



# SHOKO CHUKIN BANK

**Annual Report**

**2014**

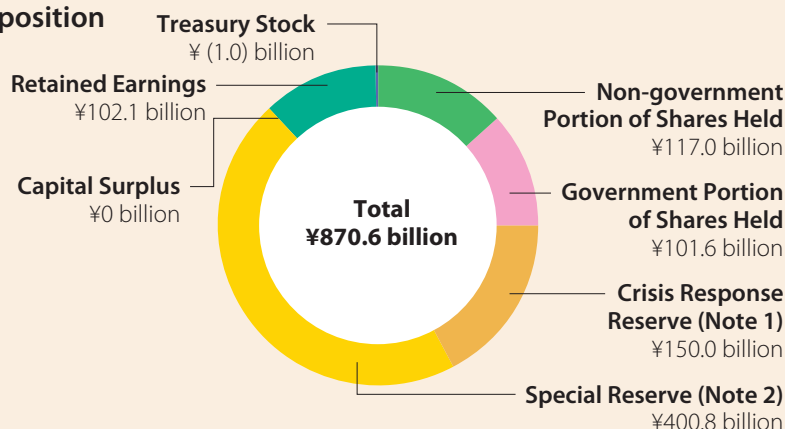
Year Ended March 31, 2014

# Outline of the Bank

(As of March 31, 2014)

- ▶ **Company Name** The Shoko Chukin Bank, Ltd.  
(Transition toward privatization commenced on October 1, 2008)
- ▶ **Establishment Date** October 8, 1936
- ▶ **Objective** Objective of the Shoko Chukin Bank, Ltd. 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**



Notes: 1. A Tier 1 Capital (common stock etc.) reserve for crisis response has been created to ensure financial basis which is necessary for smooth implementation of crisis response measures.

2. In accordance with the transition to a company structure limited by shares, a special Tier 1 Capital (common stock etc.) reserve has been created to facilitate the continuous and smooth provision of funds to SMEs. An aggregate amount totaling ¥400.8 billion has been transferred to a special reserve, which is comprised of ¥303.7 billion and ¥97.0 billion transferred from the government's subscription and retained earnings, respectively.

- ▶ **Funds Held** Deposits: ¥4,857.4 billion  
Negotiable Certificates of Deposit: ¥76.2 billion  
Debentures: ¥4,825.2 billion
- ▶ **Loans Outstanding** ¥9,488.4 billion
- ▶ **Offices** Domestic: 100  
Overseas: 4
- ▶ **Number of Employees (Persons)** 3,973
- ▶ **Rating**

	R&I	JCR	Moody's
Long-term	AA <sup>-</sup> (stable)	AA <sup>+</sup> (stable)	Aa3 (stable)

## ▶ **Outline of business**

- |                            |   |
|----------------------------|---|
| 1. Lending operation       | We are providing various kinds of loans to small and medium-sized enterprises (SMEs) in need of fund to finance their business, from capital investment and long-term working capital, to short-term working capital including typically by bills discounted. We are also engaged in development and provision of innovative technique for raising finance, to cater for the diversifying needs of SMEs, including private placement bonds, loan syndication, asset-based lending (ABL) and liquidation of accounts receivable. |
| 2. Deposit affairs         | (1) Deposits<br>We are handling current deposits, saving account, deposits at notice, time deposits, specified deposits, deposits for tax payment, non-resident yen deposits and foreign currency deposits.<br>(2) Negotiable certificates of deposit<br>We are handling negotiable deposits.   |
| 3. Bond issuance           | We are issuing bank debentures called Shoko-sai, with the purpose to provide finance to SMEs on a constant basis.   |
| 4. Treasury and investment | We are actively engaged in market operations in the financial markets both at home and abroad, to streamline our own financing and investment activities.   |
| 5. International business  | As an all-round financial institution supporting business activities of SMEs, we are actively engaged in every aspect of overseas transactions including support for clients' overseas business expansion and loans to clients' local subsidiaries overseas, let alone overseas remittance, and business concerning export and import.  |
| 6. Others                  | We are also providing other services as follows.<br>· Derivative transactions with respect to interest rate and currencies<br>· Business concerning M&A<br>· Provision of management information<br>· Support for client associations like Chukin kai and Youth kai<br>· Economic research activities, etc.   |

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### Message from the President

**O**n 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.

In addition to providing details including our operating performance for Fiscal 2013, we hope that this Annual Report will prove useful to readers, allowing them to gain a better understanding of the Bank and its activities.

### Financial and Economic Environment

The Japanese economy in Fiscal 2013 came back into form due to factors such as weakening in the yen and higher stock prices thanks to the fiscal policies of the government known as "Abenomics" and monetary policy by the Bank of Japan. Consequently, recovery in various sectors has been demonstrated, with notably brighter signs observed within the domestic sector, especially in consumer spending driven by a surge in consumer sentiment as well as an increase in spending on public works.

This was echoed by the Shoko Chukin Bank's Monthly Survey of SME Business Sentiment, indicating a steady improvement in business confidence in the nonmanufacturing sector since the beginning of the

current fiscal year. On the other hand, business conditions in the manufacturing sector, which had struggled to turn around in the face of rising purchase costs, staged steady growth into the second half of the current fiscal year, buoyed by increasing exports and a rush of demand ahead of the consumption tax increase, bringing the overall SME business confidence on a path to recovery.

### Overview of Fiscal 2013

Amid this environment, the Shoko Chukin Bank devoted its utmost efforts to fulfilling the safety net, mainly in crisis response measures to minimize the impact of reconstruction and revitalization after the Great East Japan Earthquake and deflation on business performance and cash flows of SMEs. Achievements under the Great East Japan Earthquake revitalization special loan involved 38,000 projects worth over ¥2,100 billion and achievements under loans related to countermeasures against yen appreciation, deflation and other problems involved 50,000 projects worth over ¥2,500 billion. Since its launch of the system, a cumulative total of 161,000 projects have been implemented, at a total scale of over ¥9,500 billion. Through this support for SMEs in terms of cash flow and stable management, we have been able to make

significant contributions to maintaining employment and stabilizing the economy in local communities.

Furthermore, the Shoko Chukin Bank supported the government's measures to encourage corporate capital investment, primarily by providing funds to facilitate business growth, in every effort to enhance the corporate value of SMEs under its Support Program for Growth and Business Creation. In consequence to this initiative, since the program was launched in July 2010, the Bank struck total loan deals of 14,000, with the amount exceeding ¥800 billion. In addition, the Bank promptly reinforced its structure with the aim of coping appropriately with the "Guidelines for Management Guarantee," while actively promoting use of the joint guarantee subject to condition precedent scheme.

As a result of these initiatives, income before income taxes and other of ¥26.7 billion and net income of ¥12.5 billion were recorded due to factors such as an increase in fees and commissions. We are grateful for the support of our shareholders and clients in enabling us to achieve these results.

### Operating Performance and Management in Fiscal 2014

Although economic conditions made a mild recovery, business performance and cash flows of SMEs remain adverse as they faced some adverse factors such as rising raw material prices. In order to provide solid support to SMEs who are engaged in the reconstruction and revitalization efforts following the Great East Japan Earthquake or working on the revival of local economies, as well as those who are having difficulty with cash flows, the Shoko Chukin Bank continues to do its best to fulfill the safety net.

Furthermore, we will strengthen our efforts to enhance the corporate value of SMEs, providing back-up in all aspects of management by offering a wide range of expertise and solutions.

In particular, based on the notion that growth and support for revitalization are pressing issues for the Japanese economy, we will support sustainable growth of clients through the Support Program for Growth and Business Creation. At the same time, for our clients who need to improve management, we will perform our consulting capabilities through initiatives such as support for formulating management improvement plans and follow-up activities under the Revitalization Support Program. In addition to these initiatives, under the "Regional Revitalization Support Program," the Bank has addressed regional reconstruction and revitalization

of local economies in collaboration with local governments and regional financial institutions. Going forward, the Bank will facilitate activities of the program through the newly established "Regional Alliance Department."

Further, in anticipation of increasing overseas expansion among companies, the declining birthrate and aging population, and changes in the industrial structure in the medium-to long-term, business reorganization and structural reform are expected to accelerate over a wide range of business sectors and categories. Given such expectations, the Bank intends to strengthen initiatives such as support for SMEs exploring into new businesses and areas, support for overseas expansion mainly in Asia, support for corporate alliances including business matching and M&As, support for business succession, and support for cooperation between agriculture, commerce and industry.

In addition, in order to respond to the needs of SMEs, we will further strengthen stable fundraising through debentures (publicly offered debentures), as well as to bolster and expand the fund procurement platform, mainly individual and corporate deposits. At the same time, we will constantly work to further streamline management through measures such as increasing the efficiency of operations.

By strengthening measures to address these issues, we will contribute to the growth and enhancement of corporate value of SME cooperatives and SMEs, and construct a sound financial base for the Bank itself and improve profitability.

### In Closing

Although a difficult operating environment continues, 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, 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 2014

**Hideji Sugiyama**

President

The Shoko Chukin Bank, Ltd.

## Overview of the Shoko Chukin Bank Limited Act

In October 2008, the Shoko Chukin Bank shifted status from that of a jointly owned financial institution to a special company (a joint stock company) in accordance with the Shoko Chukin Bank Limited Act (Act No. 74 of 2007) while maintaining the purpose and function of facilitating financing for SME cooperatives and their members.

In June 2009, the Shoko Chukin Bank Limited Act was amended in response to the chaos caused by the unprecedented economic and financial crisis with the aim of strengthening the Bank's capital.

Furthermore, in response to the Great East Japan Earthquake of March 2011, the Shoko Chukin Bank Limited Act was revised to postpone the commencement of term for disposal of government-held shares by three years, and to put in place other measures.

### Objective of Shoko Chukin

Objective of the Shoko Chukin Bank, Ltd. is to conduct business 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.

### Business

Alongside the privatization, the Bank expanded its full banking services, which include loans, deposits, currency exchange, and guarantees.

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

- Borrowers are primarily limited to SME member companies (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.

#### **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 operation 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.

#### **Crisis Response Measure**

- As a government-appointed financial institution, the Shoko Chukin Bank engages in crisis response measures during periods of disaster as well as economic and financial turmoil.

### Financial Base

- At the time of the shift to privatization, the Bank designated ¥400.8 billion of funds from the government provided funds, as a special reserve with the aim of enhancing its capital and investing in the financial soundness.
- By the end of fiscal 2014 (the government extended the term by three years under the revision to the Act in 2011 and others), the Japanese government may invest in the crisis response reserve within the scope permitted in the budget for smooth implementation of crisis response measures (the government made an investment of ¥150.0 billion in July 2009).

### Organization, Oversight and Disclosure

- Shareholders of the Shoko Chukin Bank are restricted to the government, SME cooperatives, and their members.
- Supervision by the minister in charge will be limited to the bare minimum.
- The organization is to provide and release disclosure publications, etc.

### Future Measures

- Starting in April 1, 2015, the government, while keeping an eye on market trends, will sell off all state-owned shares of the Bank within a roughly five- to seven-years time frame (the government extended commencement of the term by three and a half years under the revision to the Act in 2009 and by three more years under the revision to the Act in 2011).
- Once all shares held by the government have been sold, the special law enacted for the current transitional period will be abolished, and measures necessary for shareholder qualification limit will be enacted in order to maintain financial functions for SMEs.
- Subsequent to the revision of the Act in 2009, targeting the end of fiscal 2014 (the government extended the term by three years under the revision to the Act in 2011), it has been stipulated 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 measures, 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 implementation status of the crisis response measures and the financial capacity of such shareholders as SME cooperatives and their members.

## 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.

### Business Operation Policies for Fiscal 2014

- Although economic conditions made a mild recovery, business performance and cash flows of SMEs remain adverse as they faced some adverse factors such as rising raw material prices. In order to provide solid support to SMEs who are engaged in the reconstruction and revitalization efforts following the Great East Japan Earthquake or working on the revival of local economies, as well as those who are having difficulty with cash flows, the Shoko Chukin Bank continues to do its best to fulfill the safety net.
- Furthermore, we will strengthen our efforts to enhance the corporate value of SMEs, providing back-up in all aspects of management by offering a wide range of expertise and solutions.
- In particular, based on the notion that growth and support for revitalization are pressing issues for the Japanese economy, we will support sustainable growth of clients through the Support Program for Growth and Business Creation. At the same time, for our clients who need to improve management, we will perform our consulting capabilities through initiatives such as support for formulating management improvement plans and follow-up activities under the Revitalization Support Program. In addition to these initiatives, under the "Regional Revitalization Support Program," the Bank has addressed regional reconstruction and revitalization of local economies in collaboration with local governments and regional financial institutions. Going forward, the Bank will facilitate activities of the program through the newly established "Regional Alliance Department."



- Further, in anticipation of increasing overseas expansion among companies, the declining birthrate and aging population, and changes in the industrial structure in the medium-to long-term, business reorganization and structural reform are expected to accelerate over a wide range of business sectors and categories. Given such expectations, the Bank intends to strengthen initiatives such as support for SMEs exploring into new businesses and areas, support for overseas expansion mainly in Asia, support for corporate alliances including business matching and M&As, support for business succession, and support for cooperation between agriculture, commerce and industry.
- In order to respond to the needs of SMEs, we will further strengthen stable fundraising through debentures (publicly offered debentures), as well as to bolster and expand the fund procurement platform, mainly individual and corporate deposits. At the same time, we will constantly work to further streamline management through measures such as increasing the efficiency of operations.
- By strengthening measures to address these issues, we will contribute to the growth and enhancement of corporate value of SME cooperatives and SMEs, and construct a sound financial base for the Bank itself and improve profitability.

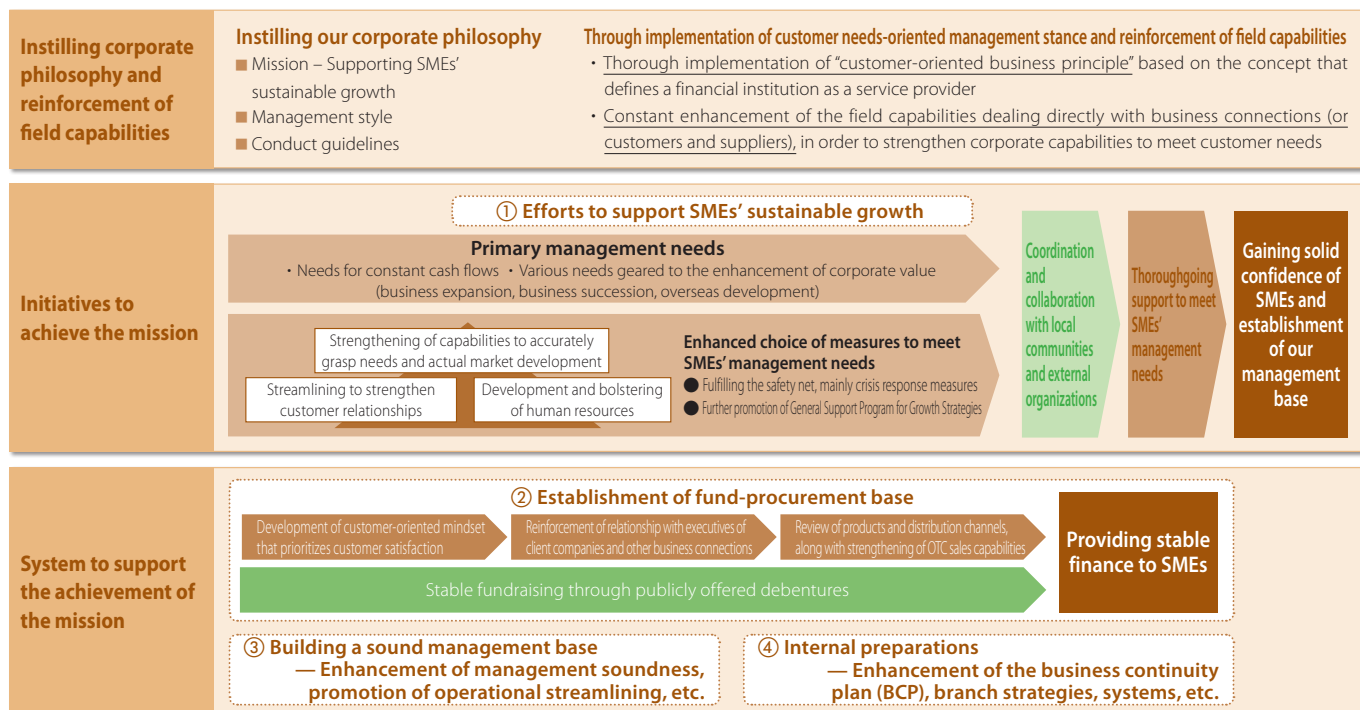
## Second Medium-Term Business Plan (From April 2012 to March 2015)

As a legally designated financial institution for crisis response measures, and the only public financial institution offering full banking functions, it is the mission of the Shoko Chukin Bank to provide solid support to SMEs under the impact of the unfortunate perils, including the Great East Japan Earthquake and yen appreciation. Thus we are strongly expected by the Government as well as SMEs to fulfill such functions through using our nationwide network.

We decided to develop the Second Medium-Term Business Plan based on our recognition mentioned above as well as our full appreciation of our mission to address the new challenges emerging from our changing operational environment.

### Basic Philosophy of the Second Medium-Term Business Plan

- We will follow the primary principle that aims fulfill our mission "to contribute to the development of SMEs" in order to achieve further growth as a financial institution with a critical and vital presence for the SMEs. Meanwhile, we will build the confidence of SME clients and other stakeholders that has been created over the years by further enhancing our customer needs-oriented management stance based on the concept that defines a financial institution as a service provider.





# Fulfilling a Safety Net Function, Mainly in Crisis Response Measures

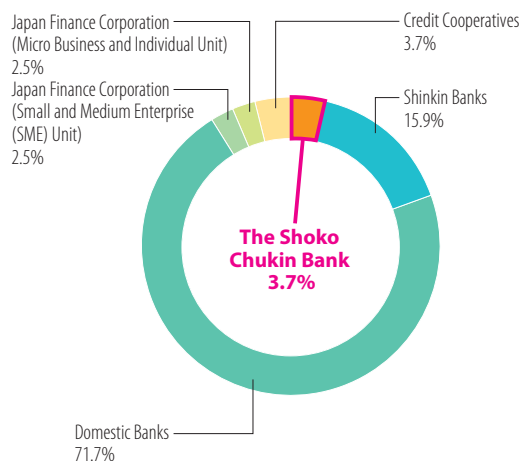
In response to the financial crisis triggered by the sub-prime loan problem in the United States in the autumn of 2008, and the Great East Japan Earthquake of March 2011, crises were declared by the government, and the Shoko Chukin Bank, as the only legally designated financial institution for SMEs, has been devoting its full efforts to fulfilling a safety net function, mainly in crisis response measures.

As of the end of March 2014, a total of 161,326 projects have been implemented under the crisis response measures, at a value of over ¥9,566.7 billion, through which we have been able to make significant contributions to facilitating finance for SMEs, and furthermore, maintaining employment and stabilizing the economy in local communities.

## A Stable Transaction Stance

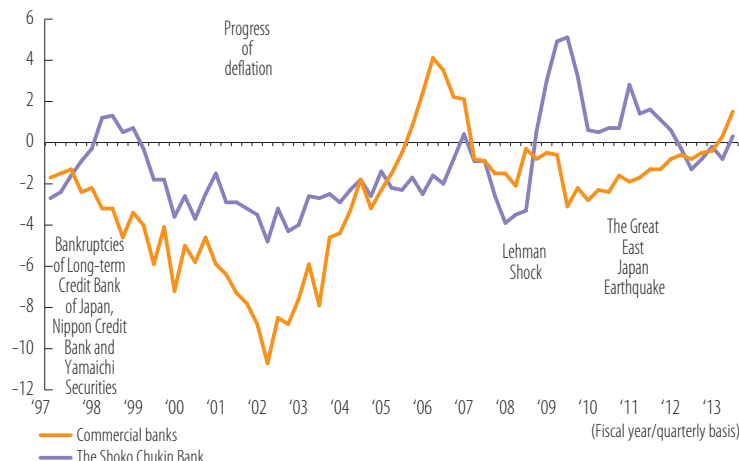
The Shoko Chukin Bank, through its day-to-day transactions with SMEs, not only looks at financial matters, but also takes the clients' operations, technology, and the abilities and enthusiasm of the executives into consideration. In this way, we strive to provide services that respond flexibly to corporate needs, not focusing on temporary management setbacks, but maintaining a stable transaction stance over the long-term.

