukin Bank guarantees the repayment of the principal and interest payments in full or in part), foreign exchange, acceptances and guarantees, uncollected interest, and suspense payments.
- Effective from the period ended September 30, 2008, private placement bonds have been newly included in the breakdown of the Bank's loan balance by borrower category under its self-assessment.

- Focusing on loan recipient companies that have been classified under self-assessment as Need Special Attention borrowers, and from the perspective of fulfilling its safety net function, the Shoko Chukin Bank is actively engaged in efforts to improve the management of said loan recipient companies by formulating and following up on management improvement plans.
- Looking ahead, the Shoko Chukin Bank will continue to place considerable weight on the aforementioned initiatives. Through these means and by implementing appropriate loan management based on a process of self-assessment, the Bank will secure and maintain a sound credit and financial position.

Write-Offs and Reserves

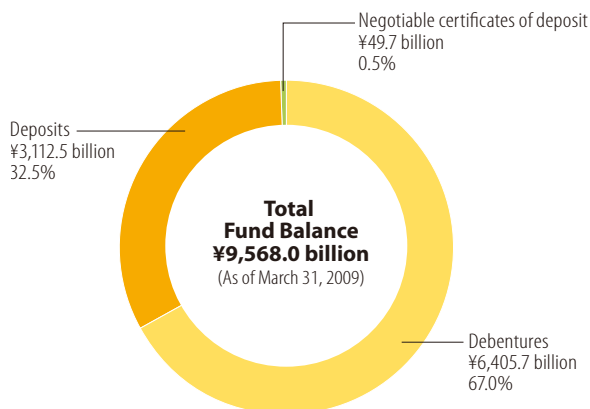
The Bank writes off assets or reserves provisions on the basis of self-assessment results, which are reviewed by independent auditors. It has made sufficient provision for its existing problem loans.

Normal Need Special Attention	Reserve provisions made on the basis of a formula using past actual loan losses
Risk of Bankruptcy	Reserve provisions made to the necessary level in relation to the amount not covered by collateral
Virtually Bankrupt Legally Bankrupt	Reserve provisions and write-offs made for the entire amount not covered by collateral

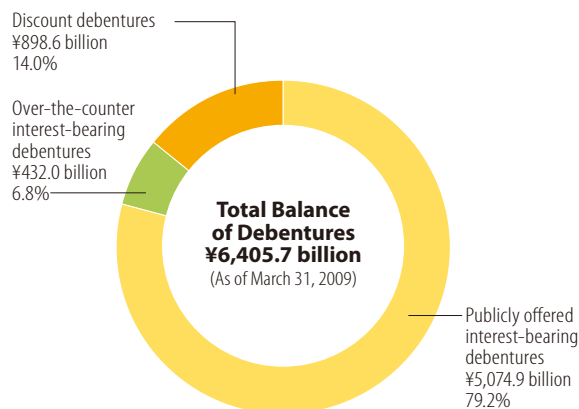
- All credit transactions are subject to asset self-assessment under the practical guidelines laid out by the Japanese Institute of Certified Public Accountants. The Shoko Chukin Bank writes off assets and reserves provisions based on the results of these assessments. The Bank uses this approach to ensure asset quality is accurately monitored and problem loans are appropriately written off. The Bank also uses it to manage loans after loan application procedures are completed.

Fund-Raising

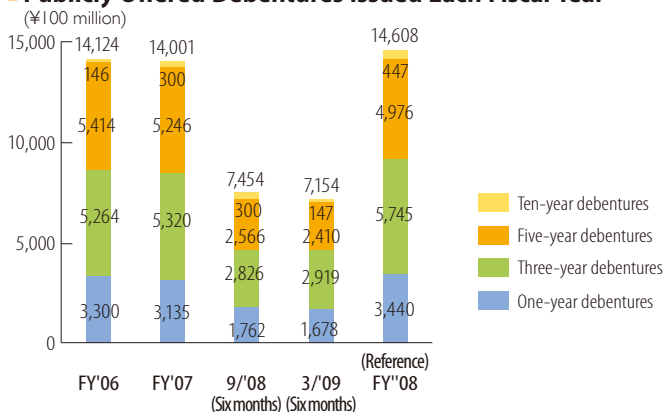
Breakdown of Fund-Raising



Breakdown of Debenture Balance



Publicly Offered Debentures Issued Each Fiscal Year



- The Bank's fund-raising is centered on the issuance of debentures. In particular, publicly offered debentures are mainly purchased by financial institutions and institutional investors on a regular basis.
- With regard to the maturity of funds raised, activities are mainly focused on three-year and five-year maturities. The Bank takes into account its overall asset and liability situation when deciding on the maturity mix of its debenture issues, and emphasizes both efficiency and stability in its fund-raising activities.

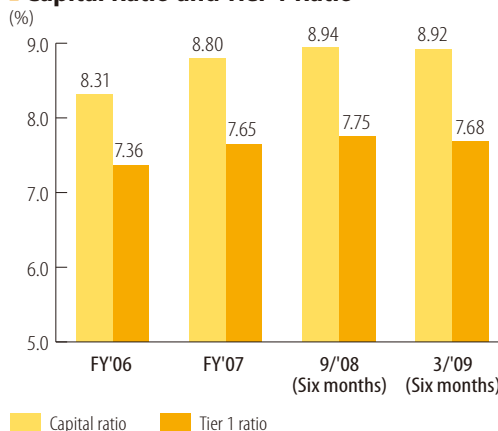
Total Capital

Trends in Total Capital

(¥100 million)

	FY'06	FY'07	9/'08 (Six months)	3/'09 (Six months)
Capital	7,563	7,924	7,925	7,883
Tier 1 capital	6,701	6,885	6,877	6,786
Non-government portion of shares held (capital subscription)	1,173	1,173	1,170	1,170
Government portion of shares held (capital subscription)	4,053	4,053	4,053	1,016
Special Reserve	—	—	—	4,008
Retained Earnings	1,508	1,693	1,686	661

Capital Ratio and Tier 1 Ratio



Note: In accordance with Article 23-1 of the Shoko Chukin Bank Limited Act and notice of the Financial Services Agency, the Ministry of Finance and the Ministry of Economy, Trade and Industry based on the said act, the Bank is working to improve its capital ratio.

- The capital ratio has been stable at around 8.92%.
- The quality of the Bank's capital base is essentially high. This is reflected in the high proportion of Tier 1 capital.

■ The Shoko Chukin Bank's Governance System

The change in status from that of a government-affiliated financial institution to a special company (a joint-stock company established pursuant to a special act) provides an opportunity for the Shoko Chukin Bank to reinforce and further upgrade its corporate governance structure and systems. At the same time, the Bank is well positioned to maintain its basic role as a financial institution run for SMEs by SMEs under the governance of its shareholders — SME cooperatives and their members — the government, market and relevant laws including the Shoko Chukin Bank Limited and Companies acts. In this context, the Bank will establish boards of directors and corporate auditors and appoint an independent auditor. To ensure that its fundamental character as a financial institution run for SMEs by SMEs remains intact, the Bank will also establish the Management Advisory Committee made up of select representatives from SME loan recipient companies.

The Composition and Functions of Corporate Governance Organizations and Systems

A. Board of Directors

As of March 31, 2009, the Shoko Chukin Bank's Board of Directors was comprised of 12 members, one of whom was appointed from outside the Bank. The Board of Directors deliberates on and decides important matters pertaining to the execution of the Bank's business activities while at the same time supervising the duties of directors. Through these means, every effort is made to ensure that the Bank's overall operations continue to function in an appropriate and effective manner.

B. Board of Corporate Auditors, Corporate Auditors

As of March 31, 2009, the Shoko Chukin Bank's Board of Corporate Auditors was comprised of four members, two of whom are non-standing corporate auditors. Of the aforementioned four corporate auditors, two were appointed from outside the Bank. Corporate auditors monitor and audit the execution and performance of each director's duties. Moreover, the Board of Corporate Auditors prepares audit reports, appoints and removes standing corporate auditors and determines the Bank's overall audit policy.

C. Management Advisory Committee

To ensure that the opinions and voice of its core client base are accurately reflected in the Bank's management, a management advisory committee has been established comprising select representatives from SME loan recipient companies. The Management Advisory Committee provides comments and advice on the Bank's operating activities.

D. Compensation Committee

The Compensation Committee, which includes related parties appointed from outside the Bank, has been established to voice opinions and provide advice on the evaluation of performance with respect to directors' compensation and retirement benefits.

E. Management Meetings

Management meetings attended by the Bank's representative directors including the president, deputy president and senior managing directors are convened to ensure that decisions relating to the Bank's fundamental operations as well as important investment and lending issues are expeditiously and sufficiently deliberated in accordance with the basic policy formulated by the Board of Directors.

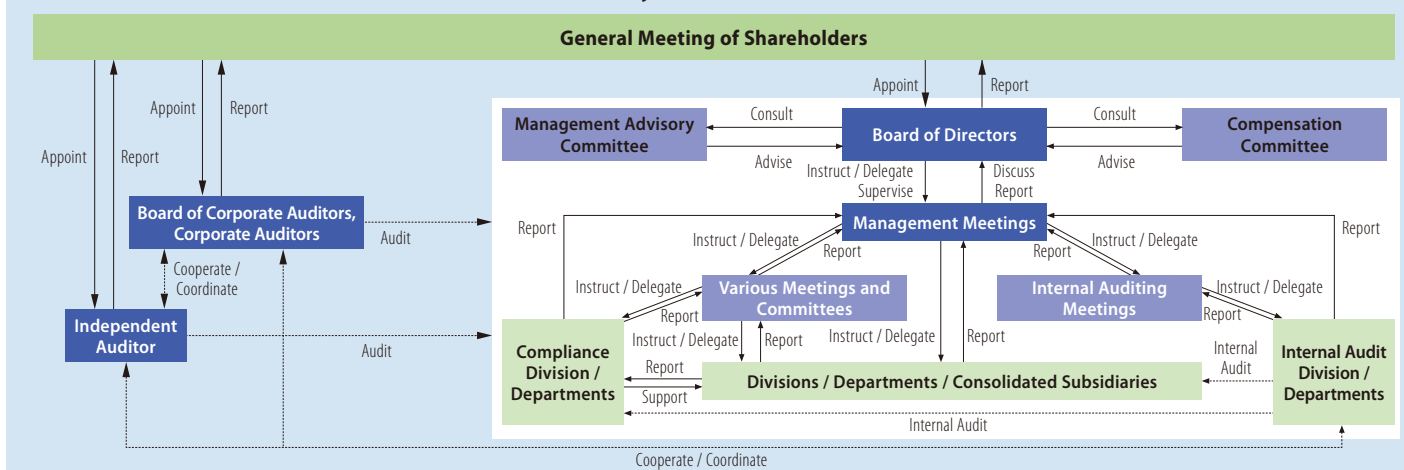
F. Internal Auditing Meetings

To ensure the independence and autonomy of the Internal Audit Division from the departments and divisions subject to audit, and to reinforce the control function, internal auditing meetings are convened under the direct supervision of management meetings. During each internal auditing meeting, attendees discuss and deliberate on matters relating to the Bank's internal auditing system as well as internal auditing plans.

G. Other Meetings and Committees

In addition to internal auditing meetings, the Bank convenes and establishes other meetings and committees to deliberate on and discuss issues and proposals put forward during management meetings. These issues and proposals encompass such wide-ranging fields as corporate planning, investment and lending, compliance, CS promotion and credit risk management. As a supplementary structure, these meetings and committees are driven mainly by representative directors including the deputy president and senior managing directors.

The Shoko Chukin Bank's Governance Structure and System



Risk Management

Financial institutions are exposed to diverse and complex risk factors, such as credit risk, market risk, liquidity risk and operational risk. This reflects the liberalization and internationalization of the financial sector, and advances in financial technology. It is critical for financial institutions to manage these risks appropriately in order to maintain their financial soundness while responding to the increasingly diverse and sophisticated needs of their customers.

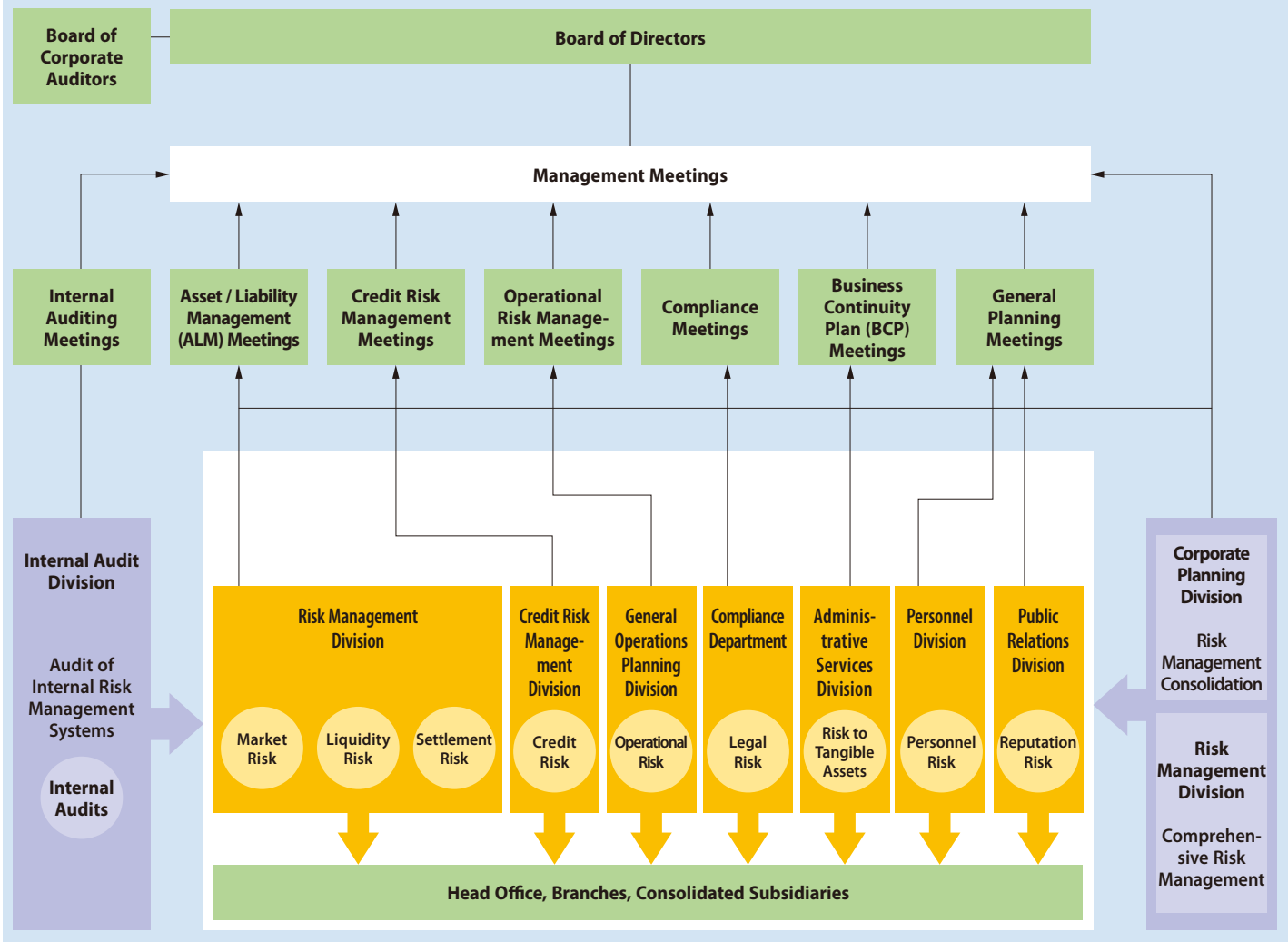
Responding to this environment, the Bank continues to bolster its risk management systems by clearly identifying individual risk management departments, further strengthening management capabilities with respect to specific types of risk

and delegating to the Corporate Planning Division overall responsibility for monitoring and overseeing risk management.

Moreover, in putting into perspective the impact of overall risk based on an assessment of individual categories, the Risk Management Division has been established to oversee risk management on an integrated basis in the context of the Bank's total capital.

The Risk Management Division coordinates the capital-at-risk limit determined by the Board of Directors and periodically submits reports to the Asset/Liability Management (ALM) Meetings.

Risk Management Structure and System



Risk Definitions

Market Risk	The risk of loss resulting from fluctuations in asset values due to changes in interest rates, exchange rates or the prices of marketable securities.
Liquidity Risk	The risk that cash flows will become insufficient due to the inability to secure the required funds (cash flow risk), and the risk that market transactions will become impossible due to market disruptions (market liquidity risk).
Settlement Risk	The risk of loss resulting from failure to settle by the due date (broadly categorized into credit risk, liquidity risk, operational risk and legal risk, according to the cause and characteristics of the problem).
Credit Risk	The risk of loss due to the partial or complete loss of asset value, owing to such factors as deterioration in the financial position of the borrower.
Operational Risk	Operational risk is the risk of loss by financial institutions resulting from administrative failures, accidents or management or staff fraud (administrative risk, which includes information security risk that does fall within the scope of system risk), the risk of loss by financial institutions due to computer system failures, errors, or inadequacies (system risk, which includes system inadequacy and information security risk stemming from fraudulent third-party acts), and the risk of loss due to serious threats such as leaks, fraudulent use, erroneous operations, and deliberate acts to affect the validity and reliability of essential information assets (information security risk).
Legal Risk	The risk of loss resulting from legal uncertainty about transactions or failure to comply with laws and regulations.
Risk to Tangible Assets	The risk of impairment and damage to tangible assets as a result of disasters and other accidents.
Personnel Risk	Risk occurring because of unjust and unfair human resource management (problems with compensation and dismissals) and discriminatory acts (sexual harassment, etc.).
Reputation Risk	The risk that losses will be suffered due to decline of reputation and the spread of false information.

