

DAISHI REPORT 2005

Year ended March 31, 2005



Profile (Non-Consolidated)

Based in Niigata Prefecture on the western coast of Japan's main island, Honshu, Daishi Bank is the oldest bank in Japan and the most influential institution in the prefecture. It was founded in 1873 as the Fourth National Bank of Japan.

As of March 2005, the Bank's deposits totaled ¥3,737 billion (US\$34,800 million) and it operated a domestic network of 128 offices in Niigata Prefecture, Tokyo, and other prefectures.

Daishi Bank is committed to the further economic and social development and prosperity of Niigata Prefecture, while responding to changes in the business environment and diversifying needs of its customers.

Niigata, Our Target Market

Niigata Prefecture, Daishi Bank's target market

Area	12,582 km ²	(5 th of 47 pref.)
Population	2,452 thousands	(14 th of 47 pref.)
GDP	¥9,039 billion	(14 th of 47 pref.)
Number of companies	7,576	(10 th of 47 pref.)
Number of merchants	38,109	(13 th of 47 pref.)

Access to Niigata Prefecture

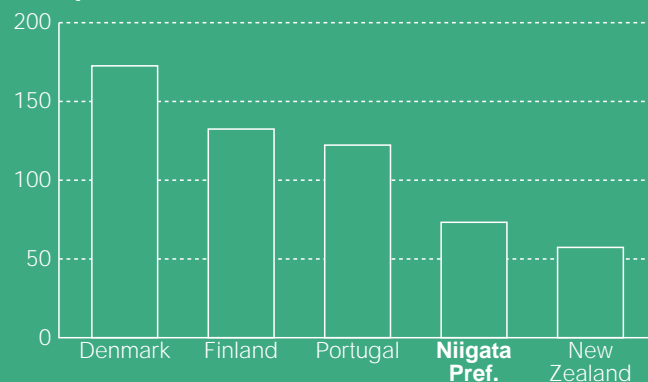
Located near the center of Japan, Niigata prefecture has international and domestic hub ports (Niigata port is the largest international hub port on the coast of the sea of Japan).

Access of major cities

Overseas: Seoul(110min), Shanghai(150min), Harbin(135min), Vladivostok(75min), Guam(240min)

Domestic: Tokyo(100min)

Comparison of GDP (FY2002 \$billion)



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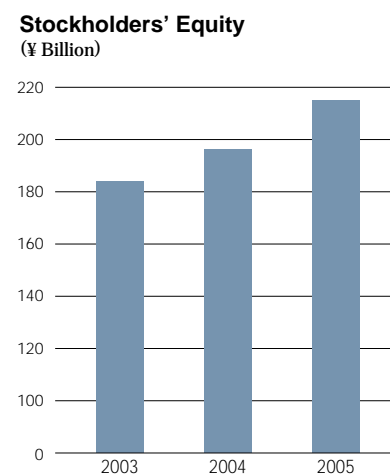