### The Shoko Chukin Bank's share of financing to SMEs and middle-market enterprises (as of the end of December 2013)



Domestic banks include city banks, regional banks, second-tier regional banks, trust banks, etc.  
Sources: Bank of Japan "Loans and Bills Discounted by Sector," Japan Finance Corporation, Community Bank Shinyo Kumiai

### Year-on-year change in the Shoko Chukin Bank loans and commercial banks loans to SMEs and middle-market enterprises (year-on-year change, %)



Commercial banks include total for domestic banks, shinkin banks, and credit cooperatives. Figures used for domestic banks represent loans to SMEs and middle-market enterprises; for shinkin banks, corporate loans; for credit cooperatives, total loans.  
Graph shows changes up to third quarter of Fiscal 2013.  
Sources: Bank of Japan "Loans and Bills Discounted by Sector," Community Bank Shinyo Kumiai

## The Shoko Chukin Bank: Fulfilling a Safety Net Function

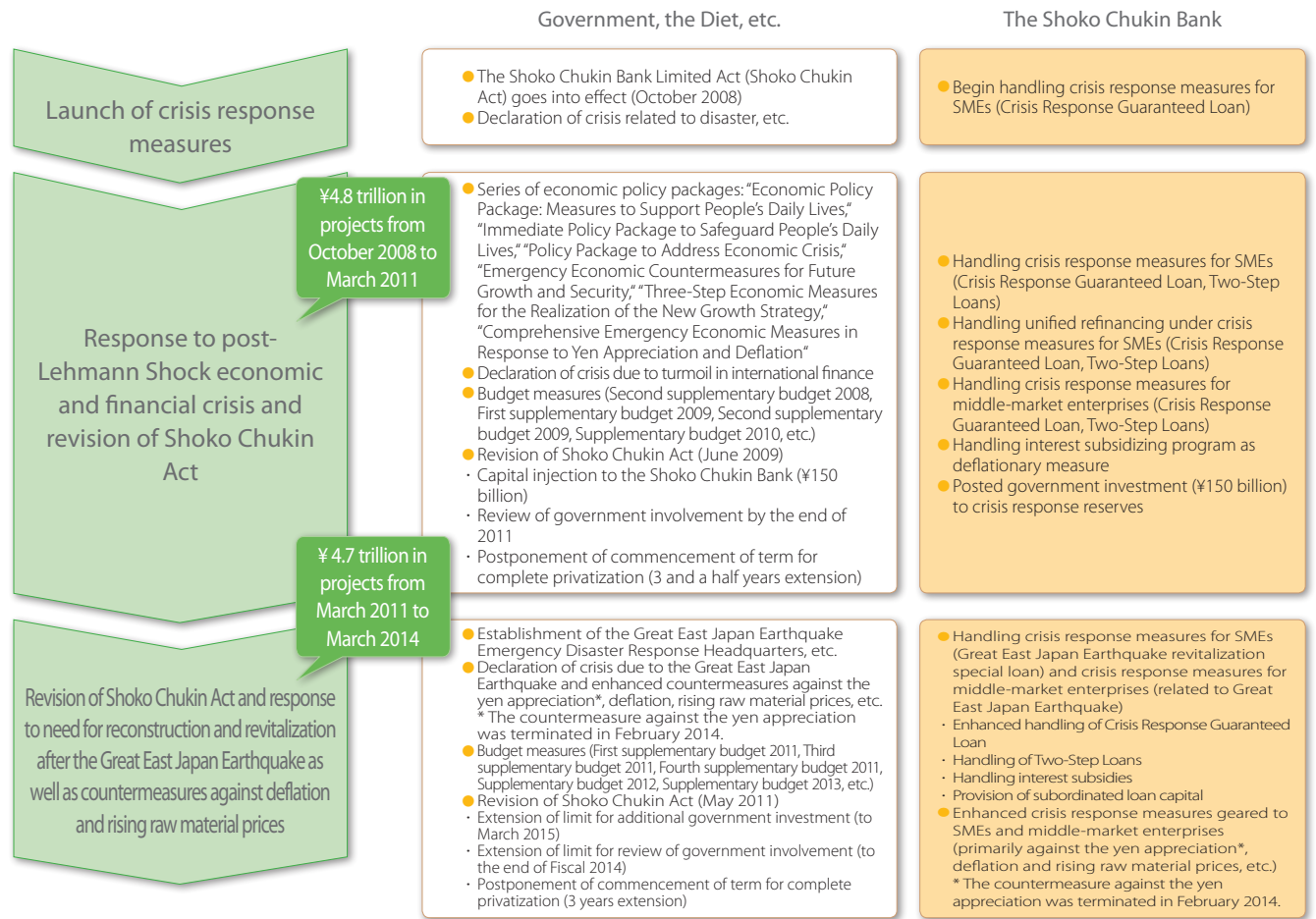
Prior to transition to joint stock company

<p>1997-2000 Series of financial institution failures</p> <p>2001-2003 Financial revitalization program Centralized disposal of non-performing loans</p>	<p><b>Government measures</b></p> <ul style="list-style-type: none"> <li>● (Special national loans) Safety net loan program</li> <li>● ¥30,000 billion for Special Credit Guarantee Program for Financial Stability</li> <li>● New guarantee program established             <ul style="list-style-type: none"> <li>• Receivables-Backed Loan Guarantee Program</li> <li>• Refinancing Guarantee for Facilitation of Financing Program</li> </ul> </li> </ul>	<p><b>Efforts by the Shoko Chukin Bank</b></p> <ul style="list-style-type: none"> <li>● Implementation of measures at left</li> <li>● Establishment of the Shoko Chukin Bank's own program             <ul style="list-style-type: none"> <li>• Collateral-free loans</li> <li>• Short-term working capital to support day-to-day cash flow</li> </ul> </li> <li>● Management improvement support             <ul style="list-style-type: none"> <li>• Collaboration with SME Revitalization Support Councils</li> </ul> </li> </ul>
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After transition to joint stock company

<p>October 2008 Efforts made after transition to joint stock company</p>	<ul style="list-style-type: none"> <li>● <b>Crisis response measures:</b> Appropriate response as legally designated financial institution. 1) Crisis Response Guaranteed Loan, 2) Two-Step Loans, 3) Utilization of interest subsidizing program</li> <li>● <b>The Shoko Chukin Bank's own safety net loans</b></li> <li>● <b>Credit Guarantee Corporation:</b> Putting into action the Emergency Guarantee Program, and the "Great East Japan Earthquake Recovery Emergency Guarantee" Program</li> </ul>
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## Measures Taken by Government and the Diet and Efforts by the Shoko Chukin Bank



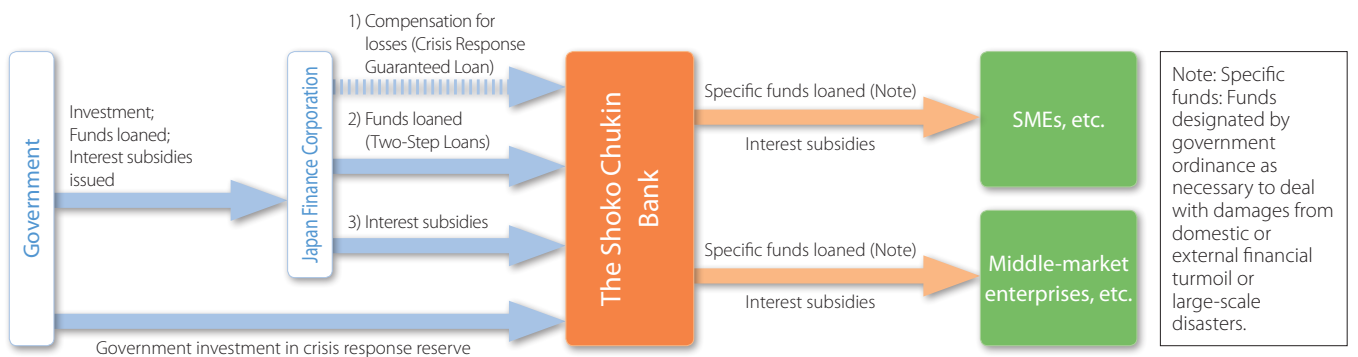
## Overview of Crisis Response Measures

A new program for crisis response was developed after October 1, 2008, in order to deal with times of crisis, such as disasters and economic or financial turmoil.

The Shoko Chukin Bank is a designated financial institution\* to implement financing and other services for SMEs and middle-market enterprises in response to crisis.

\*Designated financial institution: From private financial institutions that apply, the minister in charge designates those that meet certain criteria (the Shoko Chukin Bank, and Development Bank of Japan) to implement loans and other crisis response measures when the minister in charge has declared a crisis, and to receive risk supplements and other support from the treasury.

### Schematic diagram of crisis response measures

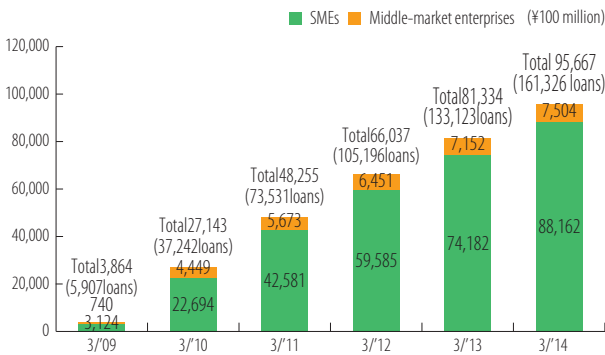


- 1) **Crisis Response Guaranteed Loan** : A system to loan specific funds, with supplemental credit from Japan Finance Corporation (partial compensation for amount of loss). Percentage of compensation: SME 80%; middle-market enterprise 70%
- 2) **Two-Step Loans** : The program to loan specific funds, with back finance based on resources from fiscal investment and loans, etc., from Japan Finance Corporation.
- 3) **Interest subsidies system** : The program of loans offered to customers at special interest rates by the Shoko Chukin Bank, or of paying the interest subsidies to customers at a later date, on the condition of receiving interest subsidies from Japan Finance Corporation.

Note: Specific funds: Funds designated by government ordinance as necessary to deal with damages from domestic or external financial turmoil or large-scale disasters.

## Results of Crisis Response Financing

Results of crisis response measures (cumulative)  
Over 161,000 projects, over ¥9,500 billion in financing



Contributed to stable employment of approximately 3.76 million employees

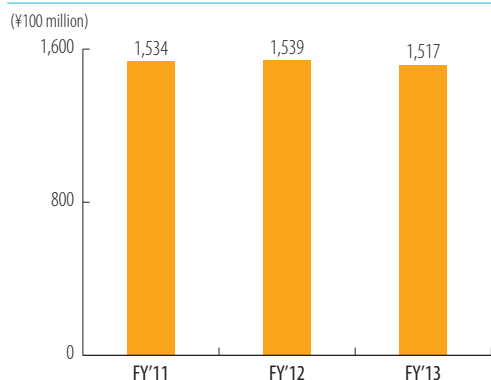
- During the five years and six months since the launch of crisis response measures at the Shoko Chukin Bank, the program has been used by about 51,000 companies employing a total of approximately 3.76 million people (as of end March 2014).
- The Shoko Chukin Bank's efforts with regard to crisis response measures have led to employment stability for a large number of employees.

## Loan Program for Those Affected by the Great East Japan Earthquake, High Raw Material and Energy Costs, and Deflation, etc.

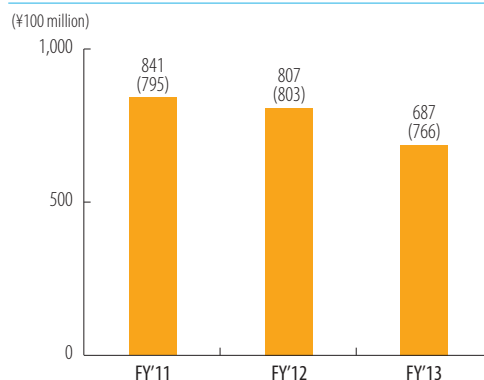
The Shoko Chukin Bank set up Special Consultation Desk in every branch, specifically for SMEs affected by the Great East Japan Earthquake, high raw material and energy costs, and deflation, etc., to provide careful, sympathetic and prompt services on a case-by-case basis, in response to loan applications and other inquiries.

## Income and Expenditures

### Gross Operating Profit

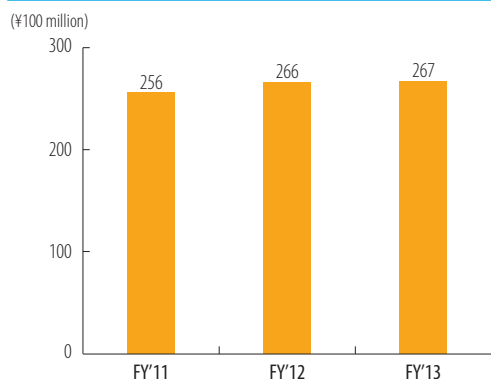


### Operating Profit

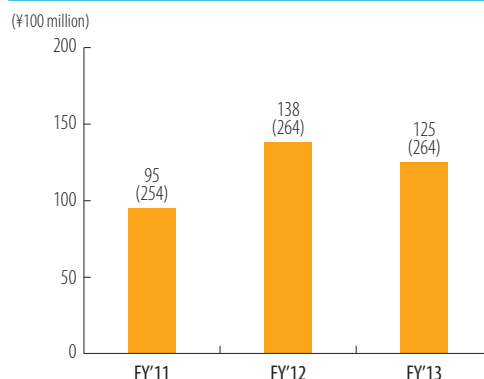


Note: The amount in parentheses is Operating Profit before Deduction of Provision for the General Reserve for Possible Loan Losses.

### Income (Loss) before Income Taxes and Others

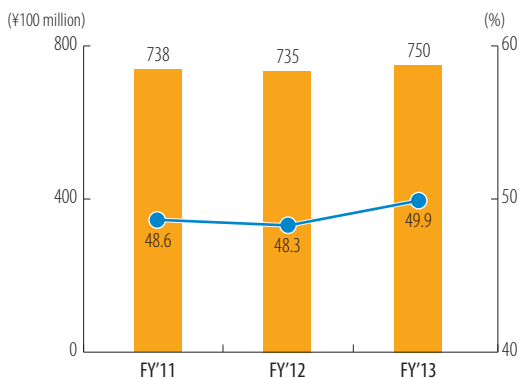


### Net Income (Loss)



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

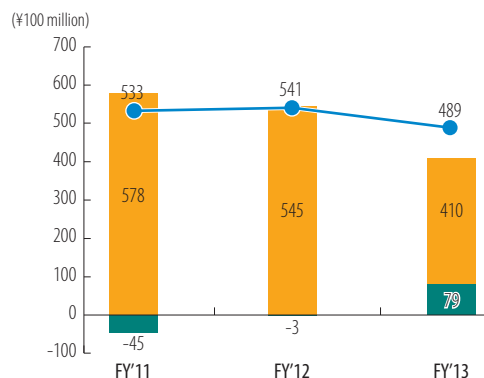
### General and Administrative Expenses and Overhead Ratio (OHR)



■ General and Administrative Expenses (left-hand scale)  
● OHR (right-hand scale)

Note:  $OHR = (\text{General and administrative expenses (excluding nonrecurring items)} \div \text{Gross operating profit (after deduction of revenue and expenditures from trading of Japanese Government Bonds and other bonds)}) \times 100$

### Credit-Related Expense



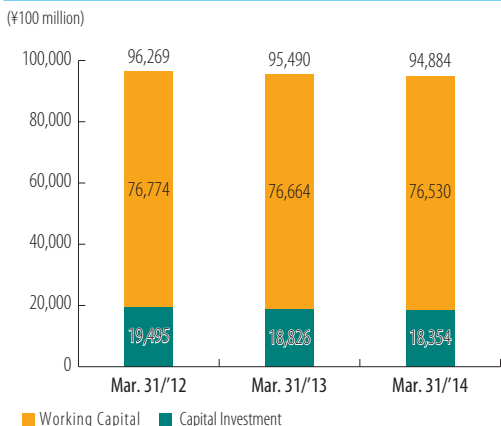
● Credit-related expense  
■ Disposal amount of problem loans  
■ Provision to (reversal of) general reserve for possible loan losses

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

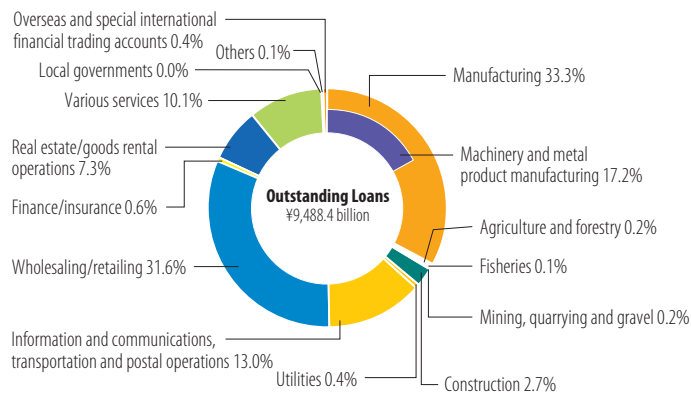
Gross operating profit for the fiscal year ended March 31, 2014 decreased by ¥2.2 billion year on year, to ¥151.7 billion due primarily to a decrease in net interest income. Income before income taxes and other increased by ¥0.1 billion year on year, to ¥26.7 billion primarily due to the measures taken to further improve the management efficiency.

# Loans

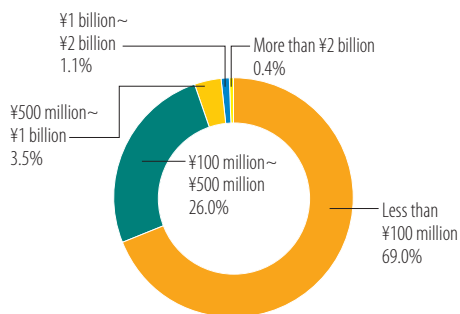
## Balance of Loans Outstanding



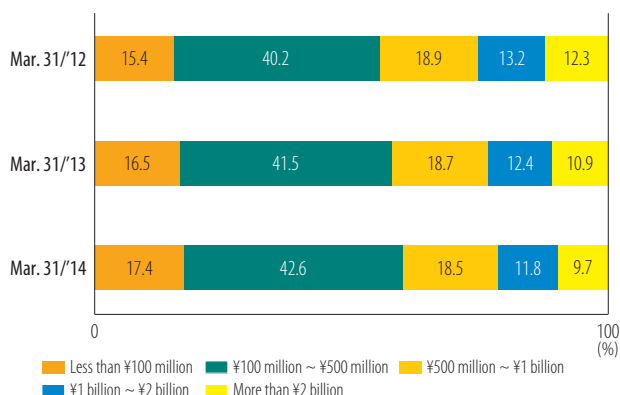
## Outstanding Loans by Sector (As of March 31, 2014)



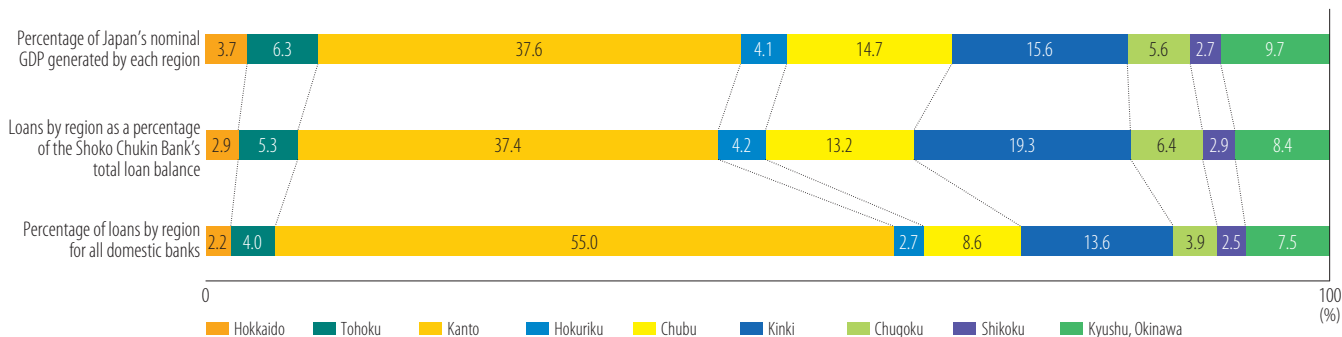
## Breakdown of Borrowers by Loan Balance Outstanding (As of March 31, 2014)



## Breakdown of Loans by Balance Outstanding



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

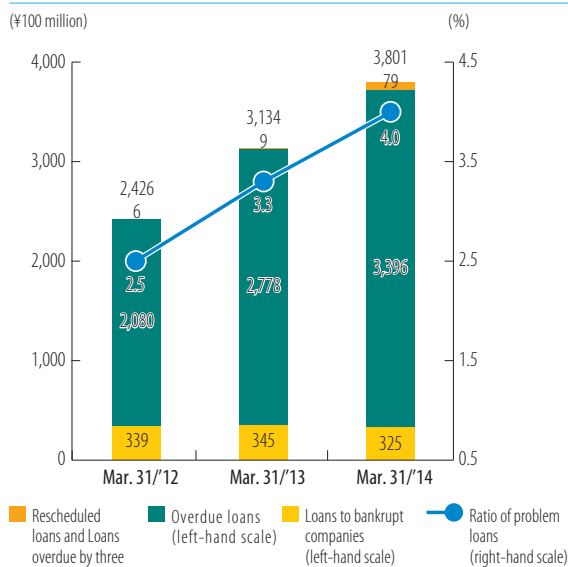


Note: Figures for nominal GDP by region are for Fiscal 2010. Figures for loans by the Shoko Chukin Bank and loans by all domestic banks are as of March 31, 2014.  
Sources: Annual Report on Prefectural Economies, Cabinet Office, Deposits, Loans and Discount Outstanding of Domestically Licensed Banks by Prefecture, Bank of Japan.

Although the Shoko Chukin Bank took comprehensive steps by all of our departments to fulfill its safety net role focusing on its crisis response measures, the balance of loans outstanding as of March 31, 2014 decreased by ¥60.6 billion compared with the balance as of March 31, 2013 due to the slowdown in clients' demand for funds.

## Problem Loans

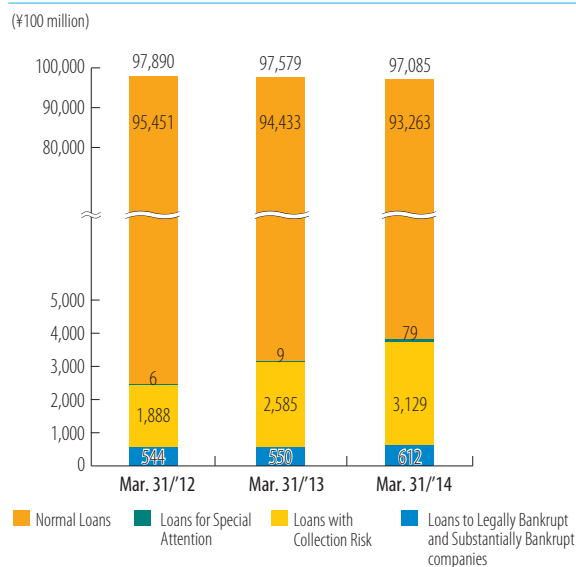
### Problem Loans and Ratio of Problem Loans



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.