Credit Risk Management

Based on its expertise in working with SMEs, the Bank's credit risk management system is designed to maintain and improve the soundness of its loan assets by setting appropriate lending criteria and ensuring that screening systems are properly applied.

Credit Risk Management System

The Credit Risk Management Division is responsible for overseeing the Bank's credit risk management system. It works to enhance this system by monitoring the Bank's credit portfolio and quantifying risk.

Senior management, through the Credit Risk Management Meetings, analyzes the credit portfolio from various perspectives, such as by credit rating, business sector and geographical region, as it aims to diversify risk as a means of maintaining and improving the soundness of the Bank's assets.

The Bank undertakes self-assessment of its assets to identify and control credit risk in an appropriate manner and has introduced an internal credit rating system for this purpose. This internal credit rating system uses an optimal set of financial indicators to assess the creditworthiness of SMEs and also incorporates a range of qualitative assessment criteria.

Credit screening is the responsibility of the Credit Group, which works to maintain and enhance the soundness of the Bank's assets through appropriate screening and management. The Bank has also established the Department for Business Restructuring as a specialist unit to provide customers with support for management improvement and revitalization. This department proactively works with customers in this area.

Screening

Owing to the large impact that external factors—including general economic conditions—can exert on SMEs, the Bank endeavors to carry out screening based on the medium- to long-term outlook for the customer's business. Specifically, the Bank takes into account not only financial factors but also such intellectual assets as management talent and technological capabilities, which do not show up in a firm's financial statements. Through regular visits by the Bank's staff to customers' businesses, the Bank is able to build up its understanding of such factors unique to each customer.

Consequently, in the event that a customer suffers a temporary business slump owing to external factors, the Bank focuses on the future outlook for the customer's core business and cash flows. Through this process, the Bank works closely with the customer's management team to obtain a shared understanding of (1) the customer's current situation, and (2) the best approach for putting the business back on a positive track. This type of management support is a key part of the Bank's mission, and the Bank remains committed to actively cooperating with regional financial institutions, the SME Revitalization Support Councils and other related institutions to fulfill this role.

To further promote the support of its customers, the Bank runs training programs for its staff, which are aimed at enhancing employees' consulting capabilities for SME financing.

Market and Liquidity Risk Management

The Bank has laid down basic policies on market and liquidity risk management, which define organizational structures, authority and management methodologies, and form the basis of strict operational management and control.

Risk Management Structure

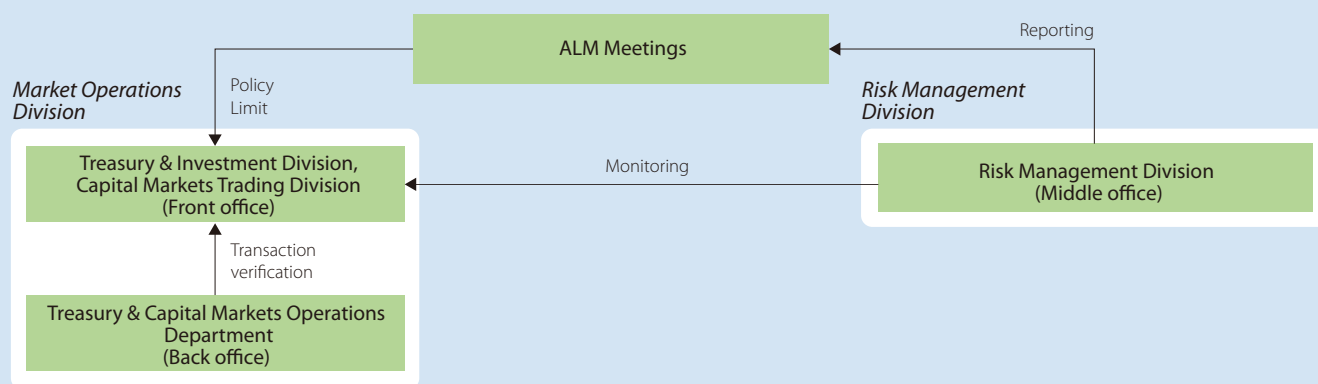
Under the Bank's market risk management structure, market operations are separated into front office and back office departments. In addition, a middle office fulfills a specialist role in managing market risk, with the overall structure providing a system of checks and balances between each of the functions.

The middle office monitors operations on a daily basis to ensure strict compliance with the market risk and liquidity risk limits set after deliberation by the ALM Meetings. The results of these monitoring activities are reported on a regular basis.

Asset/Liability Management (ALM)

The Shoko Chukin Bank strives for stable earnings while appropriately managing market and liquidity risk. The Bank achieves this balance between profitability and risk control by analyzing its asset and liability portfolios using interest rate forecasts, 10 basis point value and Value at Risk (VaR) methods, and conducting simulations using multiple interest rate scenarios.

Market and Liquidity Risk Management Systems



Market Risk (Banking)

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

Interest sensitivity by fiscal period (10 basis point value)												(Unit: 100 million yen)	
As of March 31, 2008				As of September 30, 2008				As of March 31, 2009					
1 year or less	More than 1 year, 5 years or less	More than 5 years	Total	1 year or less	More than 1 year, 5 years or less	More than 5 years	Total	1 year or less	More than 1 year, 5 years or less	More than 5 years	Total		
5	(36)	(13)	(43)	6	(30)	(11)	(36)	7	(41)	(28)	(63)		

Value at risk (VaR)			(Unit: 100 million yen)	
As of March 31, 2008		As of September 30, 2008		As of March 31, 2009
105		149		194

Note: VaR holding period: 1 month, confidence interval: 99%

GLOSSARY OF TERMS

Asset/Liability Management (ALM)

ALM refers to integrated management of assets and liabilities.

10 basis point value

This refers to the change in market value if interest rates rise by 0.1%.

Value at Risk (VaR)

VaR statistically calculates the maximum loss on the Bank's portfolio based on past market fluctuations and using a particular period (holding period) and probability (confidence interval).

Operational Risk Management

In its role overseeing operational risk, the General Operations Planning Division is responsible for managing and minimizing operational risk, which includes administrative risk and system risk, as it relates to the Bank as a whole. In this context, the Division has formulated the Basic Guidelines on Operational Risk Management.

In addition, the Operational Risk Management Meetings deliberates on matters relating to operational risk. These include efforts to clearly identify risk and to establish countermeasures to ensure their reduction.

The Bank's efforts to mitigate administrative risk through the reduction of administrative errors and omissions include the development of an office manual that clearly stipulates how each operation should be handled, and the installation of various types of office equipment. In addition, Head Office provides operational guidance and in-depth training for managers and staff.

In addition, Risk Control Self-Assessment (RCSA) was introduced, whereby the department in charge of operations monitors losses that occur, and also identifies and evaluates inherent risk. By making improvements based on this evaluation, the Bank strives to reduce risk.

The Bank is bolstering measures aimed at managing system risk, which involves efforts to ensure the stable operation of computer systems. These include the development of back-up systems, building back-up centers, and carrying out breakdown drills.

In the area of information security, which impacts on both administrative and system risk, the Bank has formulated an

Information Security Basic Policy, as well as specific standards and management procedures for handling information security. The Bank has also implemented appropriate measures to protect its information assets, and maintain the security of these assets. These measures involve the classification of assets by importance, as well as risk assessments.

The Bank's contingency plans set clear operational priorities for the safety of customers and employees in the event of disasters or other emergencies.

Improvement of Internal Auditing Systems

To ensure the effectiveness of risk management systems, the Internal Audit Division, which operates independently of all other head office divisions, carries out audits of the Bank's risk management preparedness.

Operational audits are implemented to ensure that risk management and other processes at branches and head office departments are functioning effectively. These inspections are designed to further improve operations and prevent problems, and seek to confirm whether operations are in compliance with laws and internal regulations, and whether self-audits at department and branch level are functioning as expected.

Asset audits look into whether self-assessments, write-offs and reserves are appropriate, and whether credit ratings are accurate.

The results of internal audits are reported at internal auditing meetings at which time measures are deliberated and determined to ensure that business operations are improved. Furthermore, the details of discussions are periodically reported at management as well as Board of Directors' meetings.

The Structure and Systems That Facilitate Reporting to the Board of Corporate Auditors and Corporate Auditors by Directors and Officers; Other Structures and Systems That Facilitate Reporting to the Board of Corporate Auditors and Corporate Auditors

- (1) Corporate auditors are able to attend meetings of the Board of Directors and management as well as those of individual committees.
- (2) Directors and other officers report to the Board of Corporate Auditors and corporate auditors in an effective and appropriate manner on all matters prescribed under the law, the status of business execution and relevant peripheral issues.

■ Compliance Systems

Ensuring full compliance is seen as a crucial aspect of the Bank's operations. In all its business operations and other activities, the Bank must comply with all accepted rules and social norms, use disclosure to fulfill its obligation of accountability, and maintain a high degree of transparency.

Thorough Awareness of the Importance of Compliance

The Shoko Chukin Bank has established the Code of Ethics as its basic policy on compliance. The Bank takes all necessary steps to ensure that Group directors, officers and employees are made fully aware of and understand its content. The Bank has prepared and distributed to all employees a compliance handbook as a practical guide to the laws and ordinances

Compliance Structure

(1) Organizations Established to Deliberate on Matters Relating to Compliance

Matters relating to compliance are reported to and deliberated by the Compliance Meetings, which is chaired by a senior managing director and representative director. Results of the Compliance Meetings's deliberations are reported at management meetings as well as to the Board of Directors. The Board of Directors decides on all matters of particular importance as they relate to compliance including the Compliance and other programs.

(2) The Compliance Coordination Division

The Compliance Department has been designated as the organizational unit responsible for compliance-related planning and management. The Department works closely with other departments and divisions to establish and further develop the Bank's compliance structure and systems.

(3) Compliance Officers and Compliance Managers

Head office divisional managers and branch managers have been designated as compliance officers, and head office and branch staff have been designated as compliance managers to ensure stringent compliance. In addition to conducting regular checks to ensure employees are not contravening laws or regulations, these compliance officers and managers provide guidance and training for employees as necessary. In cases where compliance managers from the head office draw up or amend internal regulations, these amendments are examined to ensure that they comply with all laws, ordinances and rules and pose no problems from the viewpoint of social norms. Where necessary, outside specialists are consulted.

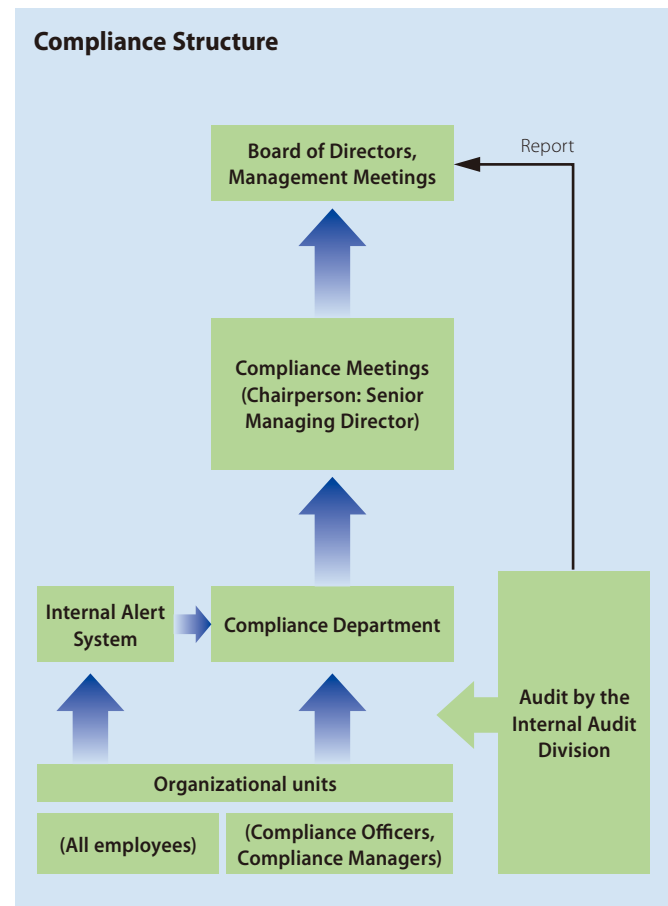
(4) Compliance Inspections

Head office divisions and branches are required to conduct self-assessments to ensure thoroughgoing compliance. The Internal Audit Division, which is independent of other head office divisions, also conducts thorough compliance inspections of head office divisions and branches. Reports on the results of audits are submitted to the Board of Directors.

that must be observed in the pursuit of business activities, and in dealing with problems that may arise. At branch manager meetings, the president regularly emphasizes the Bank's commitment to full compliance. Further efforts to ensure compliance include group training programs and branch-level training programs.

(5) Internal Alert System

The Bank has set up an internal alert system to prevent further escalation and swiftly resolve any compliance problems that occur. The system has been set up so that both executives and employees can easily make reports, with contact points established in the offices of external lawyers and external businesses as well as the Compliance Department.



Code of Ethics

1. Ensuring Trust

- (1) As a financial institution run for SMEs by SMEs, the Shoko Chukin Bank provides high-quality, comprehensive and stable services and supports the sustainable growth of its customers. We understand and act on our social responsibility to exercise financial settlement and mediation functions as a financial institution.
- (2) We strive to communicate with all sectors of society through timely and appropriate disclosure and other measures to fulfill our mission and social responsibilities as a financial institution. Furthermore, each one of us appropriately fulfills the role assigned to us in our daily operations, and strives to maintain and earn trust through sound and appropriate operations.
- (3) All officers and employees carry out their jobs in a fair manner and build sound corporate ethics. Moreover, the Bank works to reinforce internal controls through, for instance, its internal management system and risk management system, and ensures that operations are administered according with a sense of self-responsibility inspired by self-discipline.

2. Customer-oriented Operation

- (1) We understand that the growth of our customers is our mission, and also treat our customers cordially, politely and sincerely to ensure their satisfaction.
- (2) We take the customer's point of view to ensure that we provide appropriate services based on the customer's needs and experiences. When offering the Bank's services, we appropriately and thoroughly explain the merits, demerits and risks inherent in the services and move ahead with the transaction only with the customer's full understanding.
- (3) We take the utmost care in managing information entrusted to us by customers, and we manage it appropriately to prevent leaks. The information entrusted to us by customers is only used for the intended purposes, and is never used for purposes other than those intended without the customer's consent.

3. Strict Compliance with Laws

- (1) When carrying out operations as a financial institution, we respect laws and rules by ensuring fair competition, handling customer information with great care, forbidding insider trading and preventing money laundering. We refrain from unsound lending and sales practices that would deviate from social norms, and pursue good business operations.
- (2) In the event that a law or rule is violated, we do not attempt to conceal the event but report it in accordance with established reporting procedures. We strive to resolve the problem quickly and prevent a reoccurrence.
- (3) When purchasing goods and services and ordering systems, the transaction is carried out in accordance with fair market rules and appropriate commercial practices, and we ensure that the Bank's relationships with suppliers are equitable and transparent. In addition, we do not tolerate unfair trading practices such as bid-rigging.

4. Respect for Human Rights

- (1) We respect the rights of all people, beginning with our customers, officers and employees. We respect basic human rights and practice this belief in our daily operations.
- (2) We strive to create a cheerful environment that is free of acts that damage individual dignity such as sexual harassment and abuse of authority, discrimination and bias, and an environment in which individual diversity is respected by all.

5. Zero Tolerance of Anti-social Forces

- (1) The Bank is firmly opposed to anti-social forces such as crime syndicates that threaten order and safety in civil society, and has a zero-tolerance policy toward involvement with such forces.
- (2) We thoroughly confirm personal identities to prevent use of our services in crimes or terrorism. We do not overlook transactions suspected of criminality or terrorism or transactions with unnatural features, but respond appropriately by reporting suspicious transactions; in addition, we endeavor to prevent money laundering.

Financial Data (Consolidated)

Six Months Ended March 31, 2009

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Trends in Principal Financial Indicators (Consolidated)

	Billions of yen
	March 31, 2009
Total Operating Income	122.2
Loss before Income Taxes and Others	(6.0)
Net Loss	(3.7)
Total Capital Funds	685.1
Total Assets	10,913.2
Net Assets per Share (Yen)	128.89
Net Loss per Share (Yen)	(1.70)
Net Income per Share (Diluted) (Yen)	—
Capital Ratio (%)	6.24
Consolidated Capital Ratio (uniform international standards) (%)	8.91
Return on Equity (%)	(1.08)
Price Earnings Ratio	—
Number of Employees (Persons)	4,220
[Average Number of Temporary Employees]	[685]

- Notes: 1. The Shoko Chukin Bank and its domestic consolidated subsidiaries account for national and local consumption taxes by way of the tax-exclusion method.
2. "Net Assets per Share," "Net Loss per Share" and "Net Income per Share (Diluted)" (hereafter collectively referred to as "Per Share Data") are calculated based on the "Accounting Standard for Earnings Per Share" (Accounting Standards Board of Japan Statement No. 2) and the "Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No. 4).
3. Turning to Net Income per Share (diluted), the Shoko Chukin Bank recorded a Net Loss per Share for the fiscal period under review. The figure for Net Income per Share (diluted) is not disclosed because there were no shares with a dilutive effect.
4. The Capital Ratio is calculated as follows:
(Total Net Assets as of the fiscal period-end – Minority Interests as of the fiscal period-end) / Total Assets as of the fiscal period-end x 100
5. The Consolidated Capital Ratio is calculated in accordance with Announcement No. 2 of 2008 from the Financial Services Agency, the Ministry of Finance and the Ministry of Economy, Trade and Industry pursuant to Article 23, Paragraph 1 of the Shoko Chukin Bank Limited Act. The Shoko Chukin Bank has adopted the BIS international capital adequacy guidelines.
6. Figures for Price Earnings Ratio are not disclosed because the Shoko Chukin Bank is not publicly listed.
7. The Shoko Chukin Bank changed its status to a joint-stock company on October 1, 2008 in accordance with provisions outlined under the Shoko Chukin Bank Limited Act. As a result, the Bank's fiscal account settlement period ended March 31, 2009 is the six-month period from October 1, 2008 to March 31, 2009.
8. The number of employees is the number of people employed (excluding workers on loan).

