

July 15, 2008
Bank of Japan

Maintenance of a Designated Minimum Balance by The Shoko Chukin Bank with the Bank of Japan

At the Monetary Policy Meeting held today, the Policy Board of the Bank of Japan decided that on October 1, 2008 the Bank will enter into a contract with The Shoko Chukin Bank, which is scheduled to be converted into a joint-stock company on the same day. The contract, in which the latter shall undertake to maintain a designated minimum balance in a current account with the Bank, is designed to ensure smooth conduct of monetary policy.

The summary of the contract is as follows:

(1) The Shoko Chukin Bank shall maintain a balance equal to or more than a designated amount in a current account with the Bank.

(2) The designated amount shall be calculated by summing up the products of the balances in seven types of accounts -- "Time Deposits," "Other Deposits," "Foreign Currency Liabilities against Non-Residents," "Foreign Currency Time Deposits of Residents," "Foreign Currency Other Deposits of Residents," "Liabilities in Non-Resident Yen Accounts," and "Balances Transferred from Special International Transaction Accounts" -- and the corresponding maintenance ratios set as below.

(3) The Bank shall determine the maintenance ratios according to the calculation formula set in the contract. In essence, the ratios for "Time Deposits" and "Other Deposits" are set annually by the Bank at the twelve-month averages of the effective reserve requirement ratios on time deposits and demand deposits, respectively, that have been applied to *shinkin* banks taken as a whole during the twelve-month period prior to the setting of the ratios. Regarding the five other types of accounts, reserve requirement

ratios on corresponding types of accounts are applied.

For more details, please see the Japanese version of this announcement.