### Loans Disclosed under the Financial Reconstruction Act



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."

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

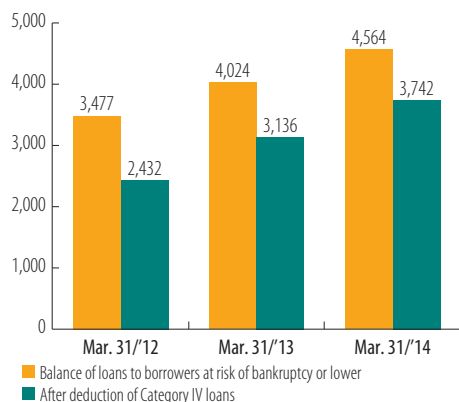
(¥100 million)

	Mar. 31/12		Mar. 31/13		Mar. 31/14	
	Amount	%	Amount	%	Amount	%
Legally Bankrupt	1,018	1.0%	899	0.9%	733	0.7%
Virtually Bankrupt	571	0.6%	539	0.6%	701	0.7%
Risk of Bankruptcy	1,888	1.9%	2,585	2.6%	3,129	3.2%
Need Special Attention	34,906	35.3%	32,917	33.4%	30,916	31.6%
Borrowers receiving special management	18	0.0%	16	0.0%	94	0.1%
Other need for special attention	34,888	35.3%	32,900	33.4%	30,822	31.5%
Normal	60,551	61.2%	61,525	62.5%	62,426	63.8%
Total	98,935	100.0%	98,467	100.0%	97,907	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.

## Balance of Loans to Borrowers at Risk of Bankruptcy or Lower

(¥100 million)



- The figures above exclude loans classified as unrecoverable (Loss Classification) 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.) As of March 31, 2014, the excluded amounts are as follows. Risk-managed Assets Loans to bankrupt borrowers amounted to ¥39.2 billion. Overdue loans amounted to ¥41.4 billion. Loans disclosed under the Financial Reconstruction Act Loans to legally bankrupt and substantially bankrupt borrowers amounted to ¥82.2 billion.
- The breakdown of loan balance by borrower category under the Bank's self-assessment includes Category IV loans.
- Problem loans cover loans only.  
The breakdown of loan balance by borrower category under the Bank's self-assessment and 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.

- Focusing on loan recipient companies that have been classified under self-assessment as Need Special Attention borrowers, 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.

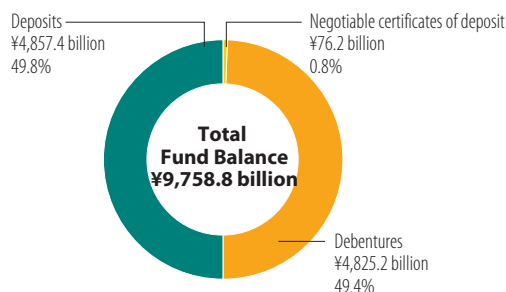
Normal Need Special Attention	Reserve provisions made on the basis of a formula using past actual loan losses
Risk of Bankruptcy	Reserve provisions made to the necessary level in relation to the amount not covered by collateral
Virtually Bankrupt Legally Bankrupt	Reserve provisions and write-offs made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

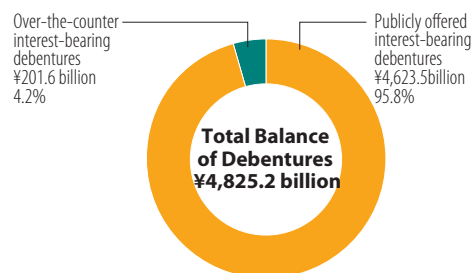


## Fund-Raising

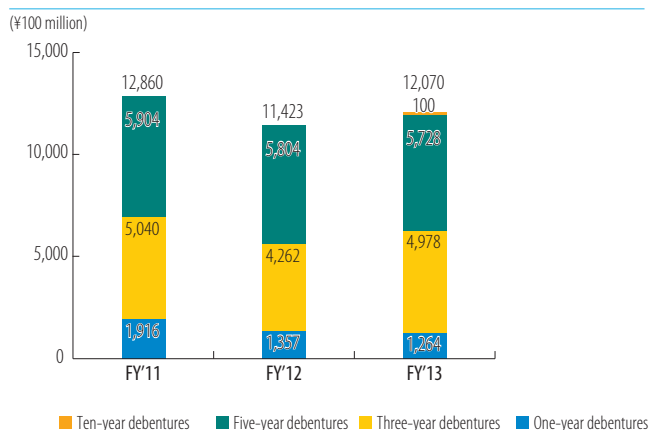
### Breakdown of Fund-Raising (As of March 31, 2014)



### Breakdown of Debenture Balance (As of March 31, 2014)



### Publicly Offered Debentures Issued Each Fiscal Year



The Bank is strengthening stable fund raising through debentures, centered on publicly offered debentures as well as to bolster and expand the fund procurement platform, mainly individual and corporate deposits.

## Total Capital

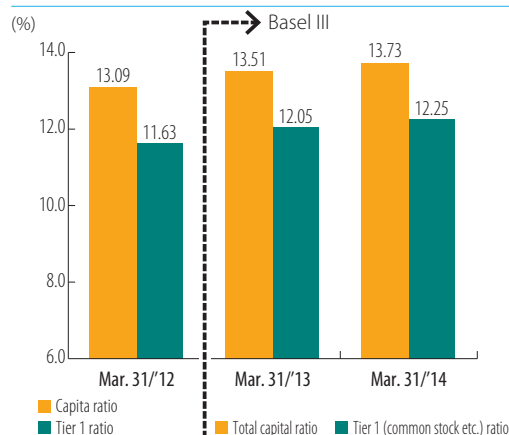
### Trends in Total Capital

(¥100 million)

	Mar. 31/'12	Mar. 31/'13	Mar. 31/'14
Total capital	—	9,624	9,701
Capital	9,547	—	—
Tier 1 capital (common stock etc.)	—	8,581	8,652
Tier 1 capital*	8,487	—	—
Non-government portion of shares held	1,170	1,170	1,170
Government portion of shares held	1,016	1,016	1,016
Crisis response reserves	1,500	1,500	1,500
Special reserves	4,008	4,008	4,008
Retained earnings	847	941	1,021

\* Tier 1 under the Basel II

### Capital Ratio and Tier 1 Ratio



Note: In accordance with Article 23, Paragraph 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 figures above have been calculated based on the Basel III standard as from the fiscal year ended March 31, 2013, and the total capital ratio for the fiscal year ended March 31, 2014 remained constant at 13.73%.
- Shareholders' equity is of high quality, as the majority of capital is Tier 1 capital (common stock etc.).

## 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 Audit and Supervisory Board Member and appoint an independent auditor. The Bank will also establish the Management Advisory Committee made up of select representatives from SME loan recipient companies to ensure that the opinions and voice of its core client base are accurately reflected in the Bank's management, Human Resources Committee made up of representatives from SME loan recipient companies and knowledgeable outside individuals to ensure that the opinions and advices of SMEs regarding the executive appointment are accurately reflected in the Bank's management, and Compensation Committee made up of representatives from SME loan recipient companies and knowledgeable outside individuals to ensure that the opinions and advices of SMEs regarding the directors' compensation and retirement benefits are accurately reflected in the Bank's management.

### The Composition and Functions of Corporate Governance Organizations and Systems

**A. Board of Directors**

As of June 30, 2014, the Shoko Chukin Bank's Board of Directors was comprised of 10 members, two of whom are external directors. 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. Audit and Supervisory Board, Audit and Supervisory Board Members**

As of June 30, 2014, the Shoko Chukin Bank's Audit and Supervisory Board was comprised of five members, three of whom are non-standing Audit and Supervisory Board Members. Of the aforementioned four Audit and Supervisory Board Members, three were appointed from outside the Bank. Audit and Supervisory Board Members monitor and audit the execution and performance of each director's duties. Moreover, the Audit and Supervisory Board prepares audit reports, appoints and removes standing Audit and Supervisory Board Members and determines the Bank's overall audit policy.

**C. Details of criteria or policy concerning the independence of external directors and external Audit and Supervisory Board Members in selecting them**  
Not applicable

**D. 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.

**E. Human Resources Committee**

Human Resources Committee comprising representatives from SME loan recipient companies and knowledgeable outside individuals, has been established to seek comments and advice in respect of directors appointment.

**F. Compensation Committee**

The Compensation Committee comprising representatives from SME loan recipient companies and knowledgeable outside individuals, has been established to voice opinions and provide advice on the evaluation of performance with respect to directors' compensation and retirement benefits.

**G. Management Meetings**

Management meetings attended by the Bank's representative directors including the president and the deputy president 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.

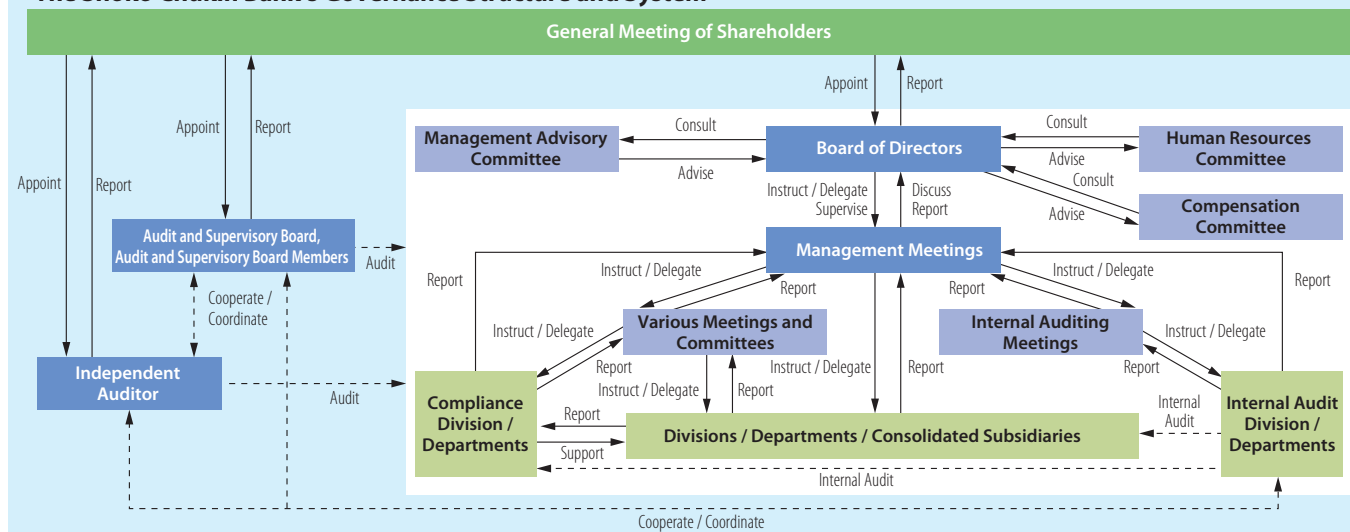
**H. Internal Auditing Meetings**

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.

**I. Other Meetings and Committees**

In addition to internal audit meetings, the Bank convenes and establishes various 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, credit risk management, support for regional revitalization and promotion of female advancement. As a supplementary structure, these meetings and committees are driven mainly by representative directors including the deputy president.

### 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.

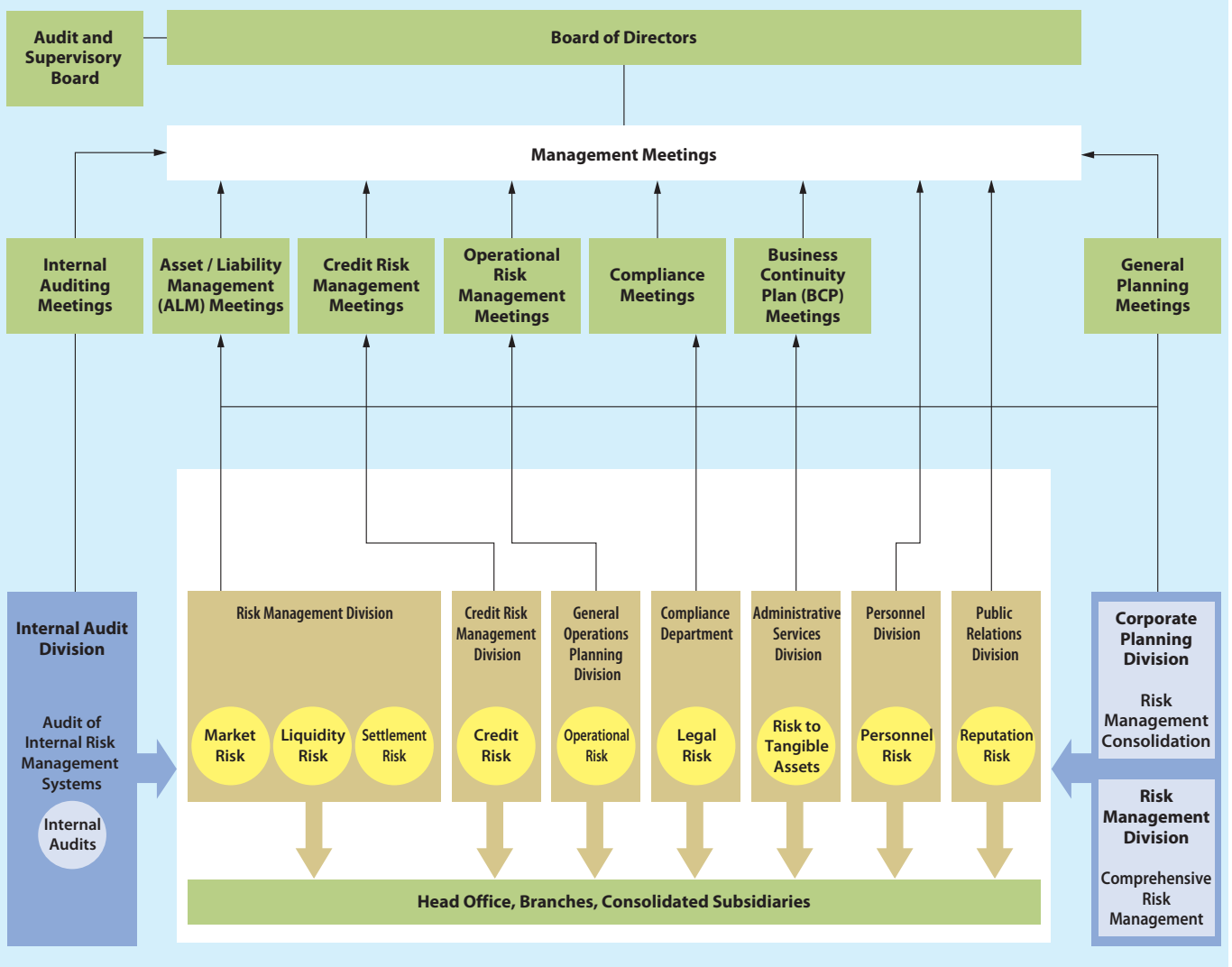
The most important risk management issues are deliberated and decided by the Board of Directors or the Management Meeting. Risk management is conducted with the full interest of

the management team, with regular reports on risk management status, issues, and response measures given to the Board of Directors.

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 and management meetings.

**Risk Management Structure and System**



## Risk Definitions

<b>Market Risk</b>	The risk of loss resulting from fluctuations in asset values due to changes in interest rates, exchange rates or the prices of marketable securities.
<b>Liquidity Risk</b>	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).
<b>Settlement Risk</b>	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).
<b>Credit Risk</b>	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.
<b>Operational Risk</b>	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).
<b>Legal Risk</b>	The risk of loss resulting from legal uncertainty about transactions or failure to comply with laws and regulations.
<b>Risk to Tangible Assets</b>	The risk of impairment and damage to tangible assets as a result of disasters and other accidents.
<b>Personnel Risk</b>	Risk occurring because of unjust and unfair human resource management (problems with compensation and dismissals) and discriminatory acts (sexual harassment, etc.).
<b>Reputation Risk</b>	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.

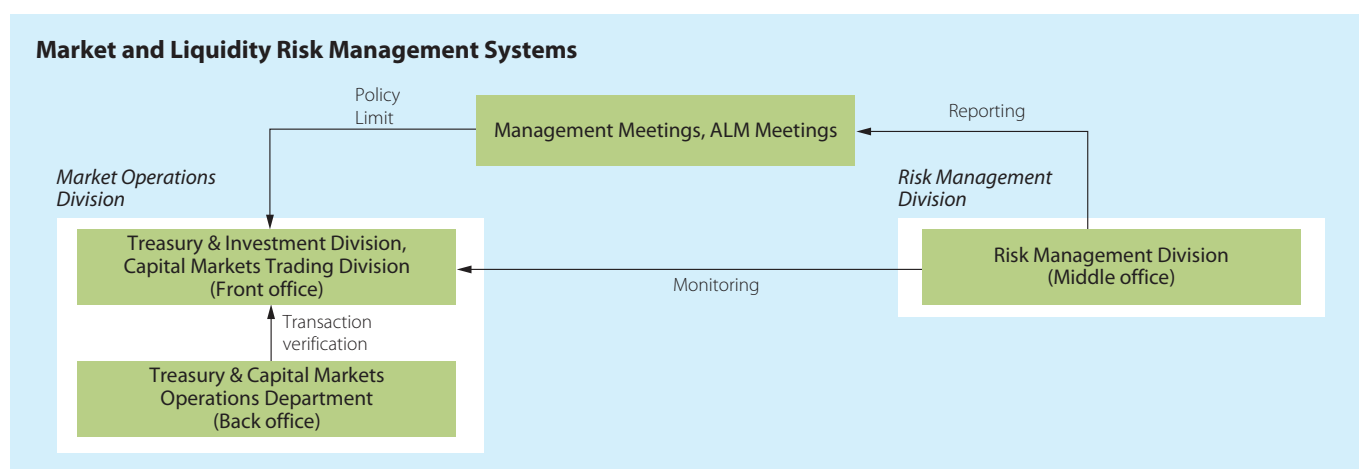
### Risk Management Structure

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 Management Meetings and 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 Risk (Banking) (Note 1)

Interest sensitivity by fiscal period (10 basis point value) (¥100 million)											
Mar. 31/'12				Mar. 31/'13				Mar. 31/'14			
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	(49)	(21)	(65)	2	(23)	(29)	(51)	5	(33)	(26)	(54)

Value at risk (VaR) (Note 2) (¥100 million)		
Mar. 31/'12	Mar. 31/'13	Mar. 31/'14
67	35	89

Notes: 1. Financial products for purposes other than trading, excluding stocks and foreign currency operations.  
 2. VaR holding period: 1 month, confidence interval: 99%

## 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. Furthermore, 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 systems. These include the maintenance of back-up systems, building back-up centers, and carrying out breakdown drills, and periodical auditing of the system by an external professional body.

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 adequacy and effectiveness of the internal control system, the Internal Audit Division, which operates independently of all other head office divisions under the direct control of the President, carries out audits of the Bank's risk management systems, etc.

Operational audits are implemented to ensure that risk management and other processes at branches and head office departments, as well as management system for compliance, customer protection and other factors, are functioning

adequately and effectively. They also make statements for further improvement of internal audit systems.

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, and then periodically reported at management as well as Board of Directors' meetings.

## The Structure and Systems That Facilitate Reporting to the Audit and Supervisory Board and Audit and Supervisory Board Members by Directors and Officers; Other Structures and Systems That Facilitate Reporting to the Audit and Supervisory Board and Audit and Supervisory Board Members

- (1) Audit and Supervisory Board Members 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 Audit and Supervisory Board and Audit and Supervisory Board Members in an effective and appropriate manner on all matters prescribed under the law, the status of business execution and relevant peripheral issues.

## Crisis Management System

The Bank established the "BCP Basic Guidelines" to set forth responsive measures to be taken by the Bank and all of its officers and employees with respect to disaster prevention as well as a system ensuring the smooth operation of business activities by restoring its functions immediately upon the occurrence of disasters so as to minimize management risk associated with the suspension of business.

## 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 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.

### 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 deputy president. Results of the Compliance Meetings' 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.

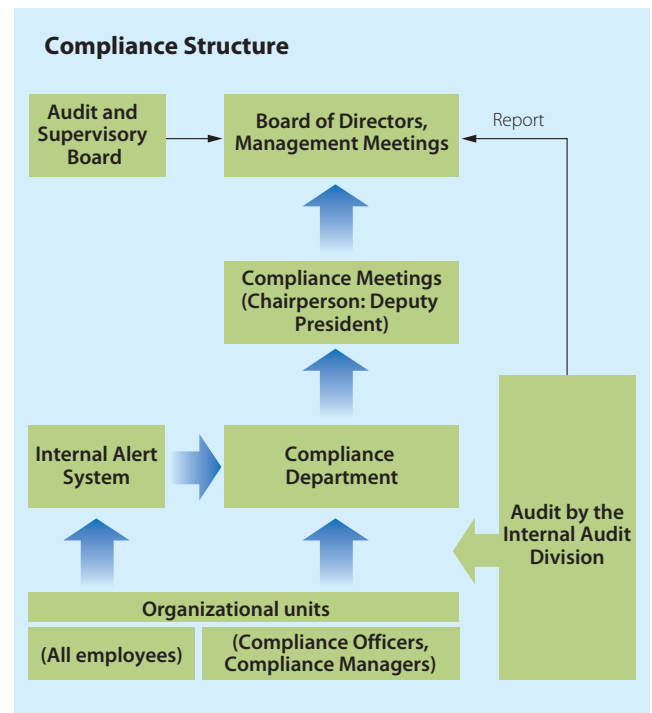
#### (4) Compliance Inspections

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.

#### (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.



### Zero tolerance of Anti-social Forces

As a financial institution, to maintain public confidence and ensure the adequacy and soundness of our business activities, the Bank is required to eliminate anti-social forces from financial transactions.