Consolidated Balance Sheet

The Shoko Chukin Bank, Ltd. and Subsidiaries As of March 31, 2009

	Millions of yen	Millions of U.S. dollars
	2009	2009
ASSETS		
Cash and Due from Banks	¥ 93,068	\$ 947
Call Loans and Bills Purchased	4,205	42
Monetary Claims Purchased	31,268	318
Trading Assets	19,393	197
Investment Securities	1,557,761	15,858
Loans	9,131,334	92,958
Foreign Exchange	7,006	71
Other Assets	96,123	978
Tangible Fixed Assets	45,075	458
Buildings	16,636	169
Land	24,754	252
Leased Assets	340	3
Construction in Progress	2	0
Other Tangible Fixed Assets	3,341	34
Intangible Fixed Assets	6,757	68
Software	5,387	54
Other Intangible Fixed Assets	1,370	13
Deferred Income Taxes	83,697	852
Customers' Liabilities for Acceptances and Guarantees	74,290	756
Reserve for Possible Loan Losses	(236,721)	(2,409)
Total Assets	¥10,913,262	\$111,099

	Millions of yen	Millions of U.S. dollars
	2009	2009
LIABILITIES		
Deposits	¥ 3,108,947	\$ 31,649
Negotiable Certificates of Deposit	49,760	506
Shoko Chukin Bank Debentures	6,405,591	65,210
Call Money and Bills Sold	4,207	42
Trading Liabilities	13,771	140
Borrowed Money	274,506	2,794
Foreign Exchange	28	0
Other Liabilities	267,646	2,724
Reserve for Bonuses	4,578	46
Reserve for Retirement Benefit	20,342	207
Reserve for Retirement Benefits for Directors	58	0
Reserve for Losses on Refund for Dormant Bonds	3,471	35
Other Reserves	77	0
Deferred Tax Liabilities	62	0
Negative Goodwill	804	8
Acceptances and Guarantees	74,290	756
Total Liabilities	10,228,145	104,124
NET ASSETS		
Capital	218,653	2,225
Special Reserve under the Shoko Chukin Bank Law	400,811	4,080
Capital Surplus	0	0
Retained Earnings	66,206	673
Treasury Stock	(945)	(9)
Total Shareholders' Equity	684,725	6,970
Unrealized Gains on Securities	(3,735)	(38)
Deferred Hedge Losses	429	4
Total Valuation and Translation Adjustments	(3,306)	(33)
Minority Interests	3,697	37
Total Net Assets	685,116	6,974
Total Liabilities and Net Assets	¥10,913,262	\$111,099

Consolidated Statement of Operations

The Shoko Chukin Bank, Ltd. and Subsidiaries For the six months ended March 31, 2009

	Millions of yen	Millions of U.S. dollars
	2009	2009
Operating Income	¥122,294	\$ 1,244
Interest Income	93,211	948
Interest on Loans	83,849	853
Interest and Dividends on Securities	7,751	78
Interest on Call Loans and Interest on Bills Purchased	76	0
Interest on Deposits	89	0
Other Interest Income	1,444	14
Fees and Commissions	5,402	54
Trading Revenue	2,425	24
Other Operating Income	16,847	171
Other Income	4,406	44
Operating Expenses	128,331	1,306
Interest Expense	34,803	354
Interest on Deposits	4,363	44
Interest on Negotiable Certificates of Deposit	98	0
Interest on Debentures	29,149	296
Interest on Call Money and Interest on Bills Sold	123	1
Interest on Resale Agreements	33	0
Interest on Loan Transactions	31	0
Interest on Borrowed Money	904	9
Other Interest Expenses	98	0
Fees and Commissions	362	3
Trading Expenses	2	0
Other Operating Expenses	11,413	116
General and Administrative Expenses	39,781	404
Other Expenses	41,968	427
Provision for Possible Loan Losses	37,876	385
Other Expenses	4,091	41
Loss before Income Taxes and Other	(6,036)	(61)
Other Gains	58	0
Collection of Written-off Claims	58	0
Other Losses	97	0
Losses on Disposal of Fixed Assets	94	0
Other Losses	3	0
Loss before Income Taxes	(6,075)	(61)
Provision for Income Taxes	251	2
Adjustment for Income Taxes	(2,588)	(26)
Total Income Taxes	(2,336)	(23)
Loss on Minority Interests	(19)	-
Net Loss	¥ (3,719)	\$ (37)

Consolidated Statement of Changes in Net Assets

The Shoko Chukin Bank, Ltd. and Subsidiaries For the six months ended March 31, 2009

	Millions of yen	Millions of U.S. dollars
	2009	2009
Shareholders' Equity		
Capital		
Balance at the End of the Previous Period	¥522,420	\$ 5,318
Changes during the Period		
Transfer to Special Reserve from Capital	(303,767)	(3,092)
Total Changes during the Period	(303,767)	(3,092)
Balance at the End of the Period	218,653	2,225
Special Reserve		
Balance at the End of the Previous Period	—	—
Changes during the Period		
Transfer to Special Reserve from Capital	303,767	3,092
Transfer to Special Reserve from Retained Earnings	97,043	987
Total Changes during the Period	400,811	4,080
Balance at the End of the Period	400,811	4,080
Capital Surplus		
Balance at the End of the Previous Period	—	—
Changes during the Period		
Disposition of Treasury Stock	0	0
Total Changes during the Period	0	0
Balance at the End of the Period	0	0
Retained Earnings		
Balance at the End of the Previous Period	168,730	1,717
Changes during the Period		
Transfer to Special Reserve from Retained Earnings	(97,043)	(987)
Dividends from Surplus	(1,760)	(17)
Net Loss	(3,719)	(37)
Total Changes during the Period	(102,524)	(1,043)
Balance at the End of the Period	66,206	673
Treasury Stock		
Balance at the End of the Previous Period	—	—
Changes during the Period		
Acquisition of Treasury Stock	(945)	(9)
Disposition of Treasury Stock	0	0
Total Changes during the Period	(945)	(9)
Balance at the End of the Period	(945)	(9)
Total Shareholders' Equity		
Balance at the End of the Previous Period	691,150	7,036
Changes during the Period		
Transfer to Special Reserve from Capital	—	—
Transfer to Special Reserve from Retained Earnings	—	—
Dividends from Surplus	(1,760)	(17)
Net Loss	(3,719)	(37)
Acquisition of Treasury Stock	(945)	(9)
Disposition of Treasury Stock	0	0
Total Changes during the Period	(6,425)	(65)
Balance at the End of the Period	684,725	6,970

(Continued on following page)

	Millions of yen 2009	Millions of U.S. dollars 2009
Valuation and Translation Adjustments		
Unrealized Gains on Securities		
Balance at the End of the Previous Period	¥ (1,530)	\$ (15)
Changes during the Period		
Net Changes of Items Other Than Shareholders' Equity	(2,205)	(22)
Total Changes during the Period	(2,205)	(22)
Balance at the End of the Period	(3,735)	(38)
Deferred Hedge Losses		
Balance at the End of the Previous Period	525	5
Changes during the Period		
Net Changes of Items Other Than Shareholders' Equity	(96)	0
Total Changes during the Period	(96)	0
Balance at the End of the Period	429	4
Total Valuation and Translation Adjustments		
Balance at the End of the Previous Period	(1,004)	(10)
Changes during the Period		
Net Changes of Items Other Than Shareholders' Equity	(2,301)	(23)
Total Changes during the Period	(2,301)	(23)
Balance at the End of the Period	(3,306)	(33)
Minority Interests		
Balance at the End of the Previous Period	7,153	72
Changes during the Period		
Net Changes of Items Other Than Shareholders' Equity	(3,455)	(35)
Total Changes during the Period	(3,455)	(35)
Balance at the End of the Period	3,697	37
Total Net Assets		
Balance at the End of the Previous Period	697,299	7,098
Changes during the Period		
Dividends from Surplus	(1,760)	(17)
Net Loss	(3,719)	(37)
Acquisition of Treasury Stock	(945)	(9)
Disposition of Treasury Stock	0	0
Net Changes of Items Other Than Shareholders' Equity	(5,757)	(58)
Total Changes during the Period	(12,182)	(124)
Balance at the End of the Period	¥685,116	\$6,974

Notes to Consolidated Financial Statements

The Shoko Chukin Bank, Ltd. and Subsidiaries For the six months ended March 31, 2009

Basis of presentation

The accompanying financial statements of the Shoko Chukin Bank, Ltd. (the "Bank") and its consolidated subsidiaries (the "Group") have been prepared in accordance with the provisions set forth in the Shoko Chukin Bank Limited Act 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 ¥98.23=U.S.\$1.00, the approximate rate of exchange prevailing as of March 31, 2009, 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.

SIGNIFICANT BASIC ITEMS FOR CONSOLIDATED FINANCIAL STATEMENTS

1. Scope of consolidation

(1) Consolidated subsidiaries: 7 companies

Names of consolidated subsidiaries:

YAESU SHOKO, LTD.
SHOKOCHUKIN COMPUTER SYSTEMS CO., LTD.
SHOKO SERVICE, LTD.
JAPAN INSTITUTE OF COMMERCE,
INDUSTRY AND ECONOMICS, LTD.
JAPAN SHOKO LEASE CO., LTD.
SHOCHU CARD CO., LTD.
YAESU KOSAN CO., LTD.

(2) Non-consolidated subsidiaries: 3 companies

Names of non-consolidated subsidiaries:

YAESU MIDORI KANREN JIGYOU KYOUDOUKUMIAI
First Shochu Investment Syndicate
Second Shochu Investment Syndicate

Non-consolidated subsidiaries are excluded from the scope of consolidation because their total amounts in terms of total assets, operating income and net income (the amounts equivalent to equity shareholdings) as well as retained earnings (the amounts equivalent to equity shareholdings) are immaterial and do not hinder a rational judgment of the Shoko Chukin Bank, Ltd. (the "Bank") Group's financial position and results of operations when excluded from the scope of consolidation.

2. Application of the equity method

(1) Non-consolidated subsidiaries accounted for by the equity method:

None

(2) Affiliated companies accounted for by the equity method:

None

(3) Non-consolidated subsidiaries that are not accounted for by the equity method : 3 companies

Names of non-consolidated subsidiaries that are not accounted for by the equity method:

YAESU MIDORI KANREN JIGYOU KYOUDOUKUMIAI
First Shochu Investment Syndicate
Second Shochu Investment Syndicate

(4) Affiliated companies that are not accounted for by the equity method:

None

Non-consolidated subsidiaries that are not accounted for by the equity method are excluded from the scope of the equity method because their total amounts in terms of net income (the amounts equivalent to equity shareholdings) as well as retained earnings (the amounts equivalent to equity shareholdings) do not have a material impact on consolidated financial statements when excluded from the scope of the equity method.

3. Fiscal period-end of consolidated subsidiaries

The fiscal period-end of consolidated subsidiaries is as follows:

March 31 7 companies

4. Special purpose entities subject to disclosure

(1) Overview of special purpose entities subject to disclosure and transactions with these special purpose entities:

None

(2) Transaction amounts with special purpose entities subject to disclosure and details thereof as of and for the fiscal period ended March 31, 2009:

None

5. Accounting methods, practices and standards

(1) Basis for valuation of Trading Assets/Liabilities and calculation of Revenue/Expenses

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 consolidated balance sheet as "Trading Assets" or "Trading Liabilities" based on values at the time of contract, while gains and losses from the said transactions are shown in the consolidated Statements of Operations as Trading Revenue or Trading Expenses.

Trading Assets and Trading Liabilities are valued at market prices on the consolidated balance sheet date for securities and monetary claims, etc., and at deemed settlement prices on the consolidated balance sheet date for derivative products such as swaps, futures and options.

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

(2) Basis and methods for valuation of securities

The following valuation methods are applied, depending on the type of security. Bonds intended to be held until maturity are amortized using the moving average

cost method (straight-line method). Stocks for which market values are available are valued at the average market price during the month before this fiscal period end. Marketable securities with market values other than stocks are valued using the mark-to-market method based on market prices at the fiscal period 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.

Unrealized Gains on Securities are all directly incorporated into Net Assets.

- (3) Basis and methods for valuation of derivative transactions
Derivative transactions other than Trading Transactions are stated using the mark-to-market method.
- (4) Amortization of fixed assets
 - (a) Tangible Fixed Assets (excluding Leased Assets)
Tangible Fixed Assets are subject to declining balance depreciation.
Expected useful lives for major items are as follows:
Buildings: 2 to 65 years
Other Tangible Fixed Assets: 2 to 20 years
Tangible fixed assets owned by consolidated subsidiaries are depreciated using primarily the straight-line method over the estimated useful lives of the respective tangible fixed assets.
 - (b) Intangible Fixed Assets (excluding Leased Assets)
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 and its consolidated subsidiaries (principally 5 years).
 - (c) Leased Assets
Leased Assets, presented within Tangible Fixed Assets, relating to finance lease transactions that do not involve transfer of ownership are depreciated under the straight-line method, with zero residual value, over the lease term.
- (5) Accounting standard for reserve for possible loan losses:
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 Self-Assessment of Assets and Audits on Write-Offs and Reserves for Possible Loan Losses 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 deducting the estimated amounts to be collected through

disposal of collateral and execution of guarantees.

Reserve for Loans to Debtors at Risk of bankruptcy/ with Restructured Loans is provided based on the discounted cash flow (DCF) method if the loan balance exceeds a specific amount and the future cash flows of the principal and interest of the loan can be reasonably estimated. Under the DCF method, the reserve is calculated as the difference between the book value of the loan and the present value of its expected future cash flows, discounted by the contractual interest rate before the terms of the loan were restructured.

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.

The reserve for possible loan losses of consolidated subsidiaries for general claims is provided in the amount deemed necessary based on historical loan-loss ratios, and for doubtful claims in the amount deemed uncollectible based on an assessment of each individual claim.

- (6) Accounting standard for Reserve for Bonuses
The Reserve for Bonuses is set up for the payment of employees' bonuses and appropriates an amount for this fiscal period out of the amount of bonuses estimated to be paid to employees.
- (7) Accounting standard for Reserve for Retirement Benefit
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 period. 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 period when the actuarial difference was incurred. This amortization starts from the next fiscal period.
- (8) Accounting standard for Reserve for Retirement Benefits for Directors
The Reserve for Retirement Benefits for Directors is set up for the payment of directors' retirement benefits. It represents amounts that have accrued through the end of this fiscal period out of the retirement benefit amount estimated to be paid to directors.
- (9) Accounting standard for Reserve for Losses on Refund for Dormant Bonds
Reserves for Losses on Refunds for Dormant Bonds are recorded for bonds that are no longer recognized as liabilities in an amount equivalent to the estimated losses arising from future demands for refunds.
- (10) Accounting standard for other reserves:
The reserve for losses on refund for interest is set up as other reserves to provide for the exchange of items. This other reserve includes an estimated reserve amount for sales promotion and an estimated lump sum amount for future losses on refund for cashing interest.

- (11) Translation standard for assets and liabilities denominated in foreign currencies:
Assets and liabilities of the Bank denominated in foreign currencies and accounts of the Bank's overseas branches are translated into Japanese yen mainly at exchange rates prevailing as of the consolidated balance sheet date. Assets and liabilities of consolidated subsidiaries denominated in foreign currencies are translated into Japanese yen at exchange rates prevailing as of their respective balance sheet dates.
- (12) Accounting method for significant hedge transactions:
- (a) Currency risk hedging
Deferred hedge accounting is adopted for hedges carried out to control the risk of currency fluctuations arising from foreign currency-denominated assets and liabilities, as stipulated in the "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25). Currency swap transactions are carried out for the purpose of offsetting the risk of currency fluctuations arising from foreign currency-denominated monetary claims. The effectiveness of the hedge is evaluated by confirming the availability of an amount equivalent to the foreign currency position used to hedge the foreign currency-denominated monetary claims.
- (b) Transactions between consolidated subsidiaries
Interest rate swap transactions designated as hedges for those derivatives transactions that are internal transactions between consolidated subsidiaries, 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 the "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24). For this reason, revenue and expenses arising from said interest rate swap transactions have been recognized as gains/losses without being eliminated.
The special treatment for deferred hedge or interest rate swaps is applied to certain assets and liabilities.
The special treatment for interest rate swaps is applied to certain assets and liabilities of consolidated subsidiaries.
- (13) Accounting for consumption taxes
With respect to the Bank and its domestic consolidated subsidiaries, National and local consumption taxes are accounted for with the tax exclusion method.
6. Valuation of consolidated subsidiaries' assets and liabilities
Valuations of the assets and liabilities of consolidated subsidiaries are undertaken using fair market values when the Bank acquires their control.
7. Amortization of goodwill and negative goodwill
Goodwill and negative goodwill is amortized using the straight-line method over five years.

ADDITIONAL INFORMATION

1. Accompanying privatization on October 1, 2008, a transfer was made from capital and retained earnings to special reserve pursuant to Article 5 of the Supplementary Provisions of the Shoko Chukin Bank Limited Act. As a result, capital decreased ¥303,767 million and retained earnings decreased ¥97,043 million while special reserve increased ¥400,811 million. Special reserve, which are set up by the Shoko Chukin Bank Limited Act, have the following characteristics.

Pursuant to the provisions of Article 43 of the Shoko Chukin Bank Limited Act, in the calculation of the amount of surplus, the amount of special reserve shall be included in the total amount of capital and reserves.

Pursuant to the provisions of Article 44, Paragraph 1 of the Shoko Chukin Bank Limited Act, the amount of special reserve may be reduced when the total amount of capital reserve and earnings reserve becomes zero in the event a deficit is compensated. When the amount of the surplus comes to exceed zero following the reduction of the special reserve, the amount of special reserve must be increased pursuant to the provisions of Article 44, Paragraph 3 of the Shoko Chukin Bank Limited Act.

Pursuant to the provisions of Article 45 of the Shoko Chukin Bank Limited Act, when the state of the capital adequacy and the soundness of other finances have improved and when it is deemed that the financial soundness have been secured, all or a portion of the amount of special reserve may, pursuant to a resolution of the general meeting of shareholders, paid to the national treasury.

When, supposing the Bank is liquidated, obligations have been repaid and there are residual assets, the amount of special reserve shall be paid to the national treasury pursuant to the provisions of Article 46 of the Shoko Chukin Bank Limited Act.

2. The "Act on the Partial Revision of the Shoko Chukin Bank Limited Act to Seek the Smooth Provision of Capital to Small and Medium Sized Businesses" (hereinafter referred to as "Revision Act") was passed in the 171st Diet session on June 12, 2009.
- (1) (Crisis Response Reserves)

In the Shoko Chukin Bank Limited Act following revision, crisis response reserves have the following characteristics. In the 2009 supplementary budget, ¥150,000 million was appropriated in order to fund crisis response reserves.

Pursuant to the provisions of Article 43 of the Shoko Chukin Bank Limited Act following revision, in the calculation of the amount of surplus, the amount of crisis response reserves shall be included in the total amount of capital and reserves.

Pursuant to the provisions of Article 44, Paragraph 1 of the Shoko Chukin Bank Limited Act following revision, the amount of crisis response reserves may be reduced when the total amount of special reserve becomes zero in the event a deficit is compensated. When the amount of the surplus comes to exceed zero following the reduction of the crisis response reserves, the amount of crisis response reserves must be increased pursuant to the provisions of Article 44, Paragraph 4 of the Shoko Chukin Bank Limited Act following revision. The increase in the amount of the crisis

response reserves shall, pursuant to the provisions of Article 44, Paragraph 5 of the Shoko Chukin Bank Limited Act following revision, be undertaken prior to the increase in the amount of the special reserve.

Pursuant to the provisions of Article 45 of the Shoko Chukin Bank Limited Act following revision, when the Shoko Chukin Bank deems that it has sufficiently secured the necessary financial foundation for the smooth implementation of crisis response operations, an amount of money equivalent to all or a portion of the amount of crisis response reserves may, pursuant to a resolution of the general meeting of shareholders, paid to the national treasury.

When, supposing the Bank is liquidated, obligations have been repaid and there are residual assets, the amount of crisis response reserves shall be paid to the national treasury pursuant to the provisions of Article 46 of the Shoko Chukin Bank Limited Act following revision.

(2) (Revision of the Supplementary Provisions of the Shoko Chukin Bank Limited Act)

Pursuant to the Revision Act, the principal details of the revisions of the Supplementary Provisions of the Shoko Chukin Bank Limited Act are as follows:

Pursuant to Article 1-2 of the Supplementary Provisions of the Shoko Chukin Bank Limited Act following revision, during the period up to March 31, 2012 the Bank may, when it is deemed necessary for the smooth implementation of crisis response operations, receive funds from the government as crisis response reserves within the scope of the amount of money stipulated in the budget.

Pursuant to Article 2 of the Supplementary Provisions of the Shoko Chukin Bank Limited Act following revision, the time limit for the complete disposal of shares of the Shoko Chukin Bank held by the government shall be between roughly five to seven years calculated from April 1, 2012.

(3) (Article 3 of the Supplementary Provisions of the Revision Act)

Article 3 of the Supplementary Provisions of the Revision Act reads as follows:
Article 3

1. The government, aiming to March 31, 2012, shall take into consideration the state of equity investments in the Shoko Chukin Bank pursuant to the provisions of Article 1-2, Paragraph 2 of the Supplementary Provisions of the Shoko Chukin Bank Limited Act following revision pursuant to the provisions of Article 1, the state of the implementation of crisis response operations (meaning the crisis response operations pursuant to Article 2, Paragraph 5 of the Japan Finance Corporation Law (Law No. 57 of 2007); the same shall apply hereafter) by the Shoko Chukin Bank, the financial foundation of the Shoko Chukin Bank, the financial strength of the small and medium sized business associations who are shareholders and its constituent members, changes in socio-economic circumstances, etc. and shall deliberate the state of the crisis response operations by the Shoko Chukin Bank, the state of the disposal of

the shares of the Shoko Chukin Bank held by the government, and the state of the government's involvement in the Shoko Chukin Bank, and the government shall, based on the results of these investigations, take necessary measures when it deems such measures are required.

2. Until the implementation of the measures under the preceding paragraph, the government shall not dispose of shares of the Shoko Chukin Bank held by it notwithstanding the provisions of Article 6, Paragraph 2 of the Act on Promotion of Administrative Reform for Realization of Small and Efficient Government (Act No. 47 of 2006) following revision pursuant to the following Article, and the provisions of Article 2, Paragraph 1 of the Supplementary Provisions of the Shoko Chukin Bank Limited Act following revisions pursuant to the provisions of Article 1.

CONSOLIDATED BALANCE SHEET

1. Investment securities include equity investment shares of ¥1,270 million in non-consolidated subsidiaries.
2. In Loans, loans to bankrupt companies total ¥136,007 million and overdue loans total ¥196,906 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.

3. Loans overdue by three months or longer total ¥5,083 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.
4. Rescheduled loans total ¥4 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.
5. The total amount of loans to bankrupt companies, overdue loans, loans overdue by three months or longer and rescheduled loans is ¥338,001 million.

The amounts of loans stated in Notes 2 through 5 are the numbers before the deduction of possible loan loss allowance.

6. Bills discounted are handled as financial transactions in accordance with "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (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 ¥403,019 million.

7. Assets provided as collateral are as follows.

Assets provided as collateral:

Securities	¥238,298 million
Other Assets	¥695 million

Liabilities corresponding to collateral assets:

Deposits	¥6,279 million
Borrowings	¥115,784 million
Other Liabilities	¥199 million

In addition to the above amounts, securities worth ¥175,486 million have been provided as collateral for foreign currency settlements and foreign currency-yen settlements, etc., or substituted for futures margin money, etc.

Guarantees and deposits account for ¥3,306 million of Other Assets.

8. 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 a breach of the conditions stipulated in the relevant contract. The outstanding credit facility ready for claims under such agreements is ¥753,102 million. Of this amount, ¥714,120 million has an original contract duration of one year or less (or can be dissolved without condition at any point in time).

Most of these contracts are terminated before the amount of the credit facility determined in the agreement is fully utilized. Accordingly, the outstanding credit facility itself does not always affect the future cash flows of the Bank and its consolidated subsidiaries. Most of these agreements have provisions that allow the Bank and its consolidated subsidiaries to cancel customers' claims 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 and its consolidated subsidiaries require customers to provide property, investment security and other collateral when signing the contract. After the Bank and its consolidated subsidiaries enter into the agreement, periodical checks of customers' business condition are undertaken in accordance with internally established procedures as well as reviews of the conditions of the agreement where necessary. In this context, measures are taken to protect the assets of the Bank and its consolidated subsidiaries.

9. Accumulated depreciation of tangible fixed assets is ¥88,199 million.

10. Advanced depreciation of tangible fixed assets is ¥18,596 million.

(Advanced depreciation for this fiscal period is nil)

11. Borrowings include loans payable under subordination covenant totaling ¥ 46,000 million.

12. Within Corporate Bonds, presented as a sub-item of Investment Securities, the Bank's guarantee liabilities relating to privately-offered corporate bonds (Financial Instruments and Exchange Act, Article 2, paragraph 3) amounted to ¥250,014 million.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

1. Fiscal Period Ended March 31, 2009 (October 1, 2008 to March 31, 2009)

(1) Matters relating to the type and number of shares issued

(Thousand shares)

	Number of Shares at the End of the Previous Fiscal Period	Increase	Decrease	Number of Shares as of March 31, 2009	Remarks
Number of shares issued and outstanding					
Common stock	5,224,202	—	3,037,671	2,186,531	(Note 2)
Total	5,224,202	—	3,037,671	2,186,531	
Treasury stock					
Common stock	—	9,449	8	9,441	(Note 3)
Total	—	9,449	8	9,441	

Notes:

- The number of shares as of the previous fiscal period-end (thousands of shares) shall be read as the number of capital subscription units (thousands of units).
- Following conversion, one share of common corporate stock was allocated for one government capital subscription unit prior to conversion (4,053,671 thousand capital subscription units) after deducting capital subscription units (1,016,000 thousand capital subscription units) transferred to a special reserve.
- The increase was the result of the purchase of 9,385,000 treasury stock from subsidiaries and the acquisition of 64,000 shares in response to request for the purchase of fractional unit shares. The decrease was the result of the sale of fractional unit shares in response to requests.

(2) Matters Relating to Dividends

(a) Amount of cash dividends paid during the fiscal period

Resolution	Type of Capital Subscription Unit	Total Amount of Cash Dividends Paid (Millions of Yen)	Cash Dividend per Capital Subscription Unit (Yen)	Record Date	Effective Date
General Meeting of Subscription Unitholders held on December 16, 2008	Common capital subscription units (cooperative portion)	1,760	1.5	September 29, 2008	December 24, 2008

(b) Cash dividends for which the effective date falls after the fiscal period ended March 31, 2009 included in cash dividends for which the base date falls within the fiscal period ended March 31, 2009

	Type of Shares	Total Amount of Cash Dividends Paid (Millions of Yen)	Source of Cash Dividend Payment	Cash Dividend per Common Stock	Record Date	Effective Date
Ordinary General Meeting of Shareholders held on June 23, 2009	Common stock (government portion)	508	Retained earnings	0.5 (Note 1)	March 31, 2009	Ordinary General Meeting of Shareholders held on June 23, 2009 and after competent minister authorization
	Common stock (non-government portion)	1,741		1.5		

Notes:

- With respect to the payment of cash dividends applicable to shares held by the government, the amount that must be paid per share is stipulated under Article 50 of the Shoko Chukin Bank Limited Act. This cash dividend amount is obtained by multiplying the amount that does not exceed a ratio of one the cash dividend paid for each share held by subscribers other than the government by the ratio stipulated under the Regulation Enforcing the Shoko Chukin Bank Limited Act. This ratio stipulated under Article 15 of the Regulation Enforcing the Shoko Chukin Bank Limited Act is 1:3 (one-third).
- Pursuant to Article 49 of the Shoko Chukin Bank Limited Act, resolutions with regard to the payment of cash dividends and the appropriation of other retained earnings come into effect following authorization by the competent minister.

Capital Account Details (Consolidated)

CAPITAL RATIO		(¥100 million, %)
		(as of March 31, 2009)
Core Capital (Tier 1 Capital)	(A)	6,794
Capital		2,186
45% of Marketable Securities' Balance Sheet Value Minus Book Value		—
Supplementary Capital (Tier 2 Capital)		646
General Reserve for Possible Loan Losses		485
Subordinated Borrowings		1,131
Total		1,131
Amount Counted as Capital	(B)	1,131
Deductions	(C)	30
Total Capital	(A) + (B) – (C)	(D) 7,896
Credit Risk-weighted Assets		
Assets Stated on the Balance Sheet		84,237
Off-balance Sheet Items		1,683
Total		85,920
Risk-weighted Assets for Operational Risk, Divided by 8%		2,669
Total	(E)	88,590
Capital Ratio (%)	(D)/(E)	8.91

The Group's Capital Ratio:

- The Group's capital ratio is computed according to the formula stipulated in notices of the Financial Services Agency, the Ministry of Finance and the Ministry of Economy, Trade and Industry. 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.
- Under the Shoko Chukin Bank Limited Act, the Bank's objective is to conduct business necessary to facilitate financing for SMEs. Owing to this special characteristic, the Bank is exempted from the Prompt Corrective Action stipulated under the Banking Act and other regulations.

Financial Data (Non-Consolidated)

Six Months Ended March 31, 2009

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Trends in Principal Financial Indicators (Non-Consolidated)

Fiscal period ended	Billions of yen					
	March 31, 2009	September 30, 2008	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Total Operating Income	110.4	105.4	209.4	192.2	186.1	189.4
(Loss) Income before Income Taxes and Others	(6.2)	(4.3)	17.2	28.2	28.5	15.3
Net (Loss) Income	(3.7)	2.8	21.8	14.2	12.8	9.2
Capital	218.6	522.4	522.7	522.7	519.7	517.2
(Total Number of Shares Issued in Thousands of Units)	(2,186,531)	(—)	(—)	(—)	(—)	(—)
(Total Subscription in Thousands of Units)	(—)	(5,224,202)	(5,227,650)	(5,227,650)	(5,197,650)	(5,172,650)
Total Capital Funds	681.3	690.0	694.8	678.6	664.7	652.8
Total Assets	10,881.9	10,538.1	10,722.9	10,996.8	11,495.4	11,584.8
Outstanding Deposits	3,112.5	2,722.1	2,655.0	2,539.9	2,420.0	2,390.0
Outstanding Debentures	6,405.7	6,620.5	6,821.9	7,228.9	7,832.6	7,811.2
Outstanding Loans	9,161.2	8,932.1	9,114.9	9,355.2	9,427.6	9,588.8
Balance of Investment Securities	1,560.9	1,473.5	1,463.4	1,532.0	1,770.7	1,610.3
Net Assets per Share (Yen)	128.84	—	—	—	—	—
Dividends per Share	Common stock (non-government portion) 1.50 yen (government portion) 0.50 yen	—	—	—	—	—
Dividend per Cooperative Subscription Unit (Yen)	—	1.50	3.00	3.00	3.00	3.00
Net (Loss) Income per Share (Yen)	(1.70)	—	—	—	—	—
Net Income per Share (Diluted) (Yen)	—	—	—	—	—	—
Capital Ratio (%)	6.26	—	—	—	—	—
Non-consolidated Capital Ratio (uniform international standards) (%)	8.92	8.94	8.80	8.31	8.01	7.78
Return on Equity (%)	(1.08)	—	—	—	—	—
Price Earnings Ratio	—	—	—	—	—	—
Dividend Payment Ratio (%)	—	61.41	16.10	24.10	26.19	35.27
Number of Employees (Persons)	3,907	3,996	3,836	3,850	3,878	3,898
[Average Number of Temporary Employees]	[612]	[599]	[588]	[586]	[580]	[576]

Notes: 1. National and local consumption taxes are accounted for with the tax exclusion method.

2. "Net Assets per Share," "Net (Loss) Income per Share" and "Net Income per Share (Diluted)" (hereafter collectively referred to as "Per Share Data") are calculated based on the "Accounting Standard for Earnings Per Share" (Accounting Standards Board of Japan Statement No. 2) and the "Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No. 4).

3. Turning to Net Income per Share (diluted), the Shoko Chukin Bank recorded a Net Loss per Share for the fiscal period under review. The figure for Net Income per Share (diluted) is not disclosed because there were no shares with a dilutive effect.

4. Dividends per Share are classified and recorded as two separate types of common stock, namely the government portion and non-government portion. With respect to the payment of cash dividends applicable to shares held by the government, the amount that must be paid per share is stipulated under Article 50 of the Shoko Chukin Bank Limited Act. This cash dividend amount is obtained by multiplying the amount that does not exceed a ratio of one the cash dividend paid for each share held by subscribers other than the government by the ratio stipulated under the Regulation Enforcing the Shoko Chukin Bank Limited Act. This ratio stipulated under Article 15 of the Regulation Enforcing the Shoko Chukin Bank Limited Act is 1:3 (one-third).

5. The Capital Ratio is calculated as follows: Total Net Assets as of the fiscal period-end / Total Assets as of the fiscal period-end x 100.

6. Figures for Price Earnings Ratio are not disclosed because the Shoko Chukin Bank is not publicly listed.

7. The Non-consolidated Capital Ratio is calculated in accordance with Announcement No. 2 of 2008 from the Financial Services Agency, the Ministry of Finance and the Ministry of Economy, Trade and Industry pursuant to Article 23, Paragraph 1 of the Shoko Chukin Bank Limited Act. The Shoko Chukin Bank has adopted the BIS international capital adequacy guidelines.

8. The figure for Dividend Payout Ratio is not disclosed because the Shoko Chukin Bank reported a net loss for the fiscal period under review.