The Shoko Chukin Bank develops its system aimed at the elimination of anti-social forces by taking initiatives such as

designating the Compliance Department as a coordinating division and assigning a compliance officer associated with in each division/branch, thereby working on to cut off the relationships and eliminate transactions with anti-social forces, in cooperation with external professional bodies including the police and lawyers.



## 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 pursues 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.

## Addressing the Financial Alternative Dispute Resolution System

The Financial Alternative Dispute Resolution (ADR) System (a system for out-of-court resolution of disputes in the financial field) was launched on October 1, 2010. The operational management system and internal regulations of the Shoko Chukin Bank were developed in order to deal with complaints from customers and to resolve disputes with customers in a fair and appropriate manner. Details can be found on our website or in our brochures.

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Balance Sheets .....
Statements of Operations .....
Statements of Comprehensive Income .....
Statements of Changes in Net Assets .....
Notes to Financial Statements .....

## Trends in Principal Financial Indicators (Consolidated)

Fiscal period ended	Billions of yen				
	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Operating Income	¥ 219.6	¥ 227.7	¥ 231.1	¥ 231.4	¥ 239.9
Income before Income Taxes and Other	27.4	28.6	27.6	29.1	12.6
Net Income	12.8	15.0	10.6	15.8	6.7
Comprehensive Income	11.1	19.7	13.7	17.0	—
Net Assets	884.5	885.0	869.7	860.5	847.9
Total Assets	12,524.1	12,414.4	12,323.5	12,135.6	12,090.3
Net Assets per Share (Yen)	151.56	151.78	144.78	140.52	134.75
Net Income per Share (Yen)	5.91	6.92	4.91	7.28	3.07
Net Income per Share (Diluted) (Yen)	—	—	—	—	—
Capital Ratio (%)	7.03	7.09	7.02	7.05	6.98
Consolidated Tier 1 (Common Stock etc.) Ratio (Basel III) (%)	12.18	12.01	—	—	—
Consolidated Tier 1 Ratio (Basel III) (%)	12.18	12.01	—	—	—
Consolidated Total Capital Ratio (Basel III) (%)	13.70	13.51	—	—	—
Consolidated Capital Ratio (Basel II) (%)	—	—	13.09	12.37	11.39
Return on Equity (%)	1.46	1.72	1.24	1.86	0.87
Price Earnings Ratio	—	—	—	—	—
Cash Flows from Operating Activities	(32.1)	278.5	22.7	(73.7)	709.6
Cash Flows from Investing Activities	169.2	137.2	22.4	131.2	(913.0)
Cash Flows from Financing Activities	(4.5)	(4.5)	(4.5)	(4.5)	147.7
Cash and Cash Equivalents at the End of the Year	665.4	532.8	121.5	80.9	27.9
Number of Employees (Persons)	4,145	4,165	4,236	4,300	4,299
[Average Number of Temporary Employees excluded from Above]	[929]	[876]	[827]	[773]	[725]

- 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 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. 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 - Stock acquisition rights as of the fiscal period-end - Minority Interests as of the fiscal period-end) / Total Assets as of the fiscal period-end × 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 Law (Calculated based on the Basel III standard starting from the end of March, 2013). 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. Number of Employees refers to the number of persons employed (excluding seconded workers).

## Consolidated Balance Sheets

The Shoko Chukin Bank, Ltd. and Subsidiaries As of March 31, 2014 and 2013

	Millions of yen		Millions of U.S. dollars	
	2014	2013	2014	2013
<b>ASSETS</b>				
<b>Cash and Due from Banks</b>	¥ 843,039	¥ 572,329	\$ 8,191	\$ 6,085
<b>Call Loans and Bills Purchased</b>	94,120	9,244	914	98
<b>Monetary Claims Purchased</b>	19,384	24,640	188	261
<b>Trading Assets</b>	24,690	25,752	239	273
<b>Investment Securities</b>	1,967,853	2,156,425	19,120	22,928
<b>Loans</b>	9,472,757	9,532,657	92,040	101,357
<b>Foreign Exchange</b>	15,471	16,186	150	172
<b>Other Assets</b>	109,537	113,295	1,064	1,204
<b>Tangible Fixed Assets</b>	43,229	42,399	420	450
Buildings	16,406	15,087	159	160
Land	24,111	24,176	234	257
Leased Assets	6	0	0	0
Construction in Progress	126	227	1	2
Other Tangible Fixed Assets	2,577	2,906	25	30
<b>Intangible Fixed Assets</b>	13,421	11,982	130	127
Software	9,906	8,338	96	88
Other Intangible Fixed Assets	3,515	3,643	34	38
<b>Net Defined Benefit Asset</b>	5,496	—	53	—
<b>Deferred Income Taxes</b>	62,417	54,167	606	575
<b>Customers' Liabilities for Acceptances and Guarantees</b>	88,860	82,120	863	873
<b>Reserve for Possible Loan Losses</b>	(236,106)	(226,733)	(2,294)	(2,410)
<b>Total Assets</b>	¥ 12,524,175	¥ 12,414,468	\$ 121,688	\$ 131,998

Pursuant to Article 396-1 of the Companies Act, the material that the Shoko Chukin Bank makes public in accordance with Article 52-2 of the Shoko Chukin Bank Law has been audited by an audit and supervisory board member.

In addition, the Bank's consolidated financial statements — the balance sheets, statements of operations, and statements of changes in net assets — have been certified by an audit and supervisory board member pursuant to Article 193-2-1 of the Financial Instruments and Exchange Act.

	Millions of yen		Millions of U.S. dollars	
	2014	2013	2014	2013
<b>LIABILITIES</b>				
Deposits	¥ 4,852,915	¥ 4,309,925	\$ 47,152	\$ 45,825
Negotiable Certificates of Deposit	76,210	93,830	740	997
Shoko Chukin Bank Debentures	4,824,832	5,018,707	46,879	53,362
Call Money and Bills Sold	21,613	11,286	209	120
Trading Liabilities	15,153	16,939	147	180
Borrowed Money	1,539,581	1,773,418	14,959	18,856
Foreign Exchange	68	50	0	0
Other Liabilities	189,354	195,307	1,839	2,076
Reserve for Bonuses	4,477	4,341	43	46
Reserve for Retirement Benefits	—	18,873	—	200
Net Defined Benefit Liability	21,949	—	213	—
Reserve for Retirement Benefits for Directors	112	118	1	1
Reserve for Losses on Refund for Dormant Bonds	4,203	4,124	40	43
Reserve for Environmental Measures	213	235	2	2
Other Reserves	64	61	0	0
Deferred Tax Liabilities	58	57	0	0
Negative Goodwill	—	69	—	0
Acceptances and Guarantees	88,860	82,120	863	873
<b>Total Liabilities</b>	<b>11,639,668</b>	<b>11,529,466</b>	<b>113,094</b>	<b>122,588</b>
<b>NET ASSETS</b>				
Capital	218,653	218,653	2,124	2,324
Crisis Response Reserve	150,000	150,000	1,457	1,594
Special Reserve under the Shoko Chukin Bank Law	400,811	400,811	3,894	4,261
Capital Surplus	0	0	0	0
Retained Earnings	107,198	98,810	1,041	1,050
Treasury Stock	(1,005)	(995)	(9)	(10)
<b>Total Shareholders' Equity</b>	<b>875,656</b>	<b>867,279</b>	<b>8,508</b>	<b>9,221</b>
Unrealized Gains on Other Securities	12,208	13,925	118	148
Remeasurements of Defined Benefit Plans	(7,154)	—	(69)	—
<b>Total Accumulated Other Comprehensive Income</b>	<b>5,053</b>	<b>13,925</b>	<b>49</b>	<b>148</b>
Minority Interests	3,796	3,796	36	40
<b>Total Net Assets</b>	<b>884,507</b>	<b>885,002</b>	<b>8,594</b>	<b>9,409</b>
<b>Total Liabilities and Net Assets</b>	<b>¥ 12,524,175</b>	<b>¥ 12,414,468</b>	<b>\$ 121,688</b>	<b>\$ 131,998</b>

## Consolidated Statements of Operations

The Shoko Chukin Bank, Ltd. and Subsidiaries For the year ended March 31, 2014 and 2013

	Millions of yen		Millions of U.S. dollars	
	2014	2013	2014	2013
<b>Operating Income</b>	¥ 219,671	¥ 227,777	\$ 2,134	\$ 2,421
Interest Income	161,289	172,074	1,567	1,829
Interest on Loans	148,286	157,091	1,440	1,670
Interest and Dividends on Securities	9,896	11,617	96	123
Interest on Call Loans and Interest on Bills Purchased	95	150	0	1
Interest on Repurchased Agreement	49	135	0	1
Interest on Deposits	784	287	7	3
Other Interest Income	2,177	2,792	21	29
Fees and Commissions	12,261	11,628	119	123
Trading Revenue	6,602	6,186	64	65
Other Operating Income	35,433	32,652	344	347
Other Income	4,084	5,235	39	55
Collection of Written-off Claims	110	190	1	2
Other Income	3,974	5,044	38	53
<b>Operating Expenses</b>	192,244	199,118	1,867	2,117
Interest Expenses	27,402	35,591	266	378
Interest on Deposits	3,994	4,393	38	46
Interest on Negotiable Certificates of Deposit	153	122	1	1
Interest on Debentures	14,880	20,682	144	219
Interest on Call Money and Interest on Bills Sold	74	8	0	0
Interest on Securities Lending Transactions	0	0	0	0
Interest on Borrowed Money	8,230	10,290	79	109
Other Interest Expenses	69	93	0	0
Fees and Commissions	4,167	3,981	40	42
Trading Expenses	404	—	3	—
Other Operating Expenses	29,138	25,914	283	275
General and Administrative Expenses	80,032	77,957	777	828
Other Expenses	51,098	55,674	496	591
Provision for Possible Loan Losses	44,779	48,528	435	515
Other Expenses	6,319	7,145	61	75
<b>Income before Income Taxes and Other</b>	27,426	28,659	266	304
<b>Other Gains</b>	49	279	0	2
Gains on Disposal of Fixed Assets	49	279	0	2
<b>Other Losses</b>	355	563	3	5
Losses on Disposal of Fixed Assets	307	247	2	2
Impairment Loss	47	316	0	3
<b>Income before Income Taxes</b>	27,121	28,374	263	301
<b>Provision for Income Taxes</b>	17,736	16,197	172	172
<b>Adjustment for Income Taxes</b>	(3,505)	(2,908)	(34)	(30)
<b>Total Income Taxes</b>	14,231	13,289	138	141
<b>Income before Minority Interests</b>	12,889	15,085	125	160
<b>Income on Minority Interests</b>	3	3	0	0
<b>Net Income</b>	¥ 12,885	¥ 15,081	\$ 125	\$ 160

## Consolidated Statements of Comprehensive Income

The Shoko Chukin Bank, Ltd. and Subsidiaries For the year ended March 31, 2014 and 2013

	Millions of yen		Millions of U.S. dollars	
	2014	2013	2014	2013
<b>Income before Minority Interests</b>	¥ 12,889	¥ 15,085	\$ 125	\$ 160
<b>Other Comprehensive Income</b>	(1,717)	4,652	(16)	49
Unrealized Gains on Other Securities	(1,717)	4,664	(16)	49
Deferred Hedge Losses	—	(11)	—	(0)
<b>Comprehensive Income</b>	11,172	19,737	108	209
Total Comprehensive Income Attributable to Owners of the Company	11,168	19,734	108	209
Minority Interests	¥ 3	¥ 3	\$ 0	\$ 0

# Consolidated Statements of Changes in Net Assets

The Shoko Chukin Bank, Ltd. and Subsidiaries For the year ended March 31, 2014 and 2013

Millions of yen

	Shareholders' Equity						Total Shareholders' Equity
	Capital	Crisis Response Reserve	Special Reserve	Capital Surplus	Retained Earnings	Treasury Stock	
<b>Balance, April 1, 2013</b>	¥ 218,653	¥ 150,000	¥ 400,811	¥ 0	¥ 98,810	¥ (995)	¥ 867,279
Changes during the Period							
Dividends from Surplus					(4,498)		(4,498)
Net Income					12,885		12,885
Acquisition of Treasury Stock						(11)	(11)
Disposition of Treasury Stock				0		0	0
Net Changes of Items Other Than Shareholders' Equity							
Total Changes during the Period	—	—	—	0	8,387	(10)	8,377
<b>Balance, March 31, 2014</b>	¥ 218,653	¥ 150,000	¥ 400,811	¥ 0	¥ 107,198	¥ (1,005)	¥ 875,656

	Accumulated Other Comprehensive Income				Minority Interests	Total Net Assets
	Unrealized Gains on Other Securities	Deferred Hedge Gains	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income		
<b>Balance, April 1, 2013</b>	¥ 13,925	¥ —	¥ —	¥ 13,925	¥ 3,796	¥ 885,002
Changes during the Period						
Dividends from Surplus						(4,498)
Net Income						12,885
Acquisition of Treasury Stock						(11)
Disposition of Treasury Stock						0
Net Changes of Items Other Than Shareholders' Equity	(1,717)	—	(7,154)	(8,872)	—	(8,872)
Total Changes during the Period	(1,717)	—	(7,154)	(8,872)	—	(495)
<b>Balance, March 31, 2014</b>	¥ 12,208	¥ —	¥ (7,154)	¥ 5,053	¥ 3,796	¥ 884,507

(Continued on following page)



# Consolidated Statements of Changes in Net Assets

The Shoko Chukin Bank, Ltd. and Subsidiaries For the year ended March 31, 2014 and 2013

Millions of yen

	Shareholders' Equity						Total Shareholders' Equity
	Capital	Crisis Response Reserve	Special Reserve	Capital Surplus	Retained Earnings	Treasury Stock	
<b>Balance, April 1, 2012</b>	¥ 218,653	¥ 150,000	¥ 400,811	¥ 0	¥ 88,227	¥ (983)	¥ 856,708
Changes during the Period							
Dividends from Surplus					(4,498)		(4,498)
Net Income					15,081		15,081
Acquisition of Treasury Stock						(11)	(11)
Disposition of Treasury Stock				0		0	0
Net Changes of Items Other Than Shareholders' Equity							
Total Changes during the Period	—	—	—	0	10,582	(11)	10,571
<b>Balance, March 31, 2013</b>	¥ 218,653	¥ 150,000	¥ 400,811	¥ 0	¥ 98,810	¥ (995)	¥ 867,279

	Accumulated Other Comprehensive Income				Minority Interests	Total Net Assets
	Unrealized Gains on Other Securities	Deferred Hedge Gains	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income		
<b>Balance, April 1, 2012</b>	¥ 9,261	¥ 11	¥ —	¥ 9,273	¥ 3,796	¥ 869,778
Changes during the Period						
Dividends from Surplus						(4,498)
Net Income						15,081
Acquisition of Treasury Stock						(11)
Disposition of Treasury Stock						0
Net Changes of Items Other Than Shareholders' Equity	4,664	(11)	—	4,652	—	4,652
Total Changes during the Period	4,664	(11)	—	4,652	—	15,224
<b>Balance, March 31, 2013</b>	¥ 13,925	¥ —	¥ —	¥ 13,925	¥ 3,796	¥ 885,002

## Consolidated Statements of Changes in Net Assets

The Shoko Chukin Bank, Ltd. and Subsidiaries For the year ended March 31, 2014 and 2013

Millions of U.S. dollars

	Shareholders' Equity						Total Shareholders' Equity
	Capital	Crisis Response Reserve	Special Reserve	Capital Surplus	Retained Earnings	Treasury Stock	
<b>Balance, April 1, 2013</b>	\$2,124	\$1,457	\$3,894	\$0	\$960	\$ (9)	\$8,426
Changes during the Period							
Dividends from Surplus					(43)		(43)
Net Income					125		125
Acquisition of Treasury Stock						(0)	(0)
Disposition of Treasury Stock				0		0	0
Net Changes of Items Other Than Shareholders' Equity							
Total Changes during the Period	—	—	—	0	81	(0)	81
<b>Balance, March 31, 2014</b>	\$2,124	\$1,457	\$3,894	\$0	\$1,041	\$ (9)	\$8,508

	Accumulated Other Comprehensive Income				Minority Interests	Total Net Assets
	Unrealized Gains on Other Securities	Deferred Hedge Gains	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income		
<b>Balance, April 1, 2013</b>	\$ 135	\$ —	\$ —	\$ 135	\$ 36	\$ 8,598
Changes during the Period						
Dividends from Surplus						(43)
Net Income						125
Acquisition of Treasury Stock						(0)
Disposition of Treasury Stock						0
Net Changes of Items Other Than Shareholders' Equity	(16)	—	(69)	(86)	—	(86)
Total Changes during the Period	(16)	—	(69)	(86)	—	(4)
<b>Balance, March 31, 2014</b>	\$ 118	\$ —	\$ (69)	\$ 49	\$ 36	\$ 8,594

Consolidated Statements of Changes in Net Assets

## Consolidated Statements of Changes in Net Assets

The Shoko Chukin Bank, Ltd. and Subsidiaries For the year ended March 31, 2014 and 2013

Millions of U.S. dollars

	Shareholders' Equity						Total Shareholders' Equity
	Capital	Crisis Response Reserve	Special Reserve	Capital Surplus	Retained Earnings	Treasury Stock	
<b>Balance, April 1, 2012</b>	\$ 2,324	\$ 1,594	\$ 4,261	\$ 0	\$ 938	\$ (10)	\$ 9,109
Changes during the Period							
Dividends from Surplus					(47)		(47)
Net Income					160		160
Acquisition of Treasury Stock						(0)	(0)
Disposition of Treasury Stock				0		0	0
Net Changes of Items Other Than Shareholders' Equity							
Total Changes during the Period	—	—	—	0	112	(0)	112
<b>Balance, March 31, 2013</b>	\$ 2,324	\$ 1,594	\$ 4,261	\$ 0	\$ 1,050	\$ (10)	\$ 9,221

	Accumulated Other Comprehensive Income				Minority Interests	Total Net Assets
	Unrealized Gains on Other Securities	Deferred Hedge Gains	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income		
<b>Balance, April 1, 2012</b>	\$ 98	\$ 0	\$ —	\$ 98	\$ 40	\$ 9,248
Changes during the Period						
Dividends from Surplus						(47)
Net Income						160
Acquisition of Treasury Stock						(0)
Disposition of Treasury Stock						0
Net Changes of Items Other Than Shareholders' Equity	49	(0)	—	49	—	49
Total Changes during the Period	49	(0)	—	49	—	161
<b>Balance, March 31, 2013</b>	\$ 148	—	\$ —	\$ 148	\$ 40	\$ 9,409

**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 Law and in conformity with generally accepted accounting principles and practices 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 ¥102.92=U.S.\$1.00, the approximate rate of exchange prevailing as of March 31, 2014, has been used for translation purposes for the year ended March 31, 2014, and ¥94.05=U.S.\$1.00, the approximate rate of exchange prevailing as of March 31, 2013, has been used for translation purposes for the year ended March 31, 2013. 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.
- YAESU KOSAN CO., LTD.
- THE SHOKO CHUKIN BANK INSTITUTE of COMMERCE, INDUSTRY & ECONOMICS, LTD.
- SHOKO CHUKIN LEASE CO., LTD.
- SHOKO CHUKIN CARD CO., LTD.

SHOKO CHUKIN CARD CO., LTD. changed its name from SHOCHU CARD CO., LTD. on April 1, 2013.

(2) Non-consolidated subsidiaries: 2 companies

Names of non-consolidated subsidiaries:

- YAESU MIDORI KANREN JIGYOU KYOUDOUKUMIAI
- 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), retained earnings (the amounts equivalent to equity shareholdings) and accumulated other comprehensive income (the amounts equivalent to equity shareholdings) are immaterial and do not hinder a rational judgment of the Shoko Chukin Bank, Ltd.

- 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: 2 companies
    - Names of non-consolidated subsidiaries that are not accounted for by the equity method:
      - YAESU MIDORI KANREN JIGYOU KYOUDOUKUMIAI
      - 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), retained earnings (the amounts equivalent to equity shareholdings) and accumulated other comprehensive income (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:
    - 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 Consolidated Statements of Operations, Trading Revenue and Trading Expenses are arrived at by adding 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 extremely difficult to be obtained are valued using either the cost method or the amortized cost method on the basis of a moving average.

Unrealized Gains on Other 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 60 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 division in charge of asset examination, which is independent from the business departments, to comply with the standard for self-assessment of assets.

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 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 benefits amount estimated to be paid to directors.

## (8) 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.

## (9) Accounting standard for Reserve for Environmental Measures

The reserve for environmental measures is set up for the estimated payment for disposal of PCB (polychlorinated biphenyl) waste.

## (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) Accounting method for Retirement Benefits

Upon the calculation of retirement benefit obligations, the estimated retirement benefit obligation attributable up to the end of this fiscal period are accounted for by the straight-line method over the period of services. Unrecognized past service costs and unrecognized actuarial difference are amortized as follows:

Unrecognized past service costs:

By the straight-line method over a fixed number of years that does not exceed the remaining service years (14 years) of employees of the fiscal period when the past service costs was incurred.

Unrecognized actuarial difference:

By the straight-line method over a fixed 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 subsequent fiscal period.

Moreover, consolidated subsidiaries have adopted the simplified method, where retirement benefit obligations are the amount to be paid when all the employees voluntarily retired at the end of the fiscal periods, to calculate Net Defined Benefit Liability and retirement benefit expenses.

(Additional Information)

The Bank has made revisions to its defined benefit pension plan in March 2014. The Bank has terminated a portion of the defined benefit pension plan and introduced a defined contribution pension plan in April 2014.

Such changes were accounted for in accordance with "Guidance on Accounting for Transfers between Retirement Benefit Plans (ASBJ Guidance No. 1, January 31, 2002)" and "Practical Solution on Accounting for Transfer between Retirement Benefit Plans (PITF (Practical Issue Task Force) No. 2 revised on February 7, 2007).