9. The Shoko Chukin Bank changed its status to a joint-stock company on October 1, 2008 in accordance with provisions outlined under the Shoko Chukin Bank Limited Act. As a result, the Bank's 80th fiscal account settlement period ended March 31, 2009 is the six-month period from October 1, 2008 to March 31, 2009.

10. The number of employees is the number of people employed (excluding workers on loan).

Historically, the number of workers on loan was included in the number of employees reported by the Shoko Chukin Bank. In order to maintain consistency with the Bank's Securities Report, the number of employees recorded excludes workers on loan effective from the fiscal period ended March 31, 2009.

Non-Consolidated Balance Sheet

The Shoko Chukin Bank, Ltd. As of March 31, 2009

	Millions of yen	Millions of U.S. dollars
	2009	2009
ASSETS		
Cash and Due from Banks	¥ 93,013	\$ 946
Cash	25,429	258
Due from Banks	67,583	688
Call Loans	4,205	42
Monetary Claims Purchased	31,752	323
Trading Assets	19,393	197
Trading Securities	129	1
Trading-related Financial Derivative Transactions	19,264	196
Investment Securities	1,560,935	15,890
Government Bonds	954,756	9,719
Local Government Bonds	75,014	763
Corporate Bonds	475,840	4,844
Stocks	25,029	254
Other Securities	30,294	308
Loans	9,161,235	93,263
Bills Discounted	402,215	4,094
Loans on Notes	671,936	6,840
Loans on Deeds	6,702,421	68,231
Overdrafts	1,384,662	14,096
Foreign Exchange	7,006	71
Due from Foreign Banks	3,719	37
Foreign Exchange Bills Purchased	804	8
Foreign Exchange Bills Receivable	2,482	25
Other Assets	32,300	328
Settlements Receivable	2	0
Prepaid Expenses	119	1
Accrued Income	6,997	71
Financial Derivative Transactions	2,082	21
Other Assets	23,098	235
Tangible Fixed Assets	43,737	445
Buildings	16,052	163
Land	24,283	247
Leased Assets	2,253	22
Construction in Progress	2	0
Other Tangible Fixed Assets	1,145	11
Intangible Fixed Assets	6,816	69
Software	5,478	55
Other Intangible Fixed Assets	1,337	13
Deferred Income Taxes	82,505	839
Customers' Liabilities for Acceptances and Guarantees	74,089	754
Customers' Liabilities for Acceptances and Guarantees	70,568	718
Customers' Liabilities for Guaranteeing Agency Loans	3,520	35
Reserve for Possible Loan Losses	(235,015)	(2,392)
Total Assets	¥10,881,977	\$110,780

	Millions of yen	Millions of U.S. dollars
	2009	2009
LIABILITIES		
Deposits	¥ 3,112,571	\$ 31,686
Current Deposits	477,010	4,856
Ordinary Deposits	681,757	6,940
Deposits at Notice	97,172	989
Time Deposits	1,788,750	18,209
Other Deposits	67,880	691
Negotiable Certificates of Deposit	49,760	506
Shoko Chukin Bank Debentures	6,405,711	65,211
Shoko Chukin Bank Debentures Issued	6,405,711	65,211
Call Money	4,207	42
Trading Liabilities	13,771	140
Trading-related Financial Derivatives	13,771	140
Borrowed Money	249,862	2,543
Borrowings	249,862	2,543
Foreign Exchange	28	0
Due to Foreign Banks (their accounts)	0	0
Borrowings from Foreign Banks	2	0
Foreign Exchange Bills Sold	22	0
Foreign Exchange Bills Payable	3	0
Other Liabilities	262,919	2,676
Settlements Payable	0	0
Corporate Taxes Payable	508	5
Accrued Expenses	22,651	230
Unearned Income	17,239	175
Deposits by Employees	7,655	77
Financial Derivative Transactions	334	3
Lease Obligations	2,302	23
Debenture Principal Payable	208,937	2,127
Other Liabilities	3,289	33
Reserve for Bonuses	4,370	44
Reserve for Retirement Benefit	19,873	202
Reserve for Retirement Benefits for Directors	15	0
Reserve for Losses on Refund for Dormant Bonds	3,471	35
Acceptances and Guarantees	74,089	754
Acceptances and Guarantees	70,568	718
Guarantees for Agency Loans	3,520	35
Total Liabilities	10,200,652	103,844
NET ASSETS		
Capital	218,653	2,225
Special Reserve under the Shoko Chukin Bank Law	400,811	4,080
Capital Surplus	0	0
Other Capital Surplus	0	0
Retained Earnings	66,135	673
Earnings Reserve	13,865	141
Other Retained Earnings	52,270	532
Reserve for Particular Purposes	51,470	523
Retained Earnings Brought Forward	799	8
Treasury Stock	(945)	(9)
Total Shareholders' Equity	684,654	6,969
Unrealized Gains on Securities	(3,759)	(38)
Deferred Hedge Losses	429	4
Total Valuation and Translation Adjustments	(3,329)	(33)
Total Net Assets	681,324	6,936
Total Liabilities and Net Assets	¥10,881,977	\$ 110,780

Non-Consolidated Statement of Operations

The Shoko Chukin Bank, Ltd. For the six months ended March 31, 2009

	Millions of yen	Millions of U.S. dollars
	2009	2009
Operating Income	¥ 110,448	\$ 1,124
Interest Income	93,302	949
Interest on Loans	83,950	854
Interest and Dividends on Securities	7,746	78
Interest on Call Loans	75	0
Interest on Bills Purchased	1	0
Interest on Deposits	88	0
Other Interest Income	1,439	14
Fees and Commissions	5,221	53
Domestic and Foreign Exchange Commissions	821	8
Other Fees and Commissions	4,399	44
Trading Revenue	2,425	24
Trading Securities Revenue	2	0
Revenue from Trading-related Financial Derivatives	2,423	24
Other Operating Income	5,153	52
Revenue from Foreign Exchange Trading	410	4
Revenue from Sales of Government and Other Bonds	4,742	48
Other Income	4,345	44
Revenue from Sales of Stocks and Other Securities	131	1
Other Income	4,213	42
Operating Expenses	116,739	1,188
Interest Expense	34,637	352
Interest on Deposits	4,366	44
Interest on Negotiable Certificates of Deposit	98	0
Interest on Debentures	29,149	296
Interest on Call Money	123	1
Interest on Resale Agreements	33	0
Interest on Loan Transactions	31	0
Interest on Borrowed Money	729	7
Other Interest Expenses	105	1
Fees and Commissions	350	3
Domestic and Foreign Exchange Commissions	175	1
Other Fees and Commissions	175	1
Trading Expenses	2	0
Expenses on Securities and Derivatives related to Trading Transactions	2	0
Other Operating Expenses	962	9
Losses on Sales of Government and Other Bonds	533	5
Amortization of Debenture Issue Expenses	58	0
Financial Derivatives Expenses	245	2
Other Operating Expenses	124	1
General and Administrative Expenses	39,220	399
Other Expenses	41,566	423
Provision for Possible Loan Losses	37,535	382
Write-off of Loans	319	3
Loss on Sales of Stocks and Other Securities	32	0
Write-off of Stocks	596	6
Other Expenses	3,082	31
Loss before Income Taxes and Other	(6,290)	(64)

	Millions of yen	Millions of U.S. dollars
	2009	2009
Other Gains	¥ 413	\$ 4
Gains on Disposal of Fixed Assets	355	3
Collection of Written-off Claims	57	0
Other Losses	93	0
Losses on Disposal of Fixed Assets	93	0
Loss before Income Taxes	(5,969)	(60)
Provision for Income Taxes	137	1
Adjustment for Income Taxes	(2,390)	(24)
Total Income Taxes	(2,252)	(22)
Net Loss	¥ (3,717)	\$ (37)

Non-Consolidated Statement of Changes in Net Assets

The Shoko Chukin Bank, Ltd. For the six months ended March 31, 2009

	Millions of yen	Millions of U.S. dollars
	2009	2009
Shareholders' Equity:		
Capital:		
Balance at the End of the Previous Period	¥522,420	\$ 5,318
Changes during the Period		
Transfer to Special Reserve from Capital	(303,767)	(3,092)
Total Changes during the Period	(303,767)	(3,092)
Balance at the End of the Period	218,653	2,225
Special Reserve:		
Balance at the End of the Previous Period	—	—
Changes during the Period		
Transfer to Special Reserve from Capital	303,767	3,092
Transfer to Special Reserve from Earnings Reserve	18,845	191
Transfer to Special Reserve from Reserve for Particular Purposes	78,198	796
Total Changes during the Period	400,811	4,080
Balance at the End of the Period	400,811	4,080
Capital Surplus:		
Other Capital Surplus:		
Balance at the End of the Previous Period	—	—
Changes during the Period		
Disposition of Treasury Stock	0	0
Total Changes during the Period	0	0
Balance at the End of the Period	0	0
Total Capital Surplus:		
Balance at the End of the Previous Period	—	—
Changes during the Period		
Disposition of Treasury Stock	0	0
Total Changes during the Period	0	0
Balance at the End of the Period	0	0
Retained Earnings:		
Earnings Reserve:		
Balance at the End of the Previous Period	32,410	329
Changes during the Period		
Transfer to Special Reserve from Earnings Reserve	(18,845)	(191)
Dividends from Surplus	300	3
Total Changes during the Period	(18,545)	(188)
Balance at the End of the Period	13,865	141
Other Retained Earnings:		
Reserve for Particular Purposes:		
Balance at the End of the Previous Period	129,269	1,315
Changes during the Period		
Transfer to Special Reserve from Reserve for Particular Purposes	(78,198)	(796)
Provision of Reserve for Particular Purposes	400	4
Total Changes during the Period	(77,798)	(791)
Balance at the End of the Period	51,470	523
Retained Earnings Brought Forward:		
Balance at the End of the Previous Period	6,977	71
Changes during the Period		
Dividends from Surplus	(2,060)	(20)
Provision of Reserve for Particular Purposes	(400)	(4)
Net Loss	(3,717)	(37)
Total Changes during the Period	(6,178)	(62)
Balance at the End of the Period	799	8
Total Retained Earnings:		
Balance at the End of the Previous Period	168,657	1,716
Changes during the Period		
Transfer to Special Reserve from Earnings Reserve	(18,845)	(191)
Transfer to Special Reserve from Reserve for Particular Purposes	(78,198)	(796)
Dividends from Surplus	(1,760)	(17)
Provision of Reserve for Particular Purposes	—	—
Net Loss	(3,717)	(37)
Total Changes during the Period	(102,521)	(1,043)
Balance at the End of the Period	66,135	673

	Millions of yen	Millions of U.S. dollars
	2009	2009
Treasury Stock:		
Balance at the End of the Previous Period	¥ —	\$ —
Changes during the Period		
Acquisition of Treasury Stock	(945)	(9)
Disposition of Treasury Stock	0	0
Total Changes during the Period	(945)	(9)
Balance at the End of the Period	(945)	(9)
Total Shareholders' Equity:		
Balance at the End of the Previous Period	691,077	7,035
Changes during the Period		
Transfer to Special Reserve from Capital	—	—
Transfer to Special Reserve from Earnings Reserve	—	—
Transfer to Special Reserve from Reserve for Particular Purposes	—	—
Dividends from Surplus	(1,760)	(17)
Net Loss	(3,717)	(37)
Acquisition of Treasury Stock	(945)	(9)
Disposition of Treasury Stock	0	0
Total Changes during the Period	(6,423)	(65)
Balance at the End of the Period	684,654	6,969
Valuation and Translation Adjustments:		
Unrealized Gains on Securities:		
Balance at the End of the Previous Period	(1,530)	(15)
Changes during the Period		
Net Changes of Items Other Than Shareholders' Equity	(2,228)	(22)
Total Changes during the Period	(2,228)	(22)
Balance at the End of the Period	(3,759)	(38)
Deferred Hedge Losses:		
Balance at the End of the Previous Period	525	5
Changes during the Period		
Net Changes of Items Other Than Shareholders' Equity	(96)	0
Total Changes during the Period	(96)	0
Balance at the End of the Period	429	4
Total Valuation and Translation Adjustments:		
Balance at the End of the Previous Period	(1,004)	(10)
Changes during the Period		
Net Changes of Items Other Than Shareholders' Equity	(2,325)	(23)
Total Changes during the Period	(2,325)	(23)
Balance at the End of the Period	(3,329)	(33)
Total Net Assets:		
Balance at the End of the Previous Period	690,073	7,025
Changes during the Period		
Dividends from Surplus	(1,760)	(17)
Net Loss	(3,717)	(37)
Acquisition of Treasury Stock	(945)	(9)
Disposition of Treasury Stock	0	0
Net Changes of Items Other Than Shareholders' Equity	(2,325)	(23)
Total Changes during the Period	(8,748)	(89)
Balance at the End of the Period	¥ 681,324	\$ 6,936

Basis of presentation

The accompanying financial statements of the Shoko Chukin Bank, Ltd. (the "Bank") have been prepared in accordance with the provisions set forth in the Shoko Chukin Bank Limited Act 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 ¥98.23=U.S.\$1.00, the approximate rate of exchange prevailing as of March 31, 2009, 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis for valuation of Trading Assets/Liabilities and calculation of Revenue/Expenses

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, while gains and losses from the said transactions are shown in the Statements of Operations as Trading Revenue or Trading Expenses.

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.

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

2. Basis and methods for valuation of securities

The following valuation methods are applied, depending on the type of security. Bonds intended to be held until maturity are amortized using the moving average cost method (straight-line method), whereas subsidiaries' stocks and affiliates' stocks are valued using the moving average, cost method. Stocks for which market values are available are valued at the average market price during the month before this fiscal period end. Marketable securities with market values other than stocks are valued using the mark-to-market method based on market prices at the fiscal period 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.

Unrealized Gains on Securities are all directly incorporated into Net Assets.

3. Basis and methods for valuation of derivative transactions

Derivative transactions other than Trading Transactions are stated using the mark-to-market method.

4. Amortization of fixed assets

(1) Tangible Fixed Assets (excluding Leased Assets)

Tangible Fixed Assets are subject to declining balance depreciation.

Expected useful lives for major items are as follows:

Buildings: 2 to 65 years

Other Tangible Fixed Assets: 2 to 20 years

(2) Intangible Fixed Assets (excluding Leased Assets)

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 (principally 5 years).

(3) Leased Assets

Leased Assets, presented within Tangible Fixed Assets, relating to finance lease transactions that do not involve transfer of ownership are depreciated under the straight-line method, with zero residual value, over the lease term.

5. Treatment of Deferred Assets

Debenture Issue Expenses are charged to expenses as they are incurred.

6. Currency translation into yen for assets and liabilities denominated in foreign currencies

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.

7. Accounting standard for reserves

(1) Reserve for Possible Loan Losses

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 Self-Assessment of Assets and Audits on Write-Offs and Reserves for Possible Loan Losses 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 deducting the estimated amounts to be collected through disposal of collateral and execution of guarantees.

Reserve for Loans to Debtors at Risk of bankruptcy/ with Restructured Loans is provided based on the discounted cash flow (DCF) method if the loan balance exceeds a specific amount and the future cash flows of the principal and interest of the loan can be reasonably estimated. Under the DCF method, the reserve is calculated as the difference between the book value of the loan and the present value of its expected future cash flows, discounted by the contractual interest rate before the terms of the loan were restructured.

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.

- (2) Reserve for Bonuses
The Reserve for Bonuses is set up for the payment of employees' bonuses and appropriates an amount for this fiscal period out of the amount of bonuses estimated to be paid to employees.
 - (3) Reserve for Retirement Benefit
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 period. 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 period when the actuarial difference was incurred. This amortization starts from the next fiscal period.
 - (4) Reserve for Retirement Benefits for Directors
The Reserve for Retirement Benefits for Directors is set up for the payment of directors' retirement benefits. It represents amounts that have accrued through the end of this fiscal period out of the retirement benefit amount estimated to be paid to directors.
 - (5) Reserve for Losses on Refund for Dormant Bonds
Reserves for Losses on Refunds for Dormant Bonds are recorded for bonds that are no longer recognized as liabilities in an amount equivalent to the estimated losses arising from future demands for refunds.
8. Hedge accounting
- (1) Currency risk hedging
Deferred hedge accounting is adopted for hedges carried out to control the risk of currency fluctuations arising from foreign currency-denominated assets and liabilities, as stipulated in the "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25). Currency swap transactions are carried out for the purpose of offsetting the risk of currency fluctuations arising from foreign currency-denominated monetary claims. The effectiveness of the hedge is evaluated by confirming the availability of an amount equivalent to the foreign

currency position used to hedge the foreign currency-denominated monetary claims.

- (2) Internal transactions
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 the "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24). For this reason, revenue and expenses arising from said interest rate swap transactions have been recognized as gains/losses without being eliminated.
The special treatment for deferred hedge or interest rate swaps is applied to certain assets and liabilities.
9. Accounting for consumption taxes
National and local consumption taxes are accounted for with the tax exclusion method.

ADDITIONAL INFORMATION

- (1) Accompanying privatization on October 1, 2008, a transfer was made from capital and retained earnings to special reserve pursuant to Article 5 of the Supplementary Provisions of the Shoko Chukin Bank Limited Act. As a result, capital decreased ¥303,767 million and retained earnings decreased ¥97,043 million while special reserve increased ¥400,811 million. Special reserve, which are set up by the Shoko Chukin Bank Limited Act, have the following characteristics.