As a result of this revision to plan, retirement benefit obligations decreased by ¥8,926 million and an equivalent amount of past service costs was incurred, which is amortized using the straight-line method over a fixed number of years that does not exceed the remaining service years (14 years) of employees from this fiscal period.

In addition, loss associated with partial termination has been recognized in this fiscal period but the effect is immaterial.

## (12) 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.

## (13) 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.

- (14) Amortization of goodwill and negative goodwill  
Goodwill and negative goodwill which occurred on or before March 31, 2010 is amortized using the straight-line method over five years.
- (15) 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.

### CHANGES IN ACCOUNTING POLICIES

The Bank has adopted "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012, hereinafter "Retirement Benefits Standard") and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012, hereinafter "Retirement Benefits Guidance"), excluding those set forth in Paragraph 35 of Retirement Benefits Standard and Paragraph 67 of Retirement Benefits Guidance from the end of this fiscal period. The difference between retirement benefit obligations and pension assets are recognized either as Net Defined Benefit Asset or Net Defined Benefit Liability from the end of this fiscal period.

The Retirement Benefits Standard and others are applied in accordance with the transitional provisions set forth in Paragraph 37 of the Retirement Benefits Standard, where unrecognized actuarial difference and unrecognized past service costs, net of tax, are reflected as Remeasurements of Defined Benefit Plans under Accumulated Other Comprehensive Income at the end of this fiscal period.

As a result, the Net Defined Benefit Asset of ¥5,496 million and Net Defined Benefit Liability of ¥21,949 million are recognized at the end of this fiscal period. Also, Deferred Income Taxes increased by ¥3,929 million and Accumulated Other Comprehensive Income decreased by ¥7,154 million.

### UNAPPLIED ACCOUNTING STANDARDS

1. Accounting Standards for Retirement Benefits (May 17, 2012)
- (1) Overview  
Accounting standard for retirement benefits has been revised from the viewpoint of improvements to financial reporting and international convergence, mainly focusing on how actual unrecognized actuarial difference and past service costs should be accounted for, how retirement benefit obligations and service costs should be determined and enhancement of disclosures.
- (2) Date of adoption  
The Bank will adopt the amendments to the method

for calculating projected benefit obligations and service costs from the beginning of the fiscal year ending March 31, 2015.

- (3) The effect of adopting the accounting standards  
As a result, Retained Earnings at the beginning of the fiscal year ending March 31, 2015 will decrease by ¥1,347 million.

### ADDITIONAL INFORMATION

1. Special Reserve  
Accompanying privatization on October 1, 2008, a transfer was made from capital and retained earnings to special reserve pursuant to the Article 5 of the Supplementary Provisions of the Shoko Chukin Bank Law.  
The special reserve has the following characteristics.
- (1) Pursuant to the provisions of Article 43 of the Shoko Chukin Bank Law, in the calculation of the amount of surplus, the amount of special reserve shall be included in the total amount of capital and reserves.
- (2) Pursuant to the provisions of Article 44, Paragraph 2 of the Shoko Chukin Bank Law, the amount of special reserve may be reduced in the event a deficit is compensated, if the total amount of capital reserve and earnings reserve becomes zero. 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 4 of the Shoko Chukin Bank Law.
- (3) Pursuant to the provisions of Article 45 of the Shoko Chukin Bank Law, 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.
- (4) 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 Law.
2. Crisis Response Reserve  
Pursuant to the supplementary provisions of Article 1-2 of the Shoko Chukin Bank Law, in order for smooth implementation of crisis response measures, the Bank account for capital contributed by the government as crisis response reserve.  
The crisis response reserve has the following characteristics.
- (1) Pursuant to the provisions of Article 43 of the Shoko Chukin Bank Law, 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.
- (2) Pursuant to the provisions of Article 44, Paragraph 1 of the Shoko Chukin Bank Law, the amount of crisis response reserves may be reduced in the event a deficit



is compensated, if the total amount of special reserve becomes zero. 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 Law. 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 Law, be undertaken prior to the increase in the amount of the special reserve.

- (3) Pursuant to the provisions of Article 45 of the Shoko Chukin Bank Law, when the Shoko Chukin Bank deems it has sufficiently secured the necessary financial foundation for the smooth implementation of crisis response measures, 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, be repaid to the national treasury.
- (4) 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 Law.

#### CONSOLIDATED BALANCE SHEETS

1. Investment securities include equity investment shares of 56 million in non-consolidated subsidiaries.
2. In Loans, loans to bankrupt companies total ¥71,841 million and overdue loans total ¥381,096 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, Paragraph 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 ¥393 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 from this category.

4. Rescheduled loans total ¥7,563 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, excluding 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 ¥460,894 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). With regards to bills accepted through the transactions, the Bank has the right to freely sell or use as collateral any bank acceptance bills, trade bills, documentary bills, or foreign bills bought, the aggregate face value of which is ¥241,475 million.
7. Assets provided as collateral are as follows.

Assets provided as collateral:

Securities	¥489,771 million
Other Assets	¥40 million

Liabilities corresponding to collateral assets:

Deposits	¥5,304 million
Borrowings	¥217,000 million
Other Liabilities	¥43 million

In addition to the above amounts, securities worth ¥57,009 million have been provided as collateral for foreign currency settlements or substituted for futures margin money, etc.

Other Assets include ¥111 million of Cash Collateral Received for Financial Instruments and ¥2,263 million of guarantees and deposits.

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 ¥951,727 million. Of this amount, ¥924,094 million has 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



## Notes to Consolidated Financial Statements

The Shoko Chukin Bank, Ltd. and Subsidiaries For the year ended March 31, 2013

changes in financial situation and protection of credit standing. Moreover, when necessary, the Bank and its consolidated subsidiaries require customers to provide property, securities 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 ¥72,670 million.
10. Advanced depreciation of tangible fixed assets is ¥17,712 million.  
(There is no advanced depreciation for this fiscal period.)
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 ¥189,760 million.

### CONSOLIDATED STATEMENTS OF OPERATIONS

Other operating expenses include ¥1,679 million of amortization expense of loans and ¥152 million of amortization expense of investments in stocks etc.

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Reclassification Adjustments and Tax Effects allocated to each component of Other Comprehensive Income

	Millions of yen	
	2014	2013
Unrealized Gains on Other Securities		
Amount arising during the current fiscal year	¥ (972)	¥ 8,965
Reclassification Adjustments	(1,558)	(1,808)
Before adjustment of Deferred Income Tax	(2,531)	7,156
Deferred Income Tax	813	(2,492)
Unrealized Gains on Other Securities	(1,717)	4,664
Deferred Hedge Losses		
Amount arising during the current fiscal year	—	—
Reclassification Adjustments	—	(18)
Before adjustment of Deferred Income Tax	—	(18)
Deferred Income Tax	—	7
Deferred Hedge Losses	—	(11)
Total Other Comprehensive Income	¥ (1,717)	¥ 4,652

### CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

1. Fiscal Year Ended March 31, 2014 (April 1, 2013 to March 31, 2014)

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

	Number of Shares as of April 1, 2013	Increase	Decrease	Number of Shares as of March 31, 2014	Remarks
Number of shares issued and outstanding					
Common stock	2,186,531	—	—	2,186,531	
Total	2,186,531	—	—	2,186,531	
Treasury stock					
Common stock	9,801	73	2	9,871	(Note)
Total	9,801	73	2	9,871	

Note: The increase in the common stocks is due to claims by shareholders for repurchase of shares less than one unit. The decrease is due to claims by shareholders for additional sale of shares less than one unit.

- (2) Matters Relating to Dividends

- (a) Amount of cash dividends paid during the fiscal year

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
Ordinary General Meeting of Shareholders held on June 21, 2013	Common stock (government portion)	1,016	1.0 (Note)	March 31, 2013	June 25, 2013
	Common stock (nongovernment portion)	3,482	3.0		

Note: 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 Law. 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 Law. This ratio stipulated under Article 15 of the Regulation Enforcing the Shoko Chukin Bank Law is 1:3 (one-third).

- (b) Cash dividends for which the effective date falls after the fiscal year ended March 31, 2014 included in cash dividends for which the base date falls within the fiscal year ended March 31, 2014

	Type of Shares	Total Amount of Cash Dividends Paid (Millions of Yen)	Source of Cash Dividend Payment	Cash Dividend per Common Stock (Yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders held on June 20, 2014	Common stock (government portion)	1,016	Retained earnings	1.0 (Note 1)	March 31, 2014	Ordinary General Meeting of Shareholders held on June 20, 2014 and after competent minister authorization (Note 2)
	Common stock (nongovernment portion)	3,481		3.0		

Notes:

1. 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 Law. 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 Law. This ratio stipulated under Article 15 of the Regulation Enforcing the Shoko Chukin Bank Law is 1:3 (one-third).
2. Pursuant to Article 49 of the Shoko Chukin Bank Law, resolutions with regard to the dividends from surplus and the appropriation of other retained earnings come into effect following authorization by the competent minister.

2. Fiscal Year Ended March 31, 2013 (April 1, 2012 to March 31, 2013)

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

(Thousand shares)

	Number of Shares as of April 1, 2012	Increase	Decrease	Number of Shares as of March 31, 2013	Remarks
Number of shares issued and outstanding					
Common stock	2,186,531	—	—	2,186,531	
Total	2,186,531	—	—	2,186,531	
Treasury stock					
Common stock	9,721	81	1	9,801	(Note)
Total	9,721	81	1	9,801	

Note: The increase in the common stocks is due to claims by shareholders for repurchase of shares less than one unit. The decrease is due to claims by shareholders for additional sale of shares less than one unit.

(2) Matters Relating to Dividends

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

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
Ordinary General Meeting of Shareholders held on June 22, 2012	Common stock (government portion)	1,016	1.0 (Note)	March 31, 2012	June 26, 2012
	Common stock (nongovernment portion)	3,482	3.0		

Note: 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 Law. 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 Law. This ratio stipulated under Article 15 of the Regulation Enforcing the Shoko Chukin Bank Law is 1:3 (one-third).

(b) Cash dividends for which the effective date falls after the fiscal year ended March 31, 2013 included in cash dividends for which the base date falls within the fiscal year ended March 31, 2013

	Type of Shares	Total Amount of Cash Dividends Paid (Millions of Yen)	Source of Cash Dividend Payment	Cash Dividend per Common Stock (Yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders held on June 21, 2013	Common stock (government portion)	1,016	Retained earnings	1.0 (Note 1)	March 31, 2013	Ordinary General Meeting of Shareholders held on June 21, 2013 and after competent minister authorization (Note 2)
	Common stock (nongovernment portion)	3,482		3.0		

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 Law. 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 Law. This ratio stipulated under Article 15 of the Regulation Enforcing the Shoko Chukin Bank Law is 1:3 (one-third).
- Pursuant to Article 49 of the Shoko Chukin Bank Law, resolutions with regard to the dividends from surplus and the appropriation of other retained earnings come into effect following authorization by the competent minister.

## Financial Data (Non-Consolidated)

Year Ended March 31, 2014

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Statements of Operations .....
Statements of Changes in Net Assets .....
Notes to Financial Statements .....

Capital Account Details .....
Profit and Loss Details .....
Details of Operations .....

## Trends in Principal Financial Indicators (Non-Consolidated)

Fiscal period ended	Billions of yen				
	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Total Operating Income	189.1	199.0	205.4	207.2	214.6
Income (Loss) before Income Taxes and Other	26.7	26.6	25.6	27.2	10.9
Net Income (Loss)	12.5	13.8	9.5	14.7	5.6
Capital	218.6	218.6	218.6	218.6	218.6
[Total Number of Shares Issued in Thousands of Units]	[2,186,531]	[2,186,531]	[2,186,531]	[2,186,531]	[2,186,531]
Total Capital Funds	882.7	876.4	862.5	854.3	842.9
Total Assets	12,459.6	12,358.0	12,272.8	12,093.9	12,056.7
Outstanding Deposits	4,857.4	4,314.7	3,830.7	3,455.8	3,337.8
Outstanding Debentures	4,825.2	5,019.1	5,344.2	5,569.2	5,941.2
Outstanding Loans	9,488.4	9,549.0	9,626.9	9,520.2	9,455.6
Balance of Investment Securities	1,971.1	2,159.7	2,303.5	2,337.0	2,482.6
Net Assets per Share (Yen)	152.51	149.61	143.19	139.45	134.20
Dividends per Share (Yen)	Common stock (non-government portion) 3.00 (government portion) 1.00	Common stock (non-government portion) 3.00 (government portion) 1.00	Common stock (non-government portion) 3.00 (government portion) 1.00	Common stock (non-government portion) 3.00 (government portion) 1.00	Common stock (non-government portion) 3.00 (government portion) 1.00
Net Income (Loss) per Share (Yen)	5.75	6.35	4.39	6.75	2.57
Net Income per Share (Diluted) (Yen)	—	—	—	—	—
Capital Ratio (%)	7.08	7.09	7.02	7.06	6.99
Non-consolidated Tier 1 (Common Stock etc.) Ratio (Basel III) (%)	12.25	12.05	—	—	—
Non-consolidated Tier 1 Ratio (Basel III) (%)	12.25	12.05	—	—	—
Non-consolidated Total Capital Ratio (Basel III) (%)	13.73	13.51	—	—	—
Non-consolidated Capital Ratio (Basel II) (%)	—	—	13.09	12.37	11.40
Return on Equity (%)	1.42	1.59	1.11	1.73	0.73
Price Earnings Ratio	—	—	—	—	—
Dividend Payment Ratio (%)	35.92	32.51	46.98	30.58	80.10
Number of Employees (Persons)	3,815	3,838	3,902	3,980	3,970
[Average Number of Temporary Employees excluded from Above]	[814]	[769]	[730]	[692]	[650]

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

2. "Net Assets per Share," "Net Income per Share" and "Net Income per Share (Diluted)" 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. 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 presented in two separate categories, namely, Cash Dividend per Common Stock (government portion) and Cash Dividend per Common Stock (non-government portion). This separate classification is pursuant to Article 50 of the Shoko Chukin Bank Limited Act, which stipulates that the dividend per share applicable to Common Stock held by the government shall not exceed the dividend per share applicable to Common Stock held by parties other than the government. Furthermore, pursuant to Article 15 of the Regulation Enforcing the Shoko Chukin Bank Limited Act, the dividend per share applicable to Common Stock held by the government is set at a ratio of one-third in relation to the dividend per share applicable to Common Stock held by parties other than the government.

5. The Capital Ratio is calculated as follows:

(Total Net Assets as of the fiscal period-end - Stock acquisition rights as of the fiscal period-end) / Total Assets as of the fiscal period-end × 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 (Calculated based on the Basel III standard starting from the end of March, 2013). The Shoko Chukin Bank has adopted the BIS international capital adequacy guidelines.

8. Dividend Payment Ratio is calculated by dividing average dividends per share (as calculated by dividing dividends by the number of shares outstanding at the end of the period) by net income per share.

9. Number of employees refers to the number of persons employed (excluding seconded workers).

# Non-Consolidated Balance Sheets

The Shoko Chukin Bank, As of March 31, 2014 and 2013

	Millions of yen		Millions of U.S. dollars	
	2014	2013	2014	2013
<b>ASSETS</b>				
<b>Cash and Due from Banks</b>	¥ 842,987	¥ 572,282	\$ 8,190	\$ 6,084
Cash	24,456	25,416	237	270
Due from Banks	818,531	546,865	7,953	5,814
<b>Call Loans</b>	94,120	9,244	914	98
<b>Monetary Claims Purchased</b>	19,384	24,640	188	261
<b>Trading Assets</b>	24,690	25,752	239	273
Trading Securities	3,487	3,273	33	34
Trading-related Financial Derivatives	21,203	22,478	206	239
<b>Investment Securities</b>	1,971,165	2,159,718	19,152	22,963
Government Bonds	1,612,887	1,734,601	15,671	18,443
Local Government Bonds	69,376	108,640	674	1,155
Short-term Corporate Bonds	—	24,998	—	265
Corporate Bonds	250,023	254,452	2,429	2,705
Stocks	29,387	27,946	285	297
Other Securities	9,490	9,078	92	96
<b>Loans</b>	9,488,403	9,549,055	92,192	101,531
Bills Discounted	240,493	282,685	2,336	3,005
Loans on Notes	380,794	387,149	3,699	4,116
Loans on Deeds	7,866,384	7,839,000	76,432	83,349
Overdrafts	1,000,730	1,040,220	9,723	11,060
<b>Foreign Exchange</b>	15,471	16,186	150	172
Due from Foreign Banks	7,513	9,771	72	103
Foreign Exchange Bills Purchased	981	647	9	6
Foreign Exchange Bills Receivable	6,976	5,767	67	61
<b>Other Assets</b>	24,029	25,874	233	275
Settlements Receivable	3	2	0	0
Prepaid Expenses	6,630	6,640	64	70
Accrued Income	7,950	8,796	77	93
Financial Derivatives	865	1,823	8	19
Cash Collateral Received for Financial Instruments	111	—	1	—
Other Assets	8,467	8,611	82	91
<b>Tangible Fixed Assets</b>	41,905	40,923	407	435
Buildings	15,825	14,505	153	154
Land	23,569	23,645	229	251
Leased Assets	9	25	0	0
Construction in Progress	126	227	1	2
Other Tangible Fixed Assets	2,374	2,520	23	26
<b>Intangible Fixed Assets</b>	13,430	11,973	130	127
Software	9,877	8,291	95	88
Other Intangible Fixed Assets	3,552	3,682	34	39
<b>Prepaid Pension Cost</b>	12,664	13,206	123	140
<b>Deferred Income Taxes</b>	57,183	53,125	555	564
<b>Customers' Liabilities for Acceptances and Guarantees</b>	88,797	82,037	862	872
Customers' Liabilities for Acceptances and Guarantees	86,820	79,926	843	849
Customers' Liabilities for Guaranteeing Agency Loans	1,976	2,111	19	22
<b>Reserve for Possible Loan Losses</b>	(234,575)	(225,921)	(2,279)	(2,402)
<b>Total Assets</b>	¥ 12,459,658	¥ 12,358,099	\$ 121,061	\$ 131,399

## Non-Consolidated Balance Sheets

The Shoko Chukin Bank, As of March 31, 2014 and 2013

Pursuant to Article 396-1 of the Companies Act, the material that the Shoko Chukin Bank makes public in accordance with Article 52-1 of the Shoko Chukin Bank Law has been audited by an audit and supervisory board member.

In addition, the Bank's financial statements — the balance sheets, statements of operations, and statements of changes in net assets — have been certified by an audit and supervisory board member pursuant to Article 193-2-1 of the Financial Instruments and Exchange Act.

	Millions of yen		Millions of U.S. dollars	
	2014	2013	2014	2013
<b>LIABILITIES</b>				
<b>Deposits</b>	¥ 4,857,406	¥ 4,314,759	\$ 47,195	\$ 45,877
Current Deposits	500,529	566,559	4,863	6,024
Ordinary Deposits	1,207,728	1,084,562	11,734	11,531
Deposits at Notice	44,650	53,736	433	571
Time Deposits	2,993,888	2,512,301	29,089	26,712
Other Deposits	110,609	97,599	1,074	1,037
<b>Negotiable Certificates of Deposit</b>	76,210	93,830	740	997
<b>Shoko Chukin Bank Debentures</b>	4,825,232	5,019,107	46,883	53,366
Shoko Chukin Bank Debentures Issued	4,825,232	5,019,107	46,883	53,366
<b>Call Money</b>	21,613	11,286	209	120
<b>Trading Liabilities</b>	15,153	16,939	147	180
Trading-related Financial Derivatives	15,153	16,939	147	180
<b>Borrowed Money</b>	1,486,481	1,727,318	14,443	18,365
Borrowings	1,486,481	1,727,318	14,443	18,365
<b>Foreign Exchange</b>	68	50	0	0
Due to Foreign Banks	24	0	0	0
Borrowings from Foreign Banks	0	0	0	0
Foreign Exchange Bills Sold	43	45	0	0
Foreign Exchange Bills Payable	0	3	0	0
<b>Other Liabilities</b>	179,705	189,397	1,746	2,013
Settlements Payable	11	0	0	0
Corporate Taxes Payable	10,738	12,622	104	134
Accrued Expenses	10,389	12,378	100	131
Unearned Income	12,548	10,872	121	115
Deposits by Employees	3,710	3,849	36	40
Financial Derivatives	873	2,032	8	21
Cash Collateral Received for Financial Instruments	494	—	4	—
Lease Obligations	6	26	0	0
Asset Retirement Obligations	77	81	0	0
Debenture Principal Payable	110,893	125,774	1,077	1,337
Other Liabilities	29,960	21,758	291	231
<b>Reserve for Bonuses</b>	4,260	4,130	41	43
<b>Reserve for Retirement Benefits</b>	17,446	18,310	169	194
<b>Reserve for Retirement Benefits for Directors</b>	83	93	0	0
<b>Reserve for Losses on Refund for Dormant Bonds</b>	4,203	4,124	40	43
<b>Reserve for Environmental Measures</b>	213	235	2	2
<b>Acceptances and Guarantees</b>	88,797	82,037	862	872
Acceptances and Guarantees	86,820	79,926	843	849
Guarantees for Agency Loans	1,976	2,111	19	22
<b>Total Liabilities</b>	11,576,874	11,481,619	112,484	122,079
<b>NET ASSETS</b>				
<b>Capital</b>	218,653	218,653	2,124	2,324
<b>Crisis Response Reserve</b>	150,000	150,000	1,457	1,594
<b>Special Reserve under the Shoko Chukin Bank Law</b>	400,811	400,811	3,894	4,261
<b>Capital Surplus</b>	0	0	0	0
Other Capital Surplus	0	0	0	0
<b>Retained Earnings</b>	102,149	94,128	992	1,000
Earnings Reserve	17,913	17,014	174	180
Other Retained Earnings	84,236	77,114	818	819
Reserve for Advanced Depreciation of Noncurrent Assets	590	624	5	6
Reserve for Particular Purposes	49,570	49,570	481	527
Retained Earnings Brought Forward	34,074	26,919	331	286
Treasury Stock	(1,005)	(995)	(9)	(10)
<b>Total Shareholders' Equity</b>	870,608	862,598	8,459	9,171
<b>Unrealized Gains on Other Securities</b>	12,174	13,882	118	147
<b>Total Valuation and Translation Adjustments</b>	12,174	13,882	118	147
<b>Total Net Assets</b>	882,783	876,480	8,577	9,319
<b>Total Liabilities and Net Assets</b>	¥ 12,459,658	¥ 12,358,099	\$ 121,061	\$ 131,399

## Non-Consolidated Statement of Operations

The Shoko Chukin Bank, Ltd. For the year ended March 31, 2014 and 2013

	Millions of yen		Millions of U.S. dollars	
	2014	2013	2014	2013
<b>Operating Income</b>	¥ 189,163	¥ 199,058	\$1,837	\$2,116
Interest Income	161,328	172,129	1,567	1,830
Interest on Loans	148,332	157,150	1,441	1,670
Interest and Dividends on Securities	9,892	11,615	96	123
Interest on Call Loans	95	150	0	1
Interest on Repurchase Agreement	49	135	0	1
Interest on Deposits	783	287	7	3
Other Interest Income	2,175	2,790	21	29
Fees and Commissions	11,765	11,164	114	118
Domestic and Foreign Exchange Commissions	1,603	1,580	15	16
Other Fees and Commissions	10,161	9,584	98	101
Trading Revenue	6,602	6,186	64	65
Trading Securities Revenue	29	158	0	1
Special Trading Securities Revenue	—	50	—	0
Revenue from Trading-related Financial Derivatives	6,572	5,977	63	63
Other Operating Income	5,392	4,465	52	47
Revenue from Foreign Exchange Trading	2,208	2,318	21	24
Revenue from Sales of Government and Other Bonds	3,183	2,147	30	22
Other Income	4,075	5,112	39	54
Collection of Written-off Claims	110	190	1	2
Revenue from Sales of Stocks and Other Securities	76	256	0	2
Other Income	3,889	4,665	37	49
<b>Operating Expenses</b>	162,386	172,399	1,577	1,833
Interest Expenses	27,179	35,277	264	375
Interest on Deposits	3,995	4,394	38	46
Interest on Negotiable Certificates of Deposit	153	122	1	1
Interest on Debentures	14,883	20,685	144	219
Interest on Call Money	74	8	0	0
Interest on Debenture Rental Transactions	0	0	0	0
Interest on Borrowed Money	8,003	9,970	77	106
Other Interest Expenses	69	95	0	1
Fees and Commissions	4,127	3,943	40	41
Domestic and Foreign Exchange Commissions	387	365	3	3
Other Fees and Commissions	3,740	3,578	36	38
Trading Expenses	404	—	3	—
Expenses on Securities and Derivatives Related to Trading Transactions	404	—	3	—
Other Operating Expenses	1,660	752	16	7
Losses on Sales of Government and Other Bonds	1,516	167	14	1
Amortization of Government and Other Bonds	118	230	1	2
Amortization of Debenture Issue Expenses	23	65	0	0
Expenses on Financial Derivatives	2	158	0	1
Other Operating Expenses	—	131	—	1
General and Administrative Expenses	78,802	76,823	765	816
Other Expenses	50,210	55,602	487	591
Provision for Possible Loan Losses	43,984	48,478	427	515
Write-off of Loans	1,675	1,480	16	15
Loss on Sales of Stocks and Other Securities	56	125	0	1
Write-off of Stocks	152	46	1	0
Other Expenses	4,341	5,472	42	58
<b>Income before Income Taxes and Other</b>	26,777	26,659	260	283

## Non-Consolidated Statement of Operations

The Shoko Chukin Bank, Ltd. For the year ended March 31, 2014 and 2013

	Millions of yen		Millions of U.S. dollars	
	2014	2013	2014	2013
<b>Other Gains</b>	46	275	0	2
Gains on Disposal of Fixed Assets	46	275	0	2
<b>Other Losses</b>	351	524	3	5
Losses on Disposal of Fixed Assets	304	208	2	2
Impairment Loss	47	316	0	3
<b>Income before Income Taxes</b>	26,472	26,409	257	280
<b>Provision for Income Taxes</b>	17,202	15,413	167	163
<b>Adjustment for Income Taxes</b>	(3,250)	(2,840)	(31)	(30)
<b>Total Income Taxes</b>	13,952	12,573	135	133
<b>Net Income</b>	¥ 12,519	¥ 13,835	\$ 121	\$ 147



# Non-Consolidated Statements of Changes in Net Assets

The Shoko Chukin Bank, Ltd. For the year ended March 31, 2014 and 2013

Millions of yen

	Shareholders' Equity				
	Capital	Crisis Response Reserve	Special Reserve	Other Capital Surplus	Total Capital Surplus
<b>Balance, April 1, 2013</b>	¥ 218,653	¥ 150,000	¥ 400,811	¥ 0	¥ 0
Changes during the Period					
Dividends from Surplus					
Net Income					
Acquisition of Treasury Stock					
Disposition of Treasury Stock				0	0
Reserve for Advanced Depreciation of Noncurrent Assets					
Net Changes of Items Other Than Shareholders' Equity					
Total Changes during the Period	—	—	—	0	0
<b>Balance, March 31, 2014</b>	¥ 218,653	¥ 150,000	¥ 400,811	¥ 0	¥ 0

	Shareholders' Equity				
	Earnings Reserve	Retained Earnings			Total Retained Earnings
Reserve for Advanced Depreciation of Noncurrent Assets		Reserve for Particular Purposes	Retained Earnings Brought Forward		
<b>Balance, April 1, 2013</b>	¥ 17,014	¥ 624	¥ 49,570	¥ 26,919	¥ 94,128
Changes during the Period					
Dividends from Surplus	899			(5,397)	(4,498)
Net Income				12,519	12,519
Acquisition of Treasury Stock					
Disposition of Treasury Stock					
Reserve for Advanced Depreciation of Noncurrent Assets		(33)		33	—
Net Changes of Items Other Than Shareholders' Equity					
Total Changes during the Period	899	(33)	—	7,154	8,021
<b>Balance, March 31, 2014</b>	¥ 17,913	¥ 590	¥ 49,570	¥ 34,074	¥ 102,149

	Shareholders' Equity		Valuation and Translation Adjustments			Total Net Assets
	Treasury Stock	Total Shareholders' Equity	Unrealized Gains on Other Securities	Deferred Hedge Gains	Total Valuation and Translation Adjustments	
<b>Balance, April 1, 2013</b>	¥ (995)	¥ 862,598	¥ 13,882	¥ —	¥ 13,882	¥ 876,480
Changes during the Period						
Dividends from Surplus		(4,498)				(4,498)
Net Income		12,519				12,519
Acquisition of Treasury Stock	(11)	(11)				(11)
Disposition of Treasury Stock	0	0				0
Reserve for Advanced Depreciation of Noncurrent Assets		—				—
Net Changes of Items Other Than Shareholders' Equity			(1,707)	—	(1,707)	(1,707)
Total Changes during the Period	(10)	8,010	(1,707)	—	(1,707)	6,303
<b>Balance, March 31, 2014</b>	¥ (1,005)	¥ 870,608	¥ 12,174	¥ —	¥ 12,174	¥ 882,783

Non-Consolidated Statements of Changes in Net Assets



# Non-Consolidated Statements of Changes in Net Assets

The Shoko Chukin Bank, Ltd. For the year ended March 31, 2014 and 2013

Millions of yen

	Shareholders' Equity				
	Capital	Crisis Response Reserve	Special Reserve	Capital Surplus	
				Other Capital Surplus	Total Capital Surplus
<b>Balance, April 1, 2012</b>	¥ 218,653	¥ 150,000	¥ 400,811	¥ 0	¥ 0
Changes during the Period					
Dividends from Surplus					
Net Income					
Acquisition of Treasury Stock					
Disposition of Treasury Stock				0	0
Reserve for Advanced Depreciation of Noncurrent Assets					
Net Changes of Items Other Than Shareholders' Equity					
Total Changes during the Period	—	—	—	0	0
<b>Balance, March 31, 2013</b>	¥ 218,653	¥ 150,000	¥ 400,811	¥ 0	¥ 0

	Shareholders' Equity				
	Retained Earnings				
	Earnings Reserve	Other Retained Earnings			Total Retained Earnings
Reserve for Advanced Depreciation of Noncurrent Assets		Reserve for Particular Purposes	Retained Earnings Brought Forward		
<b>Balance, April 1, 2012</b>	¥ 16,114	¥ 655	¥ 49,570	¥ 18,450	¥ 84,791
Changes during the Period					
Dividends from Surplus	899			(5,398)	(4,498)
Net Income				13,835	13,835
Acquisition of Treasury Stock					
Disposition of Treasury Stock					
Reserve for Advanced Depreciation of Noncurrent Assets		(31)		31	—
Net Changes of Items Other Than Shareholders' Equity					
Total Changes during the Period	899	(31)	—	8,468	9,337
<b>Balance, March 31, 2013</b>	¥ 17,014	¥ 624	¥ 49,570	¥ 26,919	¥ 94,128

	Shareholders' Equity		Valuation and Translation Adjustments			Total Net Assets
	Treasury Stock	Total Shareholders' Equity	Unrealized Gains on Other Securities	Deferred Hedge Gains	Total Valuation and Translation Adjustments	
<b>Balance, April 1, 2012</b>	¥ (983)	¥ 853,272	¥ 9,239	¥ 11	¥ 9,251	¥ 862,523
Changes during the Period						
Dividends from Surplus		(4,498)				(4,498)
Net Income		13,835				13,835
Acquisition of Treasury Stock	(11)	(11)				(11)
Disposition of Treasury Stock	0	0				0
Reserve for Advanced Depreciation of Noncurrent Assets		—				—
Net Changes of Items Other Than Shareholders' Equity			4,642	(11)	4,631	4,631
Total Changes during the Period	(11)	9,325	4,642	(11)	4,631	13,956
<b>Balance, March 31, 2013</b>	¥ (995)	¥ 862,598	¥ 13,882	¥ —	¥ 13,882	¥ 876,480

Millions of U.S. dollars

	Shareholders' Equity				
	Capital	Crisis Response Reserve	Special Reserve	Capital Surplus	
				Other Capital Surplus	Total Capital Surplus
<b>Balance, April 1, 2013</b>	\$ 2,124	\$ 1,457	\$ 3,894	\$ 0	\$ 0
Changes during the Period					
Dividends from Surplus					
Net Income					
Acquisition of Treasury Stock					
Disposition of Treasury Stock				0	0
Reverse of Reserve for Advanced Depreciation of Noncurrent Assets					
Net Changes of Items Other Than Shareholders' Equity					
Total Changes during the Period	—	—	—	0	0
<b>Balance, March 31, 2014</b>	\$ 2,124	\$ 1,457	\$ 3,894	\$ 0	\$ 0

	Shareholders' Equity				
	Earnings Reserve	Reserve for Advanced Depreciation of Noncurrent Assets	Reserve for Particular Purposes	Retained Earnings	
				Other Retained Earnings	Total Retained Earnings
<b>Balance, April 1, 2013</b>	\$ 165	\$ 6	\$ 481	\$ 261	\$ 914
Changes during the Period					
Dividends from Surplus	8			(52)	(43)
Net Income				121	121
Acquisition of Treasury Stock					
Disposition of Treasury Stock					
Reverse of Reserve for Advanced Depreciation of Noncurrent Assets		(0)		0	—
Net Changes of Items Other Than Shareholders' Equity					
Total Changes during the Period	8	(0)	—	69	77
<b>Balance, March 31, 2014</b>	\$ 174	\$ 5	\$ 481	\$ 331	\$ 992

	Shareholders' Equity		Valuation and Translation Adjustments			Total Net Assets
	Treasury Stock	Total Shareholders' Equity	Unrealized Gains on Other Securities	Deferred Hedge Gains	Total Valuation and Translation Adjustments	
<b>Balance, April 1, 2013</b>	\$ (9)	\$ 8,381	\$ 134	\$ —	\$ 134	\$ 8,516
Changes during the Period						
Dividends from Surplus		(43)				(43)
Net Income		121				121
Acquisition of Treasury Stock	(0)	(0)				(0)
Disposition of Treasury Stock	0	0				0
Reserve for Advanced Depreciation of Noncurrent Assets		—				—
Net Changes of Items Other Than Shareholders' Equity			(16)	—	(16)	(16)
Total Changes during the Period	(0)	77	(16)	—	(16)	61
<b>Balance, March 31, 2014</b>	\$ (9)	\$ 8,459	\$ 118	\$ —	\$ 118	\$ 8,577

Non-Consolidated Statements of Changes in Net Assets

# Non-Consolidated Statements of Changes in Net Assets

The Shoko Chukin Bank, Ltd. For the year ended March 31, 2014 and 2013

Millions of U.S. dollars

	Shareholders' Equity				
	Capital	Crisis Response Reserve	Special Reserve	Capital Surplus	
				Other Capital Surplus	Total Capital Surplus
<b>Balance, April 1, 2012</b>	\$ 2,324	\$ 1,594	\$ 4,261	\$ 0	\$ 0
Changes during the Period					
Dividends from Surplus					
Net Income					
Acquisition of Treasury Stock					
Disposition of Treasury Stock				0	0
Reserve for Advanced Depreciation of Noncurrent Assets					
Net Changes of Items Other Than Shareholders' Equity					
Total Changes during the Period	—	—	—	0	0
<b>Balance, March 31, 2013</b>	\$ 2,324	\$ 1,594	\$ 4,261	\$ 0	\$ 0

	Shareholders' Equity				
	Retained Earnings				
	Earnings Reserve	Other Retained Earnings			Total Retained Earnings
Reserve for Advanced Depreciation of Noncurrent Assets		Reserve for Particular Purposes	Retained Earnings Brought Forward		
<b>Balance, April 1, 2012</b>	\$ 171	\$ 6	\$ 527	\$ 196	\$ 901
Changes during the Period					
Dividends from Surplus	9			(57)	(47)
Net Income				147	147
Acquisition of Treasury Stock					
Disposition of Treasury Stock					
Reserve for Advanced Depreciation of Noncurrent Assets		(0)		0	—
Net Changes of Items Other Than Shareholders' Equity					
Total Changes during the Period	9	(0)	—	90	99
<b>Balance, March 31, 2013</b>	\$ 180	\$ 6	\$ 527	\$ 286	\$ 1,000

	Shareholders' Equity		Valuation and Translation Adjustments			Total Net Assets
	Treasury Stock	Total Shareholders' Equity	Unrealized Gains on Other Securities	Deferred Hedge Gains	Total Valuation and Translation Adjustments	
<b>Balance, April 1, 2012</b>	\$ (10)	\$ 9,072	\$ 98	\$ 0	\$ 98	\$ 9,170
Changes during the Period						
Dividends from Surplus		(47)				(47)
Net Income		147				147
Acquisition of Treasury Stock	(0)	(0)				(0)
Disposition of Treasury Stock	0	0				0
Reserve for Advanced Depreciation of Noncurrent Assets		—				—
Net Changes of Items Other Than Shareholders' Equity			49	(0)	49	49
Total Changes during the Period	(0)	99	49	(0)	49	148
<b>Balance, March 31, 2013</b>	\$ (10)	\$ 9,171	\$ 147	\$ —	\$ 147	\$ 9,319

Non-Consolidated Statements of Changes in Net Assets

**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 Law and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

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

Amounts in U.S. dollars are presented solely for the convenience of readers. The exchange rate of ¥102.92=U.S.\$1.00, the approximate rate of exchange prevailing as of March 31, 2014, has been used for translation purposes for the year ended March 31, 2014, and ¥94.05=U.S.\$1.00, the approximate rate of exchange prevailing as of March 31, 2013, has been used for translation purposes for the year ended March 31, 2013. 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 extremely difficult to be obtained are valued using either the cost method or the amortized cost method on the basis of a moving average.

Unrealized Gains on Other 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 60 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 division in charge of asset examination, which is independent from the business departments, to comply with the standard for self-assessment of assets.

(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 Benefits

The Reserve for Retirement Benefits is set up for the payment of employees' retirement benefits. It represents the requirement amount calculated from estimated retirement benefit obligations and estimated pension assets at the end of this fiscal period. Upon the calculation of retirement benefit obligations, the estimated retirement benefit obligation attributable up to the end of this fiscal period are accounted for using the straight-line method over the period of services. Unrecognized actuarial difference and unrecognized past service costs are amortized as follows:

Unrecognized past service costs: By the straight-line method over a fixed number of years that does not exceed the remaining service years (14 years) of employees of the fiscal period when the past service costs was incurred.

Unrecognized actuarial difference: By the straight-line method over a fixed number of years does that 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 subsequent fiscal period.

(Additional Information)

The Bank has made revisions to its defined benefit pension plan in March 2014. In addition, the Bank has terminated portion of its defined benefit pension plan and introduced a defined contribution pension plan in April 2014.

Such changes were accounted for in accordance with "Guidance on Accounting for Transfers between Retirement Benefit Plans (ASBJ Guidance No. 1, January

31, 2002)" and "Practical Solution on Accounting for Transfer between Retirement Benefit Plans (Practical Issue Task Force "PITF" No. 2 revised on February 7, 2007).

As a result of this revision to plans, retirement benefit obligations decreased by ¥8,926 million and an equivalent amount of past service costs was incurred, which is amortized using the straight-line method over a fixed number of years that does not exceed the remaining service years (14 years) of employees from this fiscal period.

In addition, loss associated with partial termination has been recognized in this fiscal period but the effect is immaterial.

(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 benefits 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.

(6) Accounting standard for Reserve for Environmental Measures

The reserve for environmental measures is set up for the estimated payment for disposal of PCB (polychlorinated biphenyl) waste.

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. Other significant matters in preparing the financial statements
  - (1) Accounting method for Retirement Benefits  
Unrecognized actuarial difference and unrecognized past service costs associated with retirement benefits are accounted for in a different way than those accounted for in the consolidated financial statements.
  - (2) National and local consumption taxes are accounted for with the tax exclusion method.

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#### **(CHANGE IN PRESENTATION)**

Prepaid Pension Cost, which was included in Other Assets under Other Assets in the previous fiscal period, is separately shown for this fiscal period, due to application of "Appendix Form of Ordinance for Enforcement of the Shoko Chukin Bank Law Relevant to the Ministry of Economy, Trade and Industry, the Ministry of Finance and the Cabinet Office (Announcement No. 1 of 2008 from the Cabinet Office, the Ministry of Finance and the Ministry of Economy, Trade and Industry)," revised by "Partial Amendments of the Ordinance for Enforcement of the Shoko Chukin Bank Law Relevant to the Ministry of Economy, Trade and Industry, the Ministry of Finance and the Cabinet Office (Announcement No. 4 from the Cabinet Office, the Ministry of Finance and the Ministry of Economy, Trade and Industry, September 27, 2013)." Non-consolidated financial statements for the previous fiscal period have been reclassified in order to reflect this change in presentation.

As a result, the amount of ¥13,206 million, included in Other Assets under Other Assets in the previous fiscal period, was reclassified as Prepaid Pension Cost of ¥13,206 million.

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#### **ADDITIONAL INFORMATION**

1. Special Reserve  
Accompanying privatization on October 1, 2008, a transfer was made from capital and retained earnings to special reserve pursuant to the Article 5 of the Supplementary Provisions of the Shoko Chukin Bank Law. The special reserve has the following characteristics.
  - (1) Pursuant to the provisions of Article 43 of the Shoko Chukin Bank Law, in the calculation of the amount of surplus, the amount of special reserve shall be included in the total amount of capital and reserves.
  - (2) Pursuant to the provisions of Article 44, Paragraph 2 of the Shoko Chukin Bank Law, the amount of special reserve may be reduced in the event a deficit is compensated, if the total amount of capital reserve and earnings reserve becomes zero. 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 4 of the Shoko Chukin Bank Law.

- (3) Pursuant to the provisions of Article 45 of the Shoko Chukin Bank Law, 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.
    - (4) 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 Law.
2. Crisis Response Reserve  
Pursuant to the provisions of Article 1-2 of the Shoko Chukin Bank Law, in order for smooth implementation of crisis response measures, the Bank account for capital contributed by the government as crisis response reserve. The crisis response reserve has the following characteristics.
  - (1) Pursuant to the provisions of Article 43 of the Shoko Chukin Bank Law, 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.
  - (2) Pursuant to the provisions of Article 44, Paragraph 1 of the Shoko Chukin Bank Law, the amount of crisis response reserves may be reduced in the event a deficit is compensated, if the total amount of special reserve becomes zero. 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 Law. 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 Law, be undertaken prior to the increase in the amount of the special reserve.
  - (3) Pursuant to the provisions of Article 45 of the Shoko Chukin Bank Law, when the Shoko Chukin Bank deems it has sufficiently secured the necessary financial foundation for the smooth implementation of crisis response measures, 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, be repaid to the national treasury.
  - (4) 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 Law.

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#### **BALANCE SHEETS**

1. Total investment in affiliated companies, including shares of affiliated companies, was ¥3,496 million.
2. In Loans, loans to bankrupt companies total ¥71,841 million and overdue loans total ¥381,079 million.



## Notes to Non-Consolidated Financial Statements

The Shoko Chukin Bank, Ltd. For the year ended March 31, 2014

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, Paragraph 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 ¥393 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 from this category.

4. Rescheduled loans total ¥7,563 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, excluding 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 ¥460,877 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). With regards to bills accepted through the transactions, the Bank has the right to freely sell or use as collateral any bank acceptance bills, trade bills, documentary bills, or foreign bills bought, the aggregate face value of which is ¥241,475 million.
7. Assets provided as collateral are as follows.