Pursuant to the provisions of Article 43 of the Shoko Chukin Bank Limited Act, in the calculation of the amount of surplus, the amount of special reserve shall be included in the total amount of capital and reserves.

Pursuant to the provisions of Article 44, Paragraph 1 of the Shoko Chukin Bank Limited Act, the amount of special reserve may be reduced when the total amount of capital reserve and earnings reserve becomes zero in the event a deficit is compensated. When the amount of the surplus comes to exceed zero following the reduction of the special reserve, the amount of special reserve must be increased pursuant to the provisions of Article 44, Paragraph 3 of the Shoko Chukin Bank Limited Act.

Pursuant to the provisions of Article 45 of the Shoko Chukin Bank Limited Act, when the state of the capital adequacy and the soundness of other finances have improved and when it is deemed that the financial soundness have been secured, all or a portion of the amount of special reserve may, pursuant to a resolution of the general meeting of shareholders, be paid to the national treasury.

When, supposing the Bank is liquidated, obligations have been repaid and there are residual assets, the amount of special reserve shall be paid to the national treasury pursuant to the provisions of Article 46 of the Shoko Chukin Bank Limited Act.

- (2) The “Act on the Partial Revision of the Shoko Chukin Bank Limited Act to Seek the Smooth Provision of Capital to Small and Medium Sized Businesses” (hereinafter referred to as “Revision Act”) was passed in the 171st Diet session on June 12, 2009.
- a. (Crisis Response Reserves)
 In the Shoko Chukin Bank Limited Act following revision, crisis response reserves have the following characteristics. In the 2009 supplementary budget, ¥150,000 million was appropriated in order to fund crisis response reserves.
- Pursuant to the provisions of Article 43 of the Shoko Chukin Bank Limited Act following revision, in the calculation of the amount of surplus, the amount of crisis response reserves shall be included in the total amount of capital and reserves.
- Pursuant to the provisions of Article 44, Paragraph 1 of the Shoko Chukin Bank Limited Act following revision, the amount of crisis response reserves may be reduced when the total amount of special reserve becomes zero in the event a deficit is compensated. When the amount of the surplus comes to exceed zero following the reduction of the crisis response reserves, the amount of crisis response reserves must be increased pursuant to the provisions of Article 44, Paragraph 4 of the Shoko Chukin Bank Limited Act following revision. The increase in the amount of the crisis response reserves shall, pursuant to the provisions of Article 44, Paragraph 5 of the Shoko Chukin Bank Limited Act following revision, be undertaken prior to the increase in the amount of the special reserve.
- Pursuant to the provisions of Article 45 of the Shoko Chukin Bank Limited Act following revision, when the Shoko Chukin Bank deems that it has sufficiently secured the necessary financial foundation for the smooth implementation of crisis response operations, an amount of money equivalent to all or a portion of the amount of crisis response reserves may, pursuant to a resolution of the general meeting of shareholders, paid to the national treasury.
- When, supposing the Bank is liquidated, obligations have been repaid and there are residual assets, the amount of crisis response reserves shall be paid to the national treasury pursuant to the provisions of Article 46 of the Shoko Chukin Bank Limited Act following revision.
- b. (Revision of the Supplementary Provisions of the Shoko Chukin Bank Limited Act)
 Pursuant to the Revision Act, the principal details of the revisions of the Supplementary Provisions of the Shoko Chukin Bank Limited Act are as follows:
- Pursuant to Article 1-2 of the Supplementary Provisions of the Shoko Chukin Bank Limited Act following revision, during the period up to March 31, 2012 the Bank may, when it is deemed necessary for the smooth implementation of crisis response operations, receive funds from the government as crisis response reserves within the scope of the amount of money stipulated in the budget.

Pursuant to Article 2 of the Supplementary Provisions of the Shoko Chukin Bank Limited Act following revision, the time limit for the complete disposal of shares of the Shoko Chukin Bank held by the government shall be between roughly five to seven years calculated from April 1, 2012.

- c. (Article 3 of the Supplementary Provisions of the Revision Act)

Article 3 of the Supplementary Provisions of the Revision Act reads as follows:

Article 3

1. The government, aiming to March 31, 2012, shall take into consideration the state of equity investments in the Shoko Chukin Bank pursuant to the provisions of Article 1-2, Paragraph 2 of the Supplementary Provisions of the Shoko Chukin Bank Limited Act following revision pursuant to the provisions of Article 1, the state of the implementation of crisis response operations (meaning the crisis response operations pursuant to Article 2, Paragraph 5 of the Japan Finance Corporation Law (Law No. 57 of 2007); the same shall apply hereafter) by the Shoko Chukin Bank, the financial foundation of the Shoko Chukin Bank, the financial strength of the small and medium sized business associations who are shareholders and its constituent members, changes in socioeconomic circumstances, etc. and shall deliberate the state of the crisis response operations by the Shoko Chukin Bank, the state of the disposal of the shares of the Shoko Chukin Bank held by the government, and the state of the government's involvement in the Shoko Chukin Bank, and the government shall, based on the results of these investigations, take necessary measures when it deems such measures are required.
2. Until the implementation of the measures under the preceding paragraph, the government shall not dispose of shares of the Shoko Chukin Bank held by it notwithstanding the provisions of Article 6, Paragraph 2 of the Act on Promotion of Administrative Reform for Realization of Small and Efficient Government (Act No. 47 of 2006) following revision pursuant to the following Article, and the provisions of Article 2, Paragraph 1 of the Supplementary Provisions of the Shoko Chukin Bank Limited Act following revisions pursuant to the provisions of Article 1.

BALANCE SHEETS

1. Total investment in affiliated companies, including shares of affiliated companies, was ¥4,670 million.
2. In Loans, loans to bankrupt companies total ¥136,004 million and overdue loans total ¥196,854 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.

3. Loans overdue by three months or longer total ¥5,083 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.

4. Rescheduled loans total ¥4 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.

5. The total amount of loans to bankrupt companies, overdue loans, loans overdue by three months or longer and re-scheduled loans is ¥337,946 million.

The amounts of loans stated in Notes 2 through 5 are the numbers before the deduction of possible loan loss allowance.

6. Bills discounted are handled as financial transactions in accordance with “Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry” (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 ¥403,019 million.

7. Assets provided as collateral are as follows.

Assets provided as collateral:

Securities ¥238,298 million

Liabilities corresponding to collateral assets:

Deposits ¥6,279 million

Borrowings ¥115,334 million

In addition to the above amounts, securities worth ¥175,486 million have been provided as collateral for foreign currency settlements and foreign currency-yen settlements, etc., or substituted for futures margin money, etc.

Guarantees and deposits account for ¥3,224 million of Other Assets.

8. 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 ¥751,505 million. Of these, ¥712,523 million worth have an original contract duration of one year or less (or can be dissolved without condition at any point in time).

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.

9. Accumulated depreciation of tangible fixed assets is ¥55,728 million.
10. Advanced depreciation of tangible fixed assets is ¥18,596 million.
(Advanced depreciation for this fiscal period is nil)
11. Borrowings include loans payable under subordination covenant totaling ¥46,000 million.
12. Within Corporate Bonds, presented as a sub-item of Investment Securities, the Bank’s guarantee liabilities relating to privately-offered corporate bonds (Financial Instruments and Exchange Act, Article 2, paragraph 3) amounted to ¥250,014 million.

STATEMENTS OF CHANGES IN NET ASSETS

Number and type of treasury stock

(Thousand shares)					
	Number of Shares at the End of the Previous Fiscal Period	Increase	Decrease	Number of Shares as of March 31, 2009	Remarks
Treasury Stock					
Common Stock	—	9,449	8	9,441	(Note)
Total	—	9,449	8	9,441	

(Note) The increase was the result of the purchase of 9,385,000 treasury stock from subsidiaries and the acquisition of 64,000 shares in response to request for the purchase of fractional unit shares. The decrease was the result of the sale of fractional unit shares in response to requests.

(REFERENCE)
Non-Consolidated Balance Sheets

The Shoko Chukin Bank, Ltd. As of September 30 and March 31, 2008

	Millions of yen	
	September 30, 2008	March 31, 2008
ASSETS		
Loans	¥ 8,932,141	¥ 9,114,977
Loans on Deeds	6,286,145	6,221,262
Loans on Notes	748,338	897,016
Overdrafts	1,426,741	1,475,817
Bills Discounted	470,916	520,881
Foreign Exchange	8,015	7,243
Foreign Exchange Bills Purchased	1,154	1,010
Foreign Exchange Bills Receivable	2,599	2,118
Due from Foreign Banks	4,261	4,114
Investment Securities	1,473,510	1,463,473
Government Bonds	920,683	924,830
Local Government Bonds	54,003	37,065
Corporate Bonds	428,859	410,496
Stocks	22,543	23,559
Other Securities	47,420	67,520
Trading Assets	11,962	13,580
Trading Securities	154	99
Trading-related Financial Derivative Transactions	11,808	13,480
Monetary Claims Purchased	36,361	37,549
Call Loans	3,733	15,429
Cash and Due from Banks	69,566	74,118
Cash	29,188	31,276
Due from Banks	40,377	42,842
Other Assets	30,919	29,196
Settlements Receivable	10	3
Prepaid Expenses	10	19
Accrued Income	6,797	6,549
Financial Derivative Transactions	1,048	2,057
Other Assets	23,052	20,566
Tangible Fixed Assets	44,087	41,940
Buildings	16,152	16,514
Land	24,303	24,303
Leased Assets	2,575	—
Other Tangible Fixed Assets	1,056	1,122
Intangible Fixed Assets	6,578	6,491
Software	5,272	5,535
Other Intangible Fixed Assets	1,306	956
Deferred Income Taxes	78,526	68,486
Customers' Liabilities for Acceptances and Guarantees	74,317	71,867
Customers' Liabilities for Acceptances and Guarantees	70,845	68,230
Customers' Liabilities for Guaranteeing Agency Loans	3,471	3,636
Reserve for Possible Loan Losses	(231,613)	(221,404)
Total Assets	¥10,538,108	¥10,722,950

Pursuant to Article 39-2 of the Shoko Chukin Bank Act, and Articles 27-6 and 27-7 of the Shoko Chukin Bank Act 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 the Shoko Chukin Bank, Ltd. From the year ended March 31, 2005, these financial statements (limited to the accounting sections included therein) have been audited and certified by an independent auditor.

Millions of yen

	September 30, 2008	March 31, 2008
LIABILITIES		
Shoko Chukin Bank Debentures	¥ 6,620,506	¥ 6,821,949
Shoko Chukin Bank Debentures Issued	6,620,506	6,821,949
Deposits	2,722,127	2,655,067
Time Deposits	1,472,929	1,424,987
Deposits at Notice	49,256	59,399
Ordinary Deposits	631,214	639,251
Current Deposits	436,445	449,636
Government Deposits	63,243	18,186
Other Deposits	69,037	63,605
Negotiable Certificates of Deposit	4,764	9,917
Borrowed Money	68,869	67,719
Borrowings	68,869	67,719
Trading Liabilities	6,925	9,108
Trading-related Financial Derivatives	6,925	9,108
Payables under Securities Lending Transactions	4,298	—
Call Money	35,242	24,547
Payables under Repurchase Agreements	—	39,896
Foreign Exchange	204	75
Foreign Exchange Bills Sold	52	12
Borrowings from Foreign Banks	151	62
Other Liabilities	282,672	299,365
Settlements Payable	1	0
Accrued Expenses	21,380	18,533
Corporate Taxes Payable	752	300
Unearned Income	17,617	18,361
Deposits by Employees	7,778	7,821
Financial Derivative Transactions	838	1,170
Lease Obligations	2,589	—
Debenture Principal Payable	228,600	249,680
Other Liabilities	3,113	3,497
Reserve for Bonuses	4,430	4,520
Reserve for Retirement Benefit	19,999	20,285
Reserve for Retirement Benefits for Directors	—	92
Reserve for Losses on Refund for Dormant Bonds	3,678	3,684
Acceptances and Guarantees	74,317	71,867
Acceptances and Guarantees	70,845	68,230
Guarantees for Agency Loans	3,471	3,636
Total Liabilities	9,848,035	10,028,097
NET ASSETS		
Capital	522,420	522,765
Government Subscription	405,367	405,367
Cooperative Subscription	117,053	117,397
Retained Earnings	168,657	169,312
Earnings Reserve	32,410	30,210
Other Retained Earnings	136,247	139,101
General Reserves	129,269	113,633
Reserve for Particular Purposes	129,269	113,169
Reserve for Retirement Allowance Funds	—	464
Unappropriated Earnings	6,977	25,467
Total Capital Subscribers' Funds	691,077	692,077
Unrealized Gains on Securities	(1,530)	2,776
Deferred Hedge Losses	525	(0)
Total Valuation and Translation Adjustments	(1,004)	2,775
Total Net Assets	690,073	694,852
Total Liabilities and Net Assets	¥10,538,108	¥10,722,950

Non-Consolidated Statements of Income

The Shoko Chukin Bank, Ltd. For the six months ended September 30, 2008 and year ended March 31, 2008

Fiscal period ended	Millions of yen	
	September 30, 2008	March 31, 2008
Operating Income	¥105,411	¥209,411
Interest Income	94,407	191,373
Interest on Loans	84,426	170,170
Interest and Dividends on Securities	8,155	16,844
Interest on Bills Purchased	3	5
Interest on Call Loans	194	884
Interest on Resale Agreements	—	5
Interest on Deposits	169	282
Other Interest Income	1,458	3,180
Fees and Commissions	5,088	10,227
Domestic and Foreign Exchange Commissions	855	1,760
Other Fees and Commissions	4,232	8,466
Trading Revenue	2,333	2,645
Trading Securities Revenue	0	2
Revenue from Trading-related Financial Derivatives	2,333	2,539
Other Trading Revenue	—	102
Other Operating Income	2,221	1,818
Revenue from Foreign Exchange Trading	528	876
Revenue from Sales of Government and Other Bonds	1,693	930
Revenue from Financial Derivatives	—	11
Other Income	1,359	3,347
Revenue from Sales of Stocks and Other Securities	9	180
Other Income	1,349	3,166
Operating Expenses	109,741	192,158
Interest Expense	34,094	61,616
Interest on Debentures	28,022	47,954
Interest on Deposits	5,069	11,181
Interest on Negotiable Certificates of Deposit	92	568
Interest on Short-term Debentures	—	45
Interest on Borrowed Money	503	742
Interest on Loan Transactions	80	95
Interest on Call Money	246	775
Interest on Resale Agreements	35	106
Interest on Interest Swap Transactions	1	37
Other Interest Expenses	42	108
Fees and Commissions	309	676
Domestic and Foreign Exchange Commissions	187	380
Other Fees and Commissions	121	296
Trading Expenses	2	6
Expenses on Securities and Derivatives related to Trading Transactions	2	6
Other Operating Expenses	7,800	2,795
Amortization of Debenture Issue Expenses	46	89
Losses on Sales of Government and Other Bonds	7,328	2,579
Financial Derivatives Expenses	228	—
Other Operating Expenses	196	125
General and Administrative Expenses	37,523	73,577

Fiscal period ended	Millions of yen	
	September 30, 2008	March 31, 2008
Other Expenses	¥30,010	¥53,487
Provision for Possible Loan Losses	28,301	42,379
Write-off of Loans	8	1,295
Loss on Sales of Stocks and Other Securities	4	788
Write-off of Stocks	496	253
Other Expenses	1,199	8,770
(Loss) Income before Income Taxes and Other	(4,330)	17,252
Other Gains	101	325
Gains on Disposal of Fixed Assets	2	73
Collection of Written-off Claims	99	251
Other Losses	264	3,729
Losses on Disposal of Fixed Assets	264	181
Impairment Loss on Fixed Assets	—	7
Other Losses	—	3,541
(Loss) Income before Income Taxes	(4,493)	13,848
Provision for Income Taxes	739	379
Adjustment for Income Taxes	(8,100)	(8,410)
Net Income	2,867	21,878
Earnings Carried Forward from the Beginning of the Year	4,110	3,589
Unappropriated Earnings at the End of the Year	¥ 6,977	¥25,467

(REFERENCE)

Non-Consolidated Statements of Appropriation of Earned Surplus

The Shoko Chukin Bank, Ltd. As of September 30 and March 31, 2008

	Millions of yen	
	September 30, 2008	March 31, 2008
Unappropriated Earnings at the End of the Year	¥ 6,977	¥25,467
Earnings Liquidated from Voluntary Reserves	—	464
Earnings Liquidated from Retirement Allowance Fund	—	464
Total	6,977	25,932
Will be appropriated as follows:		
Appropriations	2,460	21,821
Earnings Reserve	300	2,200
Reserve for Particular Purposes	400	16,100
Dividends on Cooperative Subscription	1,760	3,521
Unappropriated Earnings to the Next Year	¥ 4,516	¥ 4,110

Capital Account Details (Non-Consolidated)

PRINCIPAL SHAREHOLDERS

Common Stock

Shareholder Name	Number of Stocks Held (Thousand shares)	Percentage of Total Common Stock Issued and Outstanding (%)
The Minister of Finance	1,016,000	46.5
BOT LEASE CO., LTD.	5,300	0.2
OSAKA SEMBA FASHION CO-OPERATIVE ASSOCIATION	4,600	0.2
Osaka Medical Cooperative Association	4,409	0.2
Kantoh Automobile Insurance Cooperative for Truck Transport Companies	4,303	0.2
Tokyo Camera Ryutsu Kyodokumiai	3,633	0.2
Kyodokumiai Hiroshima Sogo Oroshi Center	3,150	0.1
Japan Silk & Rayon Weavers' Association	3,110	0.1
Tokyo Mokuzai Tonya Kyoudou Kumiai	3,084	0.1
Miyagiken Shoko Shinko Kyodo Kumiai	3,034	0.1
Total	1,050,625	48.0

Notes: 1. As of March 31, 2009.

2. In addition to the principal shareholder information presented in the preceding chart, the Shoko Chukin Bank holds 9,441 thousand shares of treasury stock, representing 0.4% of total common stock issued and outstanding.

CAPITAL RATIO

(¥100 million, %)

		(as of March 31, 2009)	(as of September 30, 2008)	(as of March 31, 2008)
Core Capital (Tier 1 Capital)	(A)	6,786	6,877	6,885
	Capital	2,186	5,224	5,227
	45% of Marketable Securities' Balance Sheet Value Minus Book Value	—	—	18
Supplementary Capital (Tier 2 Capital)	General Reserve for Possible Loan Losses	638	637	610
	Subordinated Borrowings	460	410	410
	Total	1,098	1,047	1,038
	Amount Counted as Capital	(B) 1,098	1,047	1,038
Deductions	(C)	0	—	—
Total Capital	(A) + (B) – (C) (D)	7,883	7,925	7,924
Risk-weighted Assets	Credit Risk-weighted Assets			
	Assets Stated on the Balance Sheet	83,948	84,385	85,758
	Off-balance Sheet Items	1,681	1,515	1,411
	Total	85,629	85,901	87,169
	Risk-weighted Assets for Operational Risk, Divided by 8%	2,662	2,732	2,792
Total	(E)	88,292	88,633	89,962
Capital Ratio (%)	(D)/(E)	8.92	8.94	8.80

Total Capital:

The capital ratio has been stable at around 8.92%.

The Bank's Capital Ratio:

- The Bank's capital ratio is computed according to the formula stipulated in notices of the Financial Services Agency, the Ministry of Finance and the Ministry of Economy, Trade and Industry. 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.
- Under the Shoko Chukin Bank Limited Act, the Bank's objective is to conduct business necessary to facilitate financing for SMEs. Owing to this special characteristic, the Bank is exempted from the Prompt Corrective Action stipulated under the Banking Act and other regulations.

Profit and Loss Details (Non-Consolidated)

SUMMARY OF INCOME				(¥100 million)
Fiscal period ended	March 31, 2009	September 30, 2008	March 31, 2008	
Gross Operating Profit	701	618	1,409	
Provision for the General Reserve for Possible Loan Losses	0	27	(18)	
General and Administrative Expenses (Excluding Nonrecurring Items)	381	366	724	
Operating Profit	319	224	703	
Operating Profit before Deduction of Provision for the General Reserve for Possible Loan Losses	319	251	685	
Nonrecurring Profit and Loss (Including Nonrecurring Expenses)	(382)	(267)	(531)	
(Loss) Income before Income Taxes and Others	(62)	(43)	172	
Other Gains and Losses	3	(1)	(34)	
Provision for Income Taxes — Corporate Tax, Inhabitant Tax and Enterprise Tax	1	7	3	
Adjustment of Income Taxes	(23)	(81)	(84)	
Net (Loss) Income	(37)	28	218	

Notes: Operating Profit is income generated by the Bank's primary businesses and is calculated using the following formula:
 Operating Profit = Gross Operating Profit – (Provision for the General Reserve for Possible Loan Losses + General and Administrative Expenses (Excluding Nonrecurring Items))

GROSS OPERATING PROFIT										(¥100 million, %)
Fiscal period ended	March 31, 2009			September 30, 2008			March 31, 2008			
	Domestic	International	Total	Domestic	International	Total	Domestic	International	Total	
Net Interest Income	578	8	586	593	9	603	1,281	16	1,297	
Fees and Commissions	46	2	48	45	1	47	91	3	95	
Trading Revenue	12	11	24	8	15	23	16	10	26	
Other Operating Income	45	(3)	41	8	(64)	(55)	(4)	(5)	(9)	
Gross Operating Profit	682	18	701	656	(38)	618	1,384	25	1,409	
Gross Operating Profit Ratio (%)	1.32	2.30	1.35	1.26	(3.93)	1.17	1.30	1.19	1.30	

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

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

Details of Operations (Non-Consolidated)

BALANCE OF LOANS										(¥100 million)
Fiscal period ended	March 31, 2009			September 30, 2008			March 31, 2008			
	Domestic	International	Total	Domestic	International	Total	Domestic	International	Total	
Fiscal Period-end Balance	Loans on Deeds	66,310	713	67,024	62,247	613	62,861	61,661	551	62,212
	Loans on Notes	6,529	189	6,719	7,305	178	7,483	8,782	187	8,970
	Overdraft	13,842	4	13,846	14,263	4	14,267	14,750	7	14,758
	Bills Discounted	4,022	—	4,022	4,709	—	4,709	5,208	—	5,208
	Total	90,705	907	91,612	88,525	796	89,321	90,403	746	91,149
Average Balance	Loans on Deeds	62,827	650	63,478	60,876	566	61,442	61,489	548	62,038
	Loans on Notes	6,819	162	6,981	7,941	177	8,119	9,108	145	9,253
	Overdraft	13,325	4	13,329	13,676	5	13,682	13,665	10	13,676
	Bills Discounted	4,333	—	4,333	4,699	—	4,699	4,962	—	4,962
	Total	87,305	817	88,122	87,193	749	87,943	89,226	704	89,931

Note: The average balance of foreign currency loans with domestic branches stated in the International column is calculated by the monthly current method.

BREAKDOWN OF LOAN BALANCE BY INDUSTRY				(¥100 million, %)
	(as of March 31, 2009)	(as of September 30, 2008)	(as of March 31, 2008)	
Manufacturing	32,044 (35.0)	30,353 (34.0)	30,708 (33.7)	
Machinery and Metal Product Manufacturing	16,868 (18.4)	15,611 (17.5)	15,679 (17.2)	
Agriculture, Forestry and Fishery	163 (0.2)	153 (0.2)	153 (0.2)	
Mining	118 (0.1)	124 (0.1)	129 (0.1)	
Construction	2,342 (2.6)	2,311 (2.6)	2,705 (3.0)	
Wholesale and Retail	27,755 (30.3)	27,470 (30.8)	27,938 (30.7)	
Finance and Insurance	940 (1.0)	1,006 (1.1)	1,035 (1.1)	
Real Estate	5,204 (5.7)	5,390 (6.0)	5,654 (6.2)	
Transport and Communication	11,258 (12.3)	11,049 (12.4)	11,089 (12.2)	
Electricity, Gas, Water and Heat Supply	250 (0.3)	255 (0.3)	270 (0.3)	
Services	11,421 (12.5)	11,104 (12.4)	11,360 (12.4)	
Others	113 (0.0)	102 (0.1)	103 (0.1)	
Total	91,612	89,321	91,149	

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

PROBLEM LOANS

(¥100 million, %)

		(as of March 31, 2009)	(as of September 30, 2008)	(as of March 31, 2008)
Loans to Bankrupt Companies	(A)	1,360	1,034	846
(Loans to Companies that May Fall into Bankruptcy other than Category IV Loans)	(B)	500	322	229
Overdue Loans	(C)	1,968	2,307	2,401
(Overdue Loans other than Category IV Loans)	(D)	1,632	1,868	1,994
Loans Overdue for 3 Months or Longer	(E)	50	144	40
Rescheduled Loans	(F)	0	961	978
Total Problem Loans	(G) = (A) + (C) + (E) + (F)	3,379	4,448	4,267
Category IV Loans in Loans to Bankrupt Companies	(H)	859	712	617
Category IV Loans in Overdue Loans	(I)	336	439	407
Problem Loans other than Category IV Loans	(J) = (B) + (D) + (E) + (F)	2,184	3,297	3,243
Loans other than Category IV Loans	(K)	90,493	88,255	90,216
Percentage of Loans (%)	(J)/(K)	2.4	3.7	3.6

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.

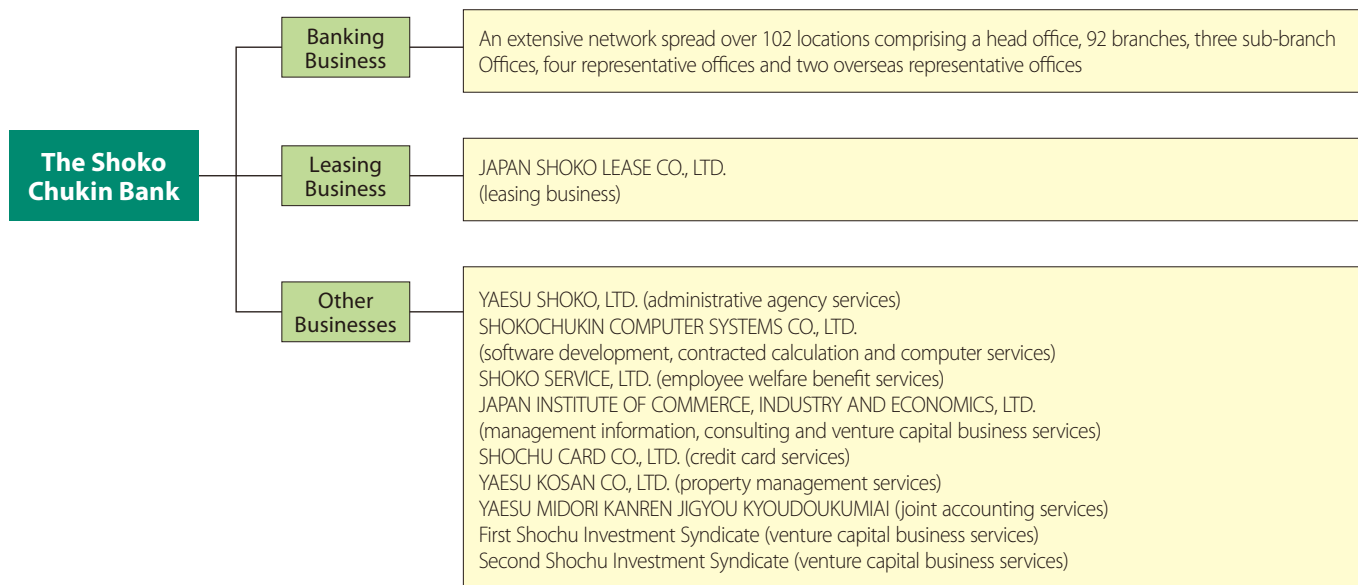
5. Category IV Loans are those that are classified as unrecoverable based on our self-assessment of assets. The full amount of these loans is included in the Reserve for Possible Loan Losses.

6. Problem Loans other than Category IV Loans equal the amount of problem loans minus the amount of the loans defined in Note 5. (The amount of Category IV Loans deducted from Problem Loan balances at the end of the fiscal period ended March 31, 2009 was ¥119.5 billion out of the Provision for Possible Loan Losses of ¥171.1 billion, at the end of the fiscal period ended September 30, 2008 was ¥115.1 billion out of the Provision for Possible Loan Losses of ¥167.8 billion and at the end of the fiscal period ended March 31, 2008 was ¥102.4 billion out of the Provision for Possible Loan Losses of ¥160.3 billion.)

* Loans for which accrued interest is not shown in the accounts: loans to bankrupt companies for which accrued interest is not shown in the accounts based on the assumption that principal or interest is likely to be unrecoverable because the interest or principal payments have been long overdue or for other reasons (excluding loans that have been written off).

»» Business Activities

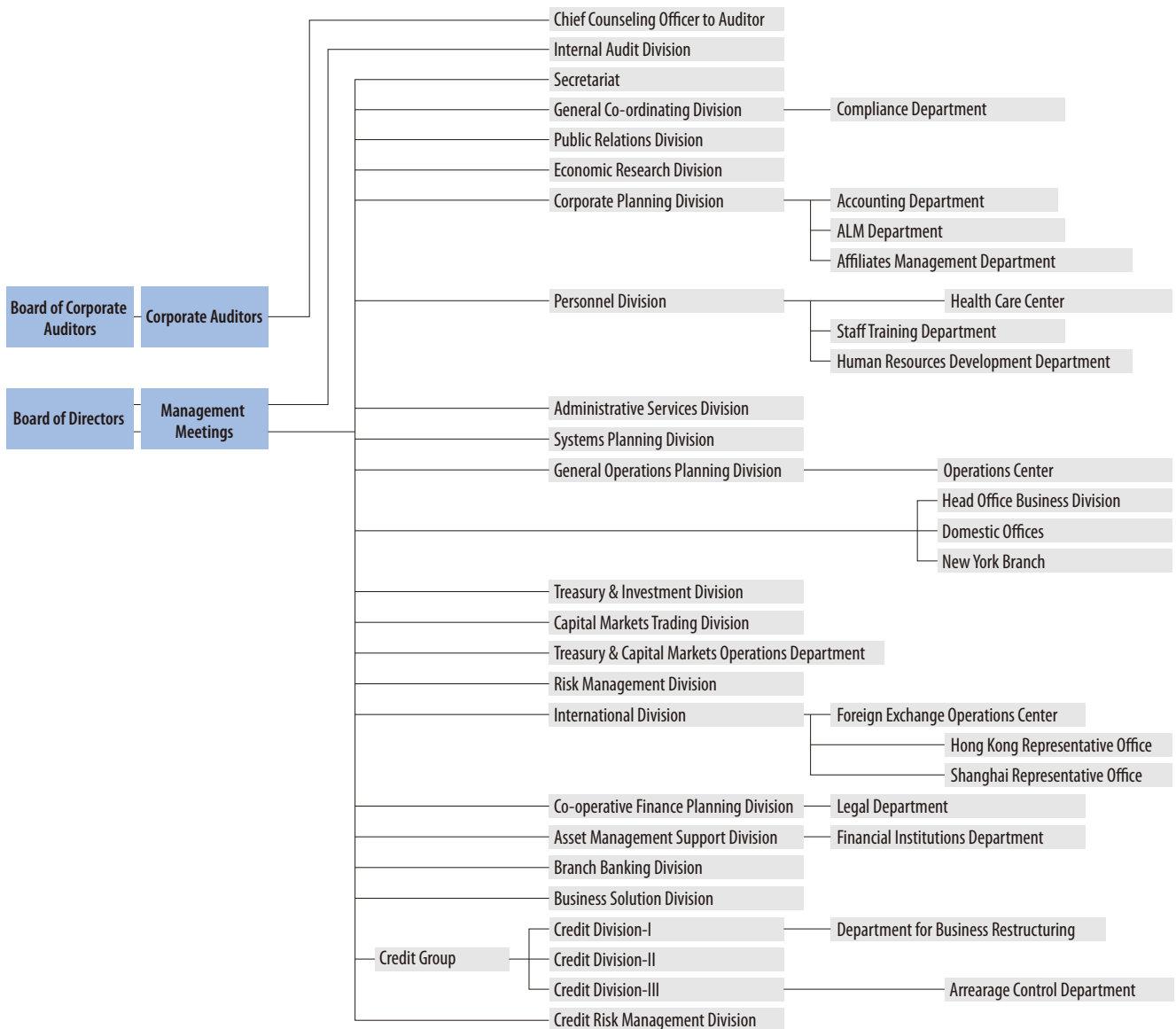
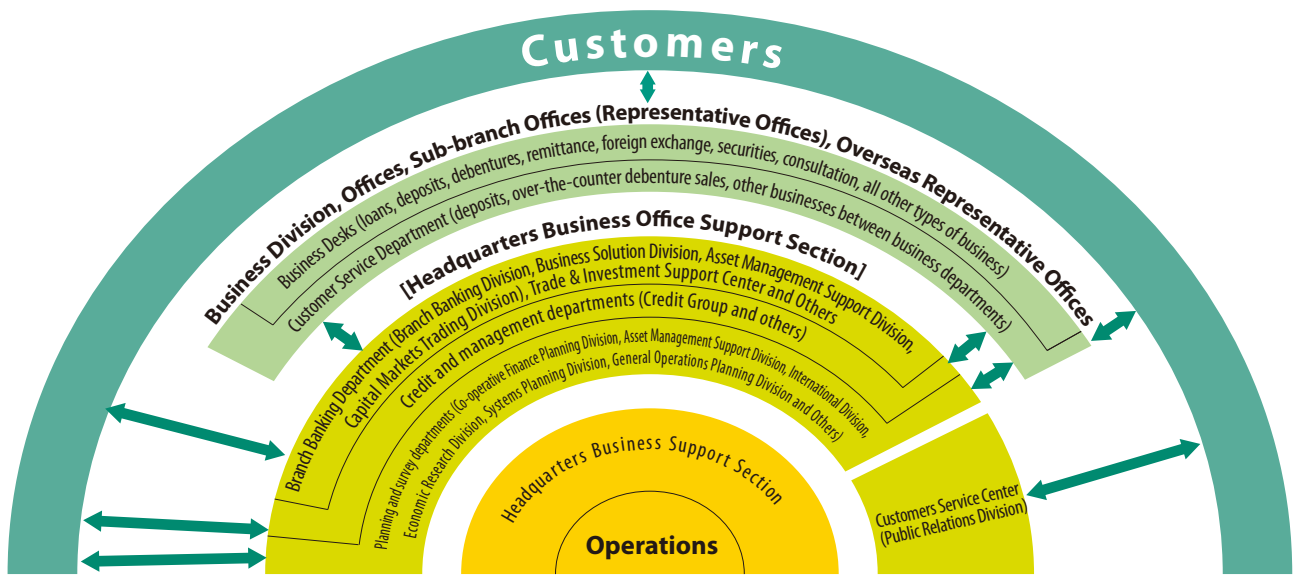
The Shoko Chukin Bank Group is comprised of the Shoko Chukin Bank and 10 subsidiary companies. In addition to its mainstay banking operations, the Group collectively provides a wide range of leasing, consulting and other financial services. A diagrammatic chart of the Shoko Chukin Bank Group's principal activities is presented as follows.