Assets provided as collateral:

Securities ¥489,771 million

Liabilities corresponding to collateral assets:

Deposits ¥5,304 million

Borrowings ¥217,000 million

In addition to the above amounts, securities worth ¥57,009 million have been provided as collateral for foreign currency settlements or substituted for futures margin money, etc.

Guarantees and deposits account for ¥2,177 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 ¥967,483 million. Of these, ¥939,850 million have original contract durations 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 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 interests.

9. Advanced depreciation of tangible fixed assets is ¥17,712 million.

(There is no advanced depreciation for this fiscal period)

10. Borrowings include loans payable under subordination covenant totaling ¥46,000 million.
11. 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 ¥189,760 million.

**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	46.46
Koehsa Co., Ltd.	5,441	0.24
Kantoh Automobile Insurance Cooperative for Truck Transport Companies	5,303	0.24
BOT LEASE CO., LTD.	5,300	0.24
OSAKA SEMBA FASHION CO-OPERATIVE ASSOCIATION	4,810	0.21
Tokyo Mokuzai Tonya Kyoudou Kumiai	4,626	0.21
Hokuoh Shinyo Kumiai	3,737	0.17
Tokyo Camera Ryutsu Kyodokumiai	3,633	0.16
Fuji-shi Ukishima Kogyo-danchi Kyodokumiai	3,200	0.14
Kyodokumiai Hiroshima Sogo Oroshi Center	3,150	0.14
Total	1,055,201	48.25

Notes: 1. As of March 31, 2014.

2. In addition to the principal shareholder information presented in the preceding chart, the Shoko Chukin Bank holds 9,871 thousand shares of treasury stock, representing 0.45% of total common stock issued and outstanding.

**CAPITAL RATIO (Uniform International Standards)**

(¥100 million, %)

	(As of March 31, 2014)
1. Total Risk-weighted Capital Ratio (4/7)	13.73
2. Tier 1 Risk-weighted Capital Ratio (5/7)	12.25
3. Common Equity Tier 1 Risk-weighted Capital Ratio (6/7)	12.25
4. Total Capital	9,701
5. Tier 1 Capital	8,652
6. Common Equity Tier 1 Capital	8,652
7. Risk-weighted Assets	70,617
8. Total Required Capital	5,649

**The Bank's Capital Ratio:**

The Bank's capital ratio is calculated in accordance with the formula stipulated in "standard for assessment of management soundness under 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 Law." In addition to applying the uniform international standard, the Bank adopts the standard method for Credit Risk-weighted Assets calculation and the basic method for Operational Risk calculation. Market Risk is not calculated according to special provision for exclusion.



**SUMMARY OF INCOME**

(¥100 million)

Fiscal period ended	March 31, 2014	March 31, 2013
Gross Operating Profit	1,517	1,539
General and Administrative Expenses (Excluding Nonrecurring Items)	750	735
Operating Profit (Operating Profit before Deduction of Provision for the General Reserve for Possible Loan Losses)	766	803
Provision for the General Reserve for Possible Loan Losses	79	(3)
Operating Profit	687	807
Nonrecurring Loss (Including Nonrecurring Expenses)	(419)	(540)
Income before Income Taxes and Other	267	266
Other Gains and Losses	(3)	(2)
Provision for Income Taxes — Corporate Tax, Inhabitant Tax and Enterprise Tax	172	154
Adjustment of Income Taxes	(32)	(28)
Net Income	125	138

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

$$\text{Operating Profit} = \text{Gross Operating Profit} - (\text{Provision for the General Reserve for Possible Loan Losses} + \text{General and Administrative Expenses (Excluding Nonrecurring Items)})$$
**GROSS OPERATING PROFIT**

(¥100 million, %)

Fiscal period ended	March 31, 2014			March 31, 2013		
	Domestic	International	Total	Domestic	International	Total
Net Interest Income	1,322	18	1,341	1,349	18	1,368
Fees and Commissions	69	7	76	66	6	72
Trading Revenue	34	27	61	45	15	61
Other Operating Income	25	12	37	11	25	37
Gross Operating Profit	1,452	65	1,517	1,473	66	1,539
Gross Operating Profit Ratio (%)	1.20	2.63	1.24	1.23	2.88	1.27

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.

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

<b>BALANCE OF LOANS</b>		(¥100 million)					
Fiscal period ended		March 31, 2014			March 31, 2013		
		Domestic	International	Total	Domestic	International	Total
Fiscal Period-end Balance	Loans on Deeds	77,356	1,307	78,663	77,170	1,219	78,390
	Loans on Notes	3,447	360	3,807	3,553	318	3,871
	Overdraft	10,007	—	10,007	10,402	—	10,402
	Bills Discounted	2,404	—	2,404	2,826	—	2,826
	<b>Total</b>	<b>93,216</b>	<b>1,667</b>	<b>94,884</b>	<b>93,952</b>	<b>1,537</b>	<b>95,490</b>
Average Balance	Loans on Deeds	76,196	1,245	77,441	75,534	1,152	76,686
	Loans on Notes	3,438	348	3,787	3,696	283	3,980
	Overdraft	9,241	—	9,241	9,785	—	9,785
	Bills Discounted	2,276	—	2,276	2,474	—	2,474
	<b>Total</b>	<b>91,153</b>	<b>1,593</b>	<b>92,746</b>	<b>91,490</b>	<b>1,435</b>	<b>92,926</b>

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

<b>BREAKDOWN OF LOAN BALANCE BY INDUSTRY</b>		(¥100 million, %)	
		As of March 31, 2014	As of March 31, 2013
Manufacturing		31,617 (33.3)	32,437 (34.0)
Machinery and Metal Product Manufacturing		16,351 (17.2)	16,869 (17.7)
Agriculture and Forestry		225 (0.2)	205 (0.2)
Fisheries		42 (0.1)	44 (0.0)
Mining and Quarrying of Stone and Gravel		142 (0.2)	146 (0.2)
Construction		2,562 (2.7)	2,599 (2.7)
Electricity, Gas, Heat Supply and Water		354 (0.4)	296 (0.3)
Information and Communications, Transport and Postal Activities		12,361 (13.0)	12,295 (12.9)
Wholesale and Retail		29,956 (31.6)	29,699 (31.1)
Finance and Insurance		519 (0.6)	624 (0.7)
Real Estate and Goods Rental and Leasing		6,958 (7.3)	6,964 (7.3)
Various Services		9,619 (10.1)	9,745 (10.2)
Local Governments		4 (0.0)	4 (0.0)
Others		107 (0.1)	107 (0.1)
Overseas and Special International Financial Accounts		412 (0.4)	318 (0.3)
<b>Total</b>		<b>94,884</b>	<b>95,490</b>

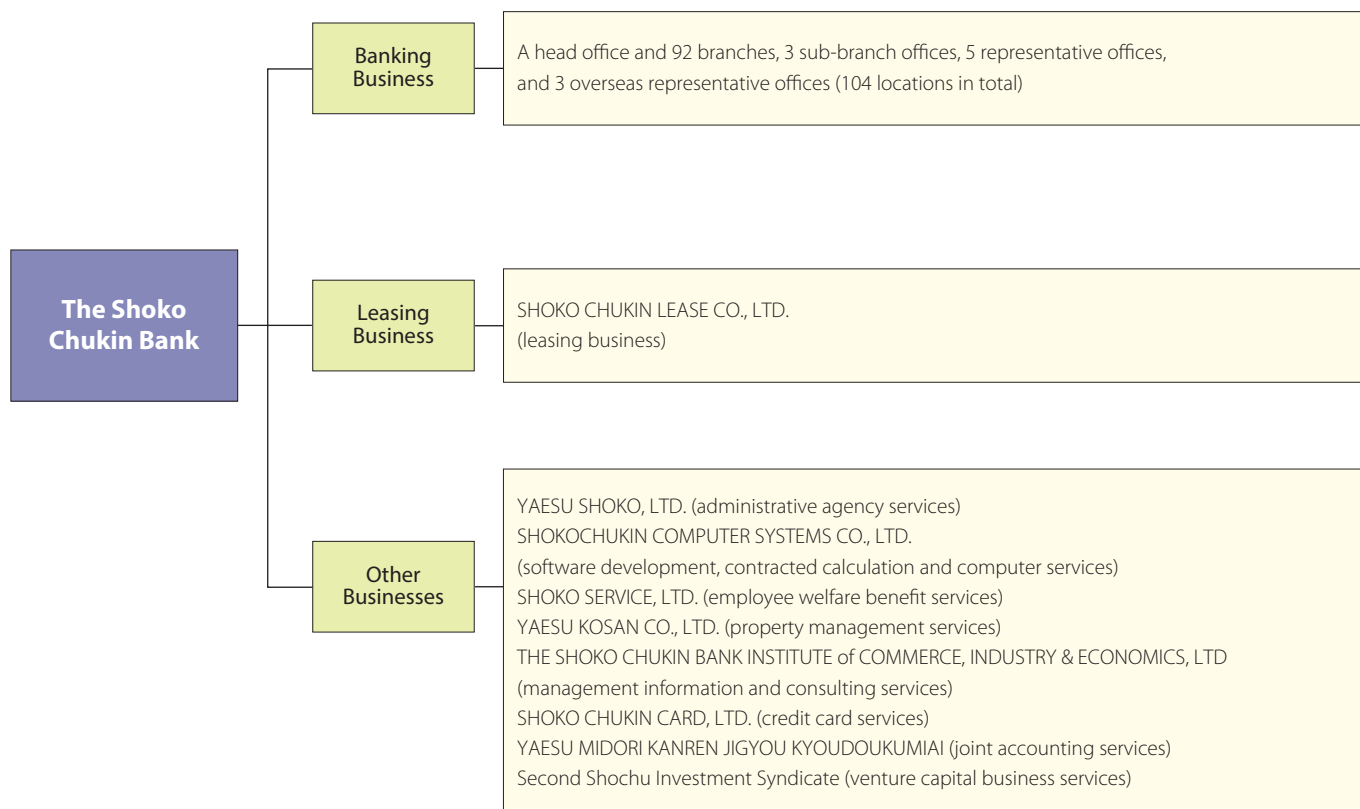
Note: The figures in parentheses represent percentages of the total.

<b>PROBLEM LOANS</b>		(¥100 million, %)	
		<b>As of March 31, 2014</b>	<b>As of March 31, 2013</b>
Loans to Bankrupt Companies	(A)	718	881
(Loans to Bankrupt Companies other than Loss Classification Loans)	(B)	(325)	(345)
Overdue Loans	(C)	3,810	3,113
(Overdue Loans other than Loss Classification Loans)	(D)	(3,396)	(2,778)
Loans Overdue for 3 Months or Longer	(E)	3	4
Rescheduled Loans	(F)	75	5
Total Problem Loans	(G) = (A) + (C) + (E) + (F)	4,608	4,004
Loss Classification Loans in Loans to Bankrupt Companies	(H)	392	536
Loss Classification Loans in Overdue Loans	(I)	414	334
Problem Loans other than Loss Classification Loans	(J) = (B) + (D) + (E) + (F)	3,801	3,134
Loans other than Loss Classification Loans	(K)	94,102	94,653
Percentage of Loans (%)	(J)/(K)	4.0	3.3

- Notes
- 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).
  - 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.
  - Loans Overdue for 3 Months or Longer are defined as loans on which principal or interest payments are overdue by 3 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.
  - 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.
  - Loss Classification 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.
  - Problem Loans other than Loss Classification Loans equal the amount of problem loans minus the amount of the loans defined in Note 5. (The amount of Loss Classification Loans deducted from Problem Loan balances at the end of the fiscal 2012 was ¥87.0 billion out of the Provision for Possible Loan Losses of ¥172.3 billion and at the end of the fiscal 2013 was ¥80.7 billion out of the Provision for Possible Loan Losses of ¥173.0 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 9 subsidiary companies. In addition to its mainstay banking operations, the Group collectively provides a wide range of leasing and other financial services. A diagrammatic chart of the Shoko Chukin Bank Group's principal activities is presented as follows (As of June 30, 2014).

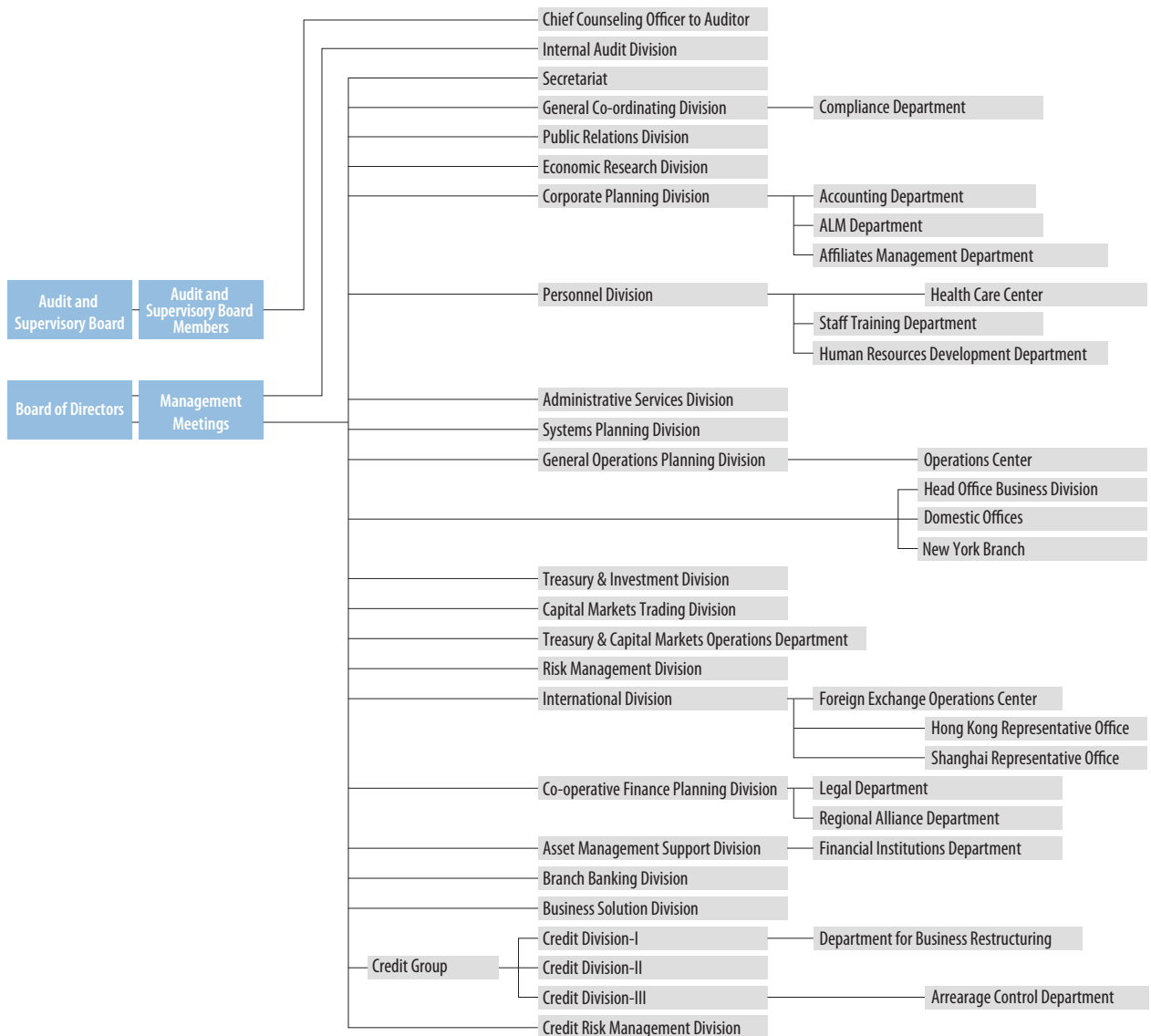
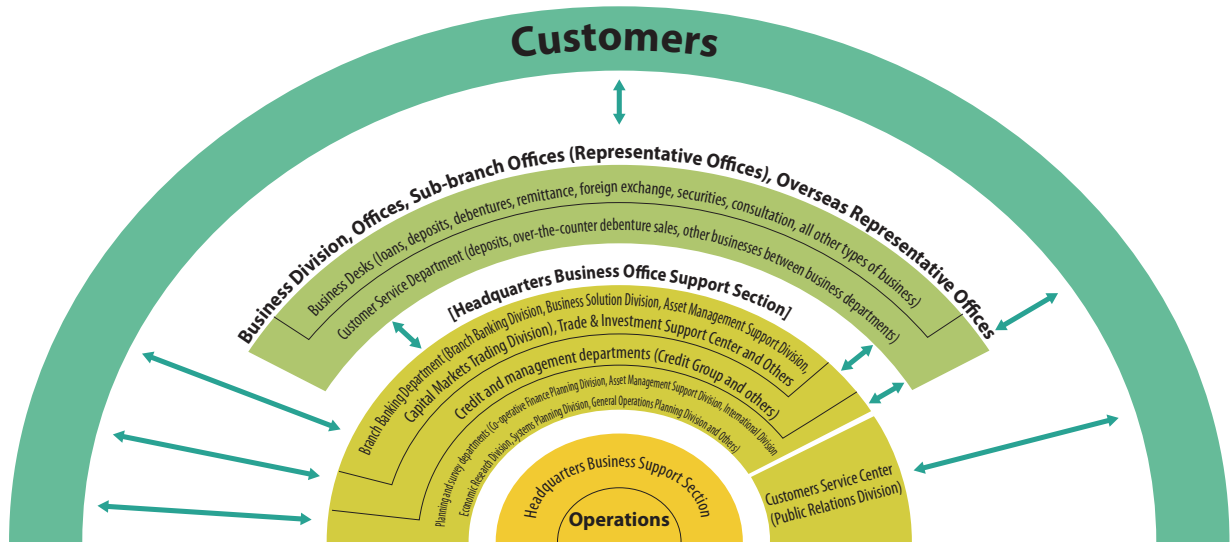


## Subsidiaries

### Subsidiaries (As of June 30, 2013)

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	—	100.00
SHOKO SERVICE, LTD.	3-3-2 Kyobashi, Chuo-ku, Tokyo	Employee welfare benefit services	Nov. 25, 1982	32	62.50	37.50
YAESU KOSAN CO., LTD.	2-12-18 Shiba-Daimon, Minato-ku, Tokyo	Property management services	Jun. 22, 1972	35	100.00	—
THE SHOKO CHUKIN BANK INSTITUTE of COMMERCE, INDUSTRY & ECONOMICS, LTD	2-12-18 Shiba-Daimon, Minato-ku, Tokyo	Management information and consulting services	Dec. 10, 1974	80	23.08	76.92
SHOKO CHUKIN LEASE CO., LTD.	1-10-12 Ueno, Taito-ku, Tokyo	Leasing business	Oct. 8, 1982	1,000	100.00	—
SHOKO CHUKIN CARD CO., LTD.	2-12-18 Shiba-Daimon, Minato-ku, Tokyo	Credit card services	Jan. 22, 1991	70	100.00	—
YAESU MIDORI KANREN JIGYOU KYOUDOUKUMIAI	2-12-18 Shiba-Daimon, Minato-ku, Tokyo	Joint accounting services	Jun. 11, 1982	10	—	100.00

# >>> Organization



(As of June 30, 2014)

## »» Directors and Audit and Supervisory Board Members

(As of June 30, 2014)

### Directors and Managing Executive Officers

President (Representative Director)	<b>Hideji Sugiyama</b>	
Deputy President (Representative Director)	<b>Yukitoshi Kimura</b>	
Deputy President (Representative Director)	<b>Hideo Mori</b>	Secretariat, Corporate Planning Division, Personnel Division
Director & Managing Executive Officer	<b>Yoshiyuki Kikuchi</b>	General Co-ordinating Division, Asset Management Support Division
Director & Managing Executive Officer	<b>Tetsuro Karashima</b>	Credit Group
Director & Managing Executive Officer	<b>Koji Monda</b>	System Planning Division, General Operations Planning Division, Treasury & Capital Markets Operations Department
Director & Managing Executive Officer	<b>Miyuki Fujita</b>	Treasury & Investment Division, Co-operative Finance Planning Division
Director & Managing Executive Officer	<b>Masaaki Sato</b>	Public Relations Division, Credit Risk Management Division
Director	<b>Tadashi Okamura</b>	
Director	<b>Yorihiko Kojima</b>	
Managing Executive Officer	<b>Isao Onoguchi</b>	Capital Markets Trading Division, International Division, Business Solution Division
Managing Executive Officer	<b>Yuji Hasegawa</b>	Administrative Services Division, Branch Banking Division
Managing Executive Officer	<b>Norio Shimizu</b>	Economic Research Division, Risk Management Division

Note: Tadashi Okamura and Yorihiko Kojima are external directors as stipulated under Article 2, Paragraph 15 of the Company Law.

### Audit and Supervisory Board Members

Audit and Supervisory Board Member (Full-time)	<b>Ryuichi Kato</b>
Audit and Supervisory Board Member (Full-time)	<b>Michinobu Omori</b>
Audit and Supervisory Board Member	<b>Toru Toshishige</b>
Audit and Supervisory Board Member	<b>Makoto Tahira</b>
Audit and Supervisory Board Member	<b>Michiko Motohashi</b>

Notes: 1. Michinobu Omori, Makoto Tahira and Michiko Motohashi are external Audit and Supervisory Board Members as stipulated under Article 2, Paragraph 16 of the Company Law.  
2. The Shoko Chukin Bank has appointed one alternate Audit and Supervisory Board Members pursuant to Article 329, Paragraph 2 of the Company Law to ensure that it consistently maintains the number of Audit and Supervisory Board Members prescribed under the law.