»» Subsidiaries

Subsidiaries (As of March 31, 2009)

Company Name	Address	Principal Business Activities	Date of Establishment	Paid-in Capital or Capital Subscription (Millions of Yen)	Percentage of Voting Rights Held by the Bank (%)	Percentage of Voting Rights Held by the Group (%)
YAESU SHOKO, LTD.	2-12-18 Shiba-Daimon, Minato-ku, Tokyo	Administrative agency services	Sep. 8, 1962	90	100.00	—
SHOKOCHUKIN COMPUTER SYSTEMS CO., LTD.	2-10-1 Misumicho, Higashi Murayama-shi, Tokyo	Software development, contracted calculation and computer services	Dec. 14, 1973	70	—	100
SHOKO SERVICE, LTD.	3-3-2 Kyobashi, Chuo-ku, Tokyo	Employee welfare benefit services	Nov. 25, 1982	32	62.50	37.50
JAPAN INSTITUTE OF COMMERCE, INDUSTRY AND ECONOMICS, LTD.	2-12-18 Shiba-Daimon, Minato-ku, Tokyo	Management information, consulting and venture capital business services	Dec. 10, 1974	80	23.08	76.92
JAPAN SHOKO LEASE CO., LTD.	1-10-12 Ueno, Taito-ku, Tokyo	Leasing business	Oct. 8, 1982	1,000	100.00	—
SHOCHU CARD CO., LTD.	2-12-18 Shiba-Daimon, Minato-ku, Tokyo	Credit card services	Jan. 22, 1991	70	100.00	—
YAESU KOSAN CO., LTD.	2-12-18 Shiba-Daimon, Minato-ku, Tokyo	Property management services	Jun. 22, 1972	50	—	—
YAESU MIDORI KANREN JIGYOU KYOUDOUKUMIAI	2-12-18 Shiba-Daimon, Minato-ku, Tokyo	Joint accounting services	Jun. 11, 1982	10	—	100.00



(As of June 30, 2009)

Directors and Auditors

(As of June 30, 2009)

President (Representative Director)	Tetsuo Seki
Deputy President (Representative Director)	Hideji Sugiyama
Deputy President (Representative Director)	Yukitoshi Kimura
Senior Managing Director (Representative Director)	Minoru Hoshito
Director & Managing Executive Officer	Tamotsu Abe
Director & Managing Executive Officer, Head of Credit Group	Masayoshi Shinbo
Director & Managing Executive Officer	Seiji Nomura
Director & Managing Executive Officer	Hideki Ogawa
Director & Managing Executive Officer	Hideo Mori
Director & Managing Executive Officer, General Manager of Risk Management Division	Chihiro Tanaka
Director & Managing Executive Officer	Hideaki Tanaka
Director	Nobuo Yamaguchi
Corporate Auditor (Full-Time)	Mitsuyoshi Shirasu
Corporate Auditor (Full-Time)	Kunikazu Sonoda
Corporate Auditor	Kiyoshi Ohashi
Corporate Auditor	Makoto Tahira

Notes: 1. Nobuo Yamaguchi is an external director as stipulated under Article 2, Paragraph 15 of the Company Law.

2. Mitsuyoshi Shirasu and Makoto Tahira are external corporate auditors as stipulated under Article 2, Paragraph 16 of the Company Law.

3. The Shoko Chukin Bank has appointed one alternate corporate auditor pursuant to Article 329, Paragraph 2 of the Company Law to ensure that it consistently maintains the number of corporate auditors prescribed under the law.

»» Stock Information

- **Number of Authorized Shares (As of March 31, 2009)**
4,000,000,000 shares
- **Number of Issued and Outstanding Shares (As of March 31, 2009)**
2,186,531,448 shares
- **End of Each Accounting Term**
March 31
- **Record Dates**
Ordinary General Meeting of Shareholders
March 31
Date for Determining Shareholders of Record for the Distribution of Accounting Term-End Dividends
March 31
Record dates for other matters shall be determined individually and publicly announced in advance when required
- **Period during which the Ordinary General Meeting of Shareholders Shall Be Held**
Late June
- **Number of Shares per Trading Unit**
1,000 shares

- **Method of Public Notification**
Public notifications are made by electronic means. In the event that public notifications cannot be made by electronic means due to unavoidable circumstances and reasons, notifications shall be published in the *Nihon Keizai Shimbun*.

»» Matters Relating to the Administration of Shares

- **Administrator of the Shareholder Register**
Mitsubishi UFJ Trust and Banking Corporation
1-4-5 Marunouchi, Chiyoda-ku, Tokyo
- **Handling Office**
Mitsubishi UFJ Trust and Banking Corporation
Securities Agency Division
4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo
- **Contact**
Mitsubishi UFJ Trust and Banking Corporation
Securities Agency Division
10-11, Higashi Suna 7-chome, Koto-ku, Tokyo 137-8081
Tel: 0120-232-711 (Toll free)
9:00 to 17:00 Tokyo local time (Excluding Saturdays, Sundays and public holidays)

- **Agencies**
All Mitsubishi UFJ Trust and Banking Corporation branches nationwide

»» Shareholder Eligibility

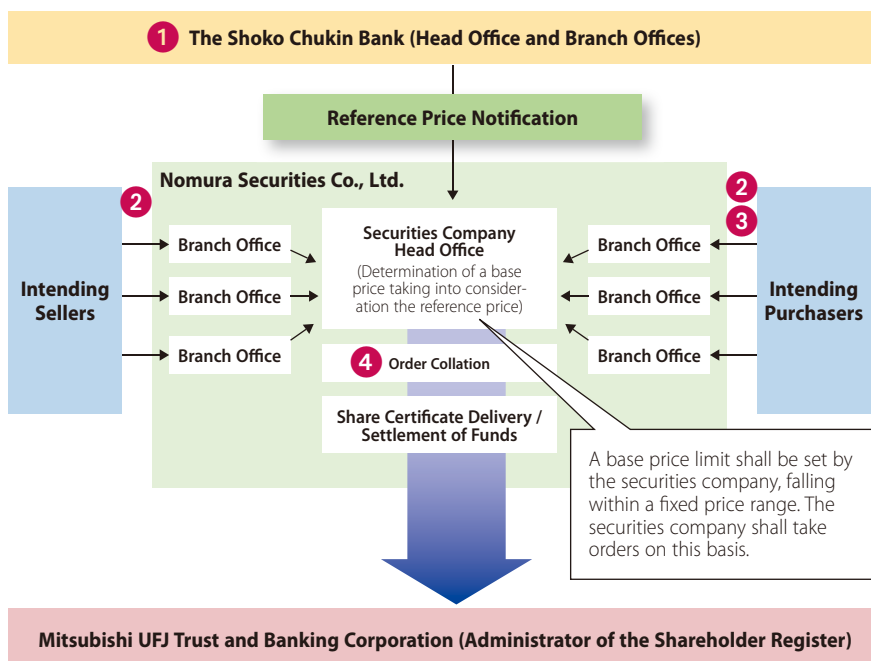
- Under the Shoko Chukin Bank Limited Act, the primary mission of the Shoko Chukin Bank is to serve as a stable source of finance to small and medium-sized enterprises. As a government-affiliated financial institution, the Bank's shareholders are defined and stipulated under Article 6 of the aforementioned Shoko Chukin Bank Limited Act. In addition to the government, other joint subscribers to the Bank's capital include SME cooperatives and their SME shareholder members.
- While it is the responsibility of the head office and domestic branches of Mitsubishi UFJ Trust and Banking Corporation to receive and process requests for the registration and transfer of the Bank's shares, please be advised that said requests may be denied subject to the screening of shareholder eligibility.

»» The Purchase and Sale of Shares

Shares of the Shoko Chukin Bank can be purchased and sold utilizing the following methods.

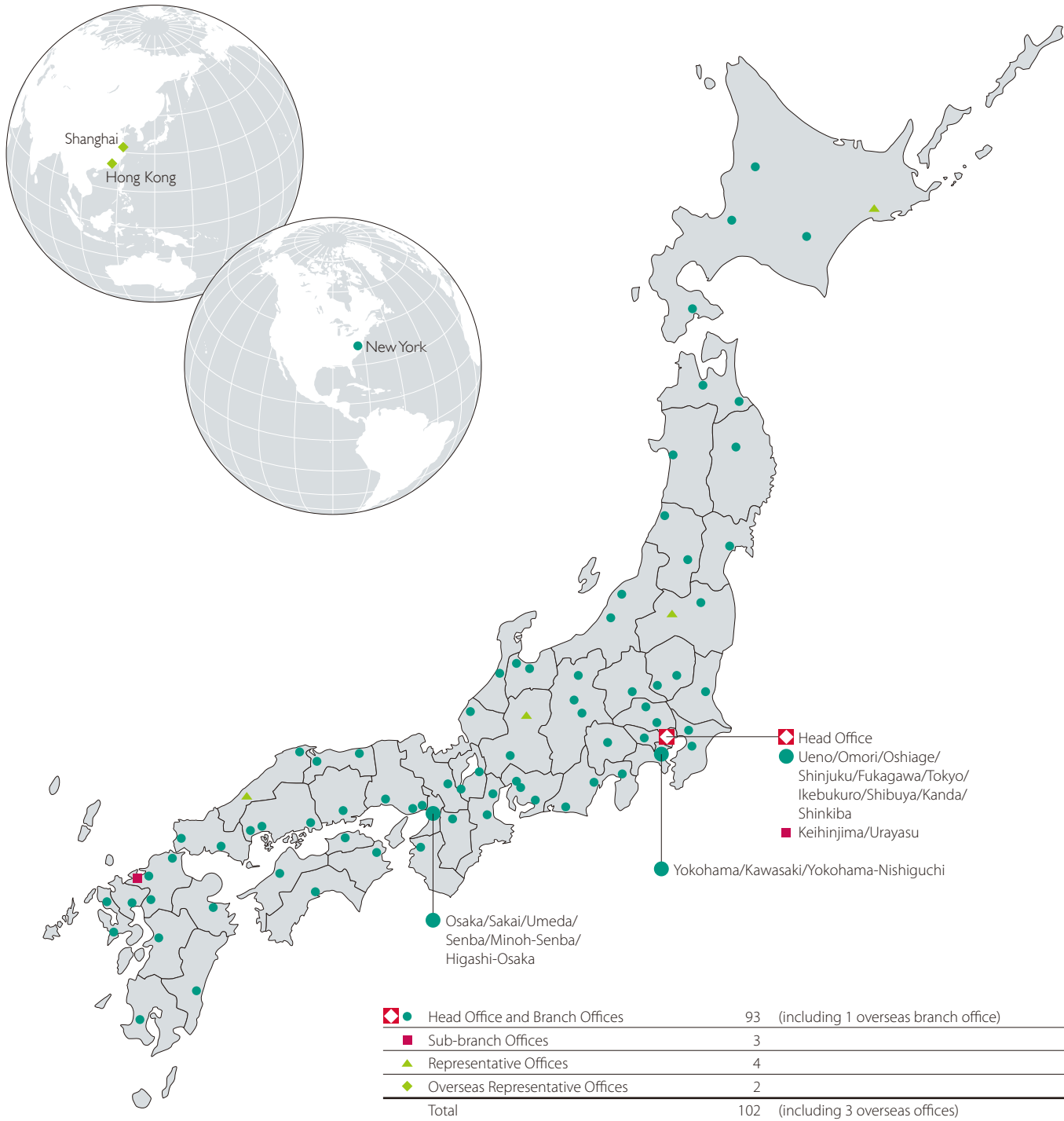
- (1) Negotiated purchase and sale
Negotiated purchase and sales with other SME cooperatives or their SME shareholder members
- (2) Securities company over-the-counter share purchase and sale
The head office and domestic branches of Nomura Securities Co., Ltd. shall receive and process over-the-counter purchase and sale orders with respect to the Bank's shares. Over-the-counter purchases and sales shall be effected by collating the aforementioned orders.

▼ The mechanism and structure for securities company over-the-counter purchase and sale of the Bank's shares



- 1 Notification of Share Purchase and Sale Mechanism**
 - The Shoko Chukin Bank shall notify SME cooperatives and their SME shareholder members of the mechanism relating to the acquisition of shares. Advice shall also be provided with regard to such cautionary items as restrictions on the eligibility of shareholders.
- 2 The Taking of Orders**
 - Orders for the purchase and sale of shares shall be accepted at the head office and domestic branches of Nomura Securities Co., Ltd. (Postal applications also accepted).
 - With regard to the order price, a base price limit shall be set to fall within a fixed price range.
Note: Nomura Securities Co., Ltd. shall determine the base price taking into consideration the reference price set by the Shoko Chukin Bank based on the opinions of specialists.
 - Nomura Securities Co., Ltd. shall provide details of the base price and recent transaction prices.
 - Eligibility with regard to share acquisition orders shall be restricted to SME cooperatives and their SME shareholders members, who are in turn shareholders of the Shoko Chukin Bank.
- 3 Certification of Shareholder Eligibility**
 - In placing an order to acquire shares, the intended purchaser shall submit to Nomura Securities Co., Ltd. a "Certificate of Shareholder Eligibility," designated by the Shoko Chukin Bank, together with supporting documentation (Certificate of Registration in the case of an SME cooperative; Certificate of Registration as an SME member and a copy of the Members' Register in the case of an SME shareholder member). Submission of the aforementioned documentation is in principle not required in the case of intended purchasers whose details are already recorded in the shareholders' register.
- 4 Order Collation**
 - The collation of sale and purchase orders shall be undertaken on the 15th day of each month (in the event the 15th is not a business day, collation shall be undertaken on the next business day). The closing date for sale orders shall be 14 business days prior to the collation date and five business days prior to the collation date for purchase orders.
 - Both a price and time priority (note) shall be determined.
Note: Purchase orders with a higher price shall have priority. Sale orders with a lower price shall have priority. Orders with the same price shall be prioritized in the order in which they are received.
 - Stock trading commission rates shall be equivalent to the rates applied by Nomura Securities Co., Ltd. with respect to the purchase and sale of publicly listed shares.

May	1936	The Shoko Chukin Bank Act promulgated, coming into force in June 1936
November	1936	Inaugural general meeting held; Toyotaro Yuki, President of the Industrial Bank of Japan, Limited appointed as the Bank's first president
December	1936	Registration of establishment completed; Operations commenced; Network established comprising head office in Marunouchi, Kojimachi-ku, Tokyo and six branches including an office in Sapporo
March	1937	First series interest-bearing debentures issued
July	1940	First series discount debentures issued
May	1944	Head office relocated to Kyobashi, Kyobashi-ku, Tokyo
August	1952	Establishment of a nationwide branch network encompassing every prefecture in Japan completed
December	1962	Construction of a new head office in Yaesu, Chuo-ku, Tokyo completed
May	1972	Property accumulation savings operations commenced
May	1973	Foreign currency loan operations commenced
October	1981	Rissho Wide, a five-year savings bond, first offered to individuals
April	1985	Proposal to revise the Shoko Chukin Bank Act approved by both chambers of Japan's Diet
August	1985	New York Representative Office established
February	1988	All-Japan Youth Kai launched
November	1990	Hong Kong Representative Office established
June	1992	Proposal to partially review the Shoko Chukin Bank Act approved
January	1995	The Great Hanshin Awaji Earthquake Task Force established
July	1996	The Malaysia Chukin Kai launched
February	1998	The Hong Kong Chukin Kai launched
July	1999	The Thailand Chukin Kai launched
November	2002	Special consultation desk established to address issues relating to the credit crunch and loan rescinding
March	2005	Shanghai Representative Office established
May	2005	First asset-based lending (ABL) deal undertaken
February	2006	New three-year time deposit operations commenced
May	2006	The Administrative Reform Promotion Law (The Law Concerning the Promotion of Administrative Reform for the Purpose of Realizing Small and Efficient Government) approved, calling for the complete privatization of the Shoko Chukin Bank over a period of approximately five to seven years commencing October 2008
February	2007	Individual annuity and personal pension insurance operations commenced at certain branches
March	2007	To augment existing deposit period by an additional two years, My Harvest, a new time deposit, is launched
April	2007	Testamentary trust and estate liquidation operations commenced at certain branches
May	2007	The Shoko Chukin Bank Limited Act approved, stipulating the position, role and scope of operations of the Shoko Chukin Bank after commencing its transition to a new structure (company pursuant to a special act)
May	2008	Investment trust operations commenced at certain branches
October	2008	Transition to a company limited by shares commenced
October	2008	YAESU SHOKO, LTD., SHOKOCHUKIN COMPUTER SYSTEMS CO., LTD., SHOKO SERVICE, LTD., JAPAN INSTITUTE OF COMMERCE, INDUSTRY AND ECONOMIC, LTD., JAPAN SHOKO LEASE CO., LTD. and SHOCHU CARD CO., LTD. converted to wholly owned subsidiaries
October	2008	The Shoko Chukin Bank designated under the law as a government-appointed financial institution charged with the responsibility of undertaking special responses should a crisis occur



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