### Executive Officers

Executive Officer	<b>Yoshifumi Hino</b>	General Manager of General Co-ordinating Division
Executive Officer	<b>Kenji Shimizu</b>	General Manager of Personnel Division
Executive Officer	<b>Hiroshi Fukada</b>	Branch Manager of Nagoya Branch Office
Executive Officer	<b>Koshiro Umeda</b>	General Manager of Corporate Planning Division
Executive Officer	<b>Toshihiko Nakamura</b>	General Manager of Credit Division I
Executive Officer	<b>Masanori Yoshida</b>	Branch Manager of Tokyo Branch Office
Executive Officer	<b>Hideto Yoshida</b>	
Executive Officer	<b>Hiroshi Kazui</b>	
Executive Officer	<b>Yasuo Gomi</b>	General Manager of Head Office Business Division
Executive Officer	<b>Hiroshi Suzuki</b>	Branch Manager of Osaka Branch Office

Note: The Shoko Chukin Bank adopts the executive officer system.

## Stock Information

- **Number of Authorized Shares (As of March 31, 2014)**
  - Common stock 4,000,000,000 shares
  - Crisis response reserve stock 10 shares
- **Number of Issued and Outstanding Shares (As of March 31, 2014)**
  - Common stock 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**
  - Common stock 1,000 shares
  - Crisis response reserve stock 1 share
- **Method of Public Notifications**
  - Public notifications are made by electronic means. In the event that

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
  - 1-4-5, Marunouchi, Chiyoda-ku, Tokyo
- **Contact**
  - Mitsubishi UFJ Trust and Banking Corporation Securities Agency Division
  - 7-10-11, Higashi Suna, 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.

## Message to all SME Cooperatives

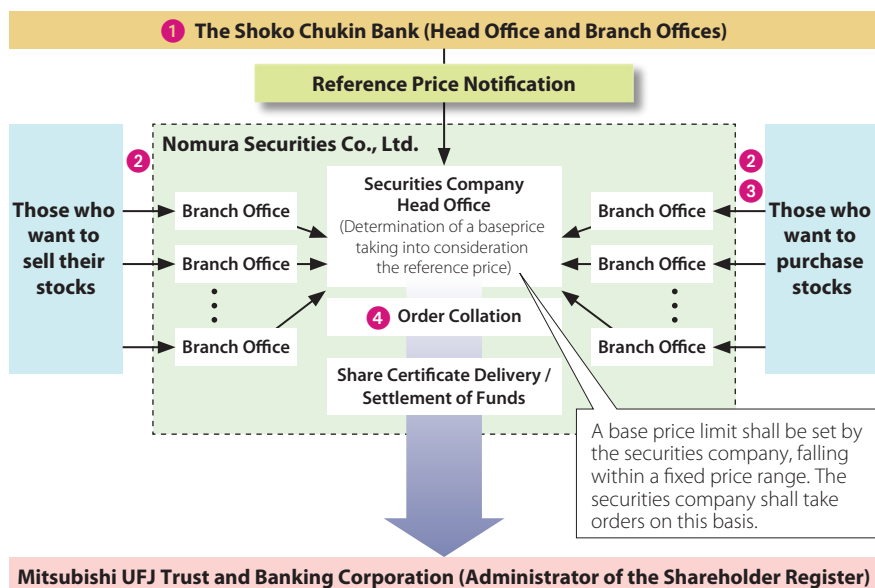
- When a cooperative member applies for loans at the Shoko Chukin Bank, certificate of membership of the cooperative is required. We ask for your understanding on this matter.

## 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 affected 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.

## History

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
March	2005	Shanghai Representative Office established
February	2006	New three-year time deposit (currently "my harvest") 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
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 in October 2008 (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., YAESU KOSAN CO., LTD., JAPAN INSTITUTE OF COMMERCE, INDUSTRY AND ECONOMIC, LTD. (currently THE SHOKO CHUKIN BANK INSTITUTE OF COMMERCE, INDUSTRY & ECONOMICS, LTD.), JAPAN SHOKO LEASE CO., LTD (currently SHOKO CHUKIN LEASE CO., LTD.), and SHOCHU CARD CO., LTD. (currently SHOKO CHUKIN CARD CO., LTD.) converted to consolidated 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
June	2009	The Shoko Chukin Bank Limited Act was partly amended, and as a result additional funding of ¥150.0 billion from the Government, postponement of starting point for complete-privatization deadline by three years and a half, and other changes were resolved
July	2009	The Shoko Chukin Bank posted ¥150.0 billion for crisis response reserve
July	2010	General Support Program for Growth Strategy established (renamed to the Support Program for Growth and Business Creation in April 2013 to enhance the type of support)
September	2010	Sagamihara branch opened
March	2011	Tohoku Pacific Earthquake Task Force (name changed to Great East Japan Earthquake Task Force on May 13, 2011) established
May	2011	In response to the Great East Japan Earthquake in March 2011, the Shoko Chukin Bank Limited Act was partially amended, whereby postponement of starting point for complete-privatization deadline by three years was resolved.
September	2012	Bangkok Representative Office established
November	2012	Revitalization Support Program established
December	2012	Issuance of new Warisho, Rissho and Rissho Wide ended



# >>> The Shoko Chukin Bank Network

(As of July 14, 2014)

<b>Head Office</b>	2-10-17, Yaesu, Chuo-ku, Tokyo 104-0028, Japan	+81-3-3272-6111
<b>Hokkaido</b>		
<b>Sapporo Office</b>	4-1, Odori-Nishi, Chuo-ku, Sapporo-shi, Hokkaido 060-0042, Japan	+81-11-241-7231
<b>Hakodate Office</b>	3-6, Wakamatsu-cho, Hakodate-shi, Hokkaido 040-0063, Japan	+81-138-23-5621
<b>Obihiro Office</b>	6-20-1, Nishi-3jominami, Obihiro-shi, Hokkaido 080-0013, Japan	+81-155-23-3185
<b>Kushiro Representative Office</b>	1-1-1, Omachi, Kushiro-shi, Hokkaido 085-0847, Japan	+81-154-42-0671
<b>Asahikawa Office</b>	9-1703-81, Sjdori, Asahikawa-shi, Hokkaido 070-0035, Japan	+81-166-26-2181
<b>Tohoku</b>		
<b>Aomori Office</b>	2-1-7, Nagashima, Aomori-shi, Aomori 030-0861, Japan	+81-17-734-5411
<b>Hachinohe Office</b>	40-2, Youka-machi, Hachinohe-shi, Aomori 031-0086, Japan	+81-178-45-8811
<b>Morioka Office</b>	3-4-6, Chudori, Morioka-shi, Iwate 020-0021, Japan	+81-19-622-4185
<b>Sendai Office</b>	2-10-30, Chuo, Aoba-ku, Sendai-shi, Miyagi 980-0021, Japan	+81-22-225-7411
<b>Akita Office</b>	2-4-19, Nakadori, Akita-shi, Akita 010-0001, Japan	+81-18-833-8531
<b>Yamagata Office</b>	2-1, Saiwai-cho, Yamagata-shi, Yamagata 990-0038, Japan	+81-23-632-2111
<b>Sakata Office</b>	2-6-22, Naka-machi, Sakata-shi, Yamagata 998-0044, Japan	+81-234-24-3922
<b>Fukushima Office</b>	8-1, Sakae-machi, Fukushima-shi, Fukushima 960-8031, Japan	+81-24-522-2171
<b>Aizuwakamatsu Representative Office</b>	6-5, Minamisenogoku-machi, Aizuwakamatsu-shi, Fukushima 965-0816, Japan	+81-242-26-2617
<b>Kanto-Koshinetsu</b>		
<b>Mito Office</b>	3-5-7, Minami-machi, Mito-shi, Ibaraki 310-0021, Japan	+81-29-225-5151
<b>Utsunomiya Office</b>	1-1-15, Nishi, Utsunomiya-shi, Tochigi 320-0861, Japan	+81-28-633-8191
<b>Ashikaga Office</b>	2-2751, Tori, Ashikaga-shi, Tochigi 326-0814, Japan	+81-284-21-7131
<b>Maebashi Office</b>	2-6-17, Ote-machi, Maebashi-shi, Gunma 371-0026, Japan	+81-27-224-8151
<b>Saitama Office</b>	4-25-13, Kishi-cho, Urawa-ku, Saitama-shi, Saitama 330-0064, Japan	+81-48-822-5151
<b>Kumagaya Office</b>	2-95, Hon-cho, Kumagaya-shi, Saitama 360-0042, Japan	+81-48-525-3751
<b>Chiba Office</b>	3-13, Shin-machi, Chuo-ku, Chiba-shi, Chiba 260-0028, Japan	+81-43-248-2345
<b>Matsudo Office</b>	1846-2, Matsudo, Matsudo-shi, Chiba 271-0092, Japan	+81-47-365-4111
<b>Hachioji Office</b>	2-5, Yokoyama-cho, Hachioji-shi, Tokyo 192-0081, Japan	+81-42-646-3131
<b>Ueno Office</b>	1-10-12, Ueno, Taito-ku, Tokyo 110-0005, Japan	+81-3-3834-0111
<b>Omori Office</b>	1-1-10, Omori-Kita, Ota-ku, Tokyo 143-0016, Japan	+81-3-3763-1251
<b>Keihinjima Sub-branch</b>	2-10-2, Keihinjima, Ota-ku, Tokyo 143-0003, Japan	+81-3-3799-0331
<b>Oshiage Office</b>	3-10-8, Narihira, Sumida-ku, Tokyo 130-0002, Japan	+81-3-3624-1161
<b>Urayasu Sub-branch</b>	2-1-6 Tekkadori, Urayasu-shi, Chiba 279-0025, Japan	+81-47-355-8011
<b>Shinjuku Office</b>	1-22-2, Nishishinjuku, Shinjuku-ku, Tokyo 160-0023, Japan	+81-3-3340-1551
<b>Fukagawa Office</b>	5-11-17, Kiba, Koto-ku, Tokyo 135-0042, Japan	+81-3-3642-7131
<b>Tokyo Office</b>	2-12-18, Shibadaimon, Minato-ku, Tokyo 105-0012, Japan	+81-3-3437-1231
<b>Ikebukuro Office</b>	1-21-10, Minamiikebukuro, Toshima-ku, Tokyo 171-0022, Japan	+81-3-3988-6311
<b>Shibuya Office</b>	2-17-5, Shibuya, Shibuya-ku, Tokyo 150-0002, Japan	+81-3-3486-6511
<b>Kanda Office</b>	3-3-12, Kanda-kaji-cho, Chiyoda-ku, Tokyo 101-0045, Japan	+81-3-3254-6811
<b>Shinkiba Office</b>	1-18-6, Shinkiba, Koto-ku, Tokyo 136-0082, Japan	+81-3-5569-1711
<b>Yokohama Office</b>	4-40, Kitanakadori, Naka-ku, Yokohama-shi, Kanagawa 231-0003, Japan	+81-45-201-3952
<b>Kawasaki Office</b>	26-4, Ekimaehon-cho, Kawasaki-ku, Kawasaki-shi, Kanagawa 210-0007, Japan	+81-44-244-1101
<b>Yokohama-Nishiguchi Office</b>	1-11-1, Kitasaiwai, Nishi-ku, Yokohama-shi, Kanagawa 220-0004, Japan	+81-45-314-3211
<b>Sagamihara Representative Office</b>	4-3-14, Sagamihara, Chuo-ku, Sagamihara-shi, Kanagawa 252-0231, Japan	+81-42-786-6230
<b>Niigata Office</b>	816-10, Nishiboridori 4-bancho, Chuo-ku, Niigata-shi, Niigata 951-8061, Japan	+81-25-228-2181
<b>Nagaoka Office</b>	1-2-10, Jonai-cho, Nagaoka-shi, Niigata 940-0061, Japan	+81-258-35-2121
<b>Kofu Office</b>	1-6-16, Chuo, Kofu-shi, Yamanashi 400-0032, Japan	+81-55-233-1161
<b>Nagano Office</b>	1483-11, Nishitsuruga-machi, Nagano-shi, Nagano 380-0814, Japan	+81-26-234-0145
<b>Suwa Office</b>	1-14-6, Ote, Suwa-shi, Nagano 392-0026, Japan	+81-266-52-6600
<b>Matsumoto Office</b>	2-1-27, Chuo, Matsumoto-shi, Nagano 390-0811, Japan	+81-263-35-6211
<b>Tokai</b>		
<b>Gifu Office</b>	9-16, Wakamiya-cho, Gifu-shi, Gifu 500-8828, Japan	+81-58-263-9191
<b>Takayama Representative Office</b>	5-1, Tenman-machi, Takayama-shi, Gifu 506-0025, Japan	+81-577-32-3353
<b>Shizuoka Office</b>	6-3, Oute-machi, Aoi-ku, Shizuoka-shi, Shizuoka 420-0853, Japan	+81-54-254-4131
[* relocated to the above address from the temporary premises on October 15, 2013.]		
<b>Hamamatsu Office</b>	133-1, Tokiwa-cho, Naka-ku, Hamamatsu-shi, Shizuoka 430-0917, Japan	+81-53-454-1521
<b>Numazu Office</b>	6-5, Yoneyama-cho, Numazu-shi, Shizuoka 410-0046, Japan	+81-55-920-5000
[* relocated to the above address on July 14, 2014.]		
<b>Atsuta Office</b>	2-2-33, Shinoto, Atsuta-ku, Nagoya-shi, Aichi 456-0018, Japan	+81-52-682-3111
<b>Nagoya Office</b>	3-23-18, Nishiki, Naka-ku, Nagoya-shi, Aichi 460-0003, Japan	+81-52-951-7581
<b>Toyohashi Office</b>	3-71-2, Matsuba-cho, Toyohashi-shi, Aichi 440-0897, Japan	+81-532-52-0221
<b>Tsu Office</b>	6-30, Chuo, Tsu-shi, Mie 514-0032, Japan	+81-59-228-4155
<b>Yokkaichi Office</b>	1-3-20, Unomori, Yokkaichi-shi, Mie 510-0074, Japan	+81-59-351-4871

<b>Hokuriku</b>		
<b>Toyama Office</b>	6-11, Sakurabashidori, Toyama-shi, Toyama 930-0004, Japan	+81-76-444-5121
<b>Takaoka Office</b>	2-6, Marunouchi, Takaoka-shi, Toyama 933-0912, Japan	+81-766-25-5431
<b>Kanazawa Office</b>	3-1-25, Honda-machi, Kanazawa-shi, Ishikawa 920-0964, Japan	+81-76-221-6141
<b>Fukui Office</b>	3-14-9, Ote, Fukui-shi, Fukui 910-0005, Japan	+81-776-23-2090
<b>Kinki</b>		
<b>Otsu Office</b>	1-2-22, Hamaotsu, Otsu-shi, Shiga 520-0047, Japan	+81-77-522-6791
<b>Hikone Office</b>	9-3, Asahi-machi, Hikone-shi, Shiga 522-0073, Japan	+81-749-24-3831
<b>Kyoto Office</b>	159-1, Ayanokoji Dori Karasuma Nishi-iru Dojisha-cho, Shimogyo-ku, Kyoto-shi, Kyoto 600-8421, Japan	+81-75-361-1120
<b>Osaka Office</b>	1-7-13, Awaza, Nishi-ku, Osaka-shi, Osaka 550-0011, Japan	+81-6-6532-0309
<b>Sakai Office</b>	2-1-2, Ryujinbashi-cho, Sakai-ku, Sakai-shi, Osaka 590-0972, Japan	+81-72-232-9441
<b>Umeda Office</b>	2-1-18, Shibata, Kita-ku, Osaka-shi, Osaka 530-0012, Japan	+81-6-6372-6551
<b>Senba Office</b>	1-18-17, Minamisenba, Chuo-ku, Osaka-shi, Osaka 542-0081, Japan	+81-6-6261-8431
<b>Minoo Senba Office</b>	2-5-55, Senbahigashi, Minoo-shi, Osaka 562-0035, Japan	+81-72-729-9181
[* relocated to the above address on May 12, 2014.]		
<b>Higashiosaka Office</b>	2-1-32, Nagatanaka, Higashiosaka-shi, Osaka 577-0013, Japan	+81-6-6746-1221
<b>Kobe Office</b>	111, Ito-machi, Chuo-ku, Kobe-shi, Hyogo 650-0032, Japan	+81-78-391-7541
<b>Himeji Office</b>	111, Soushahon-machi, Himeji-shi, Hyogo 670-0015, Japan	+81-79-223-8431
<b>Amagasaki Office</b>	5-19-8, Higashinaniwa-cho, Amagasaki-shi, Hyogo 660-0892, Japan	+81-6-6481-7501
<b>Nara Office</b>	8-1, Hayashikoji-cho, Nara-shi, Nara 630-8227, Japan	+81-742-26-1221
<b>Wakayama Office</b>	3-27, Hon-machi, Wakayama-shi, Wakayama 640-8033, Japan	+81-73-432-1281
<b>Chugoku</b>		
<b>Tottori Office</b>	2-218, Katahara, Tottori-shi, Tottori 680-0023, Japan	+81-857-22-3171
<b>Yonago Office</b>	168, Higashi-cho, Yonago-shi, Tottori 683-0067, Japan	+81-859-34-2711
<b>Matsue Office</b>	210, Tono-machi, Matsue-shi, Shimane 690-0887, Japan	+81-852-23-3131
<b>Hamada Representative Office</b>	2886, Takezako-cho, Hamada-shi, Shimane 697-0015, Japan	+81-855-23-3033
<b>Okayama Office</b>	4-1, Banzan-cho, Kita-ku, Okayama-shi, Okayama 700-0818, Japan	+81-86-225-1131
<b>Hiroshima Office</b>	2-1-2, Ote-machi, Naka-ku, Hiroshima-shi, Hiroshima 730-0051, Japan	+81-82-248-1151
<b>Fukuyama Office</b>	1-1-30, Konan-cho, Fukuyama-shi, Hiroshima 720-0814, Japan	+81-84-922-6830
<b>Hiroshima Seibu Office</b>	1-14-1, Shoko Center, Nishi-ku, Hiroshima-shi, Hiroshima 733-0833, Japan	+81-82-277-5421
<b>Shimonoseki Office</b>	1-1-13, Hosoe-cho, Shimonoseki-shi, Yamaguchi 750-0016, Japan	+81-83-223-1151
<b>Tokuyama Office</b>	1-10, Miyukidori, Shunan-shi, Yamaguchi 745-0034, Japan	+81-834-21-4141
<b>Shikoku</b>		
<b>Tokushima Office</b>	2-30, Nishisenba-cho, Tokushima-shi, Tokushima 770-0901, Japan	+81-88-623-0101
<b>Takamatsu Office</b>	1-3-8, Kawara-machi, Takamatsu-shi, Kagawa 760-0052, Japan	+81-87-821-6145
<b>Matsuyama Office</b>	2-6-4, Ichiban-cho, Matsuyama-shi, Ehime 790-0001, Japan	+81-89-921-9151
<b>Kouchi Office</b>	4-2-46, Hon-machi, Kouchi-shi, Kouchi 780-0870, Japan	+81-88-822-4481
<b>Kyushu/Okinawa</b>		
<b>Fukuoka Office</b>	1-13-21, Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka 810-0001, Japan	+81-92-712-6551
<b>Fukuoka Distribution Center Sub-branch</b>	1-7-1, Tanotsu, Higashi-ku, Fukuoka-shi, Fukuoka 813-0034, Japan	+81-92-622-2821
<b>Kitakyushu Office</b>	2-1-2, Kome-machi, Kokurakita-ku, Kitakyushu-shi, Fukuoka 802-0003, Japan	+81-93-533-9567
<b>Kurume Office</b>	42-21, Higashi-machi, Kurume-shi, Fukuoka 830-0032, Japan	+81-942-35-3381
<b>Saga Office</b>	1-6-23, Ekimaechuo, Saga-shi, Saga 840-0801, Japan	+81-952-23-8121
<b>Nagasaki Office</b>	2-13, Doza-machi, Nagasaki-shi, Nagasaki 850-0841, Japan	+81-95-823-6241
<b>Sasebo Office</b>	4-21, Tokiwa-cho, Sasebo-shi, Nagasaki 857-0053, Japan	+81-956-23-8141
<b>Kumamoto Office</b>	12-24, Hanabata-cho, Chuo-ku, Kumamoto-shi, Kumamoto 860-0806, Japan	+81-96-352-6184
[* relocated to the above temporary premises on November 5, 2013, due to reconstruction.]		
<b>Oita Office</b>	2-1-6, Miyako-machi, Oita-shi, Oita 870-0034, Japan	+81-97-534-4157
<b>Miyazaki Office</b>	1-10, Nishikimachi, Miyazaki-shi, Miyazaki 880-0811, Japan	+81-985-24-1711
<b>Kagoshima Office</b>	17-24, Nishisengoku-cho, Kagoshima-shi, Kagoshima 892-0847, Japan	+81-99-223-4101
<b>Naha Office</b>	2-22-10, Kumoji, Naha-shi, Okinawa 900-0015, Japan	+81-98-866-0196
<b>Overseas</b>		
<b>New York Branch</b>	666 Fifth Avenue, 14th Floor, New York, N.Y. 10103 U.S.A.	+1-212-581-2800
<b>Hong Kong Representative Office</b>	Suite 3702, 37/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong	+852-2524-5111
<b>Shanghai Representative Office</b>	Room 1706, Shanghai International Trade Center, 2201 Yan-An Xi Road, Shanghai, China	+86-21-6275-3860
<b>Bangkok Representative Office</b>	Unit 6, 10th Floor CRC Tower, All Seasons Place, 87/2 Wireless Road, Lumpini, Phatumwan, Bangkok 10330, Thailand	+66-2-654-0588
<b>Head Office and Branch Offices 93</b> (including 1 overseas branch office)		
<b>Sub-branch Offices 3</b>		
<b>Representative Offices 5</b>		
<b>Overseas Representative Offices 3</b>		
Total 104 (including 4 overseas offices)		

# SHOKO CHUKIN BANK

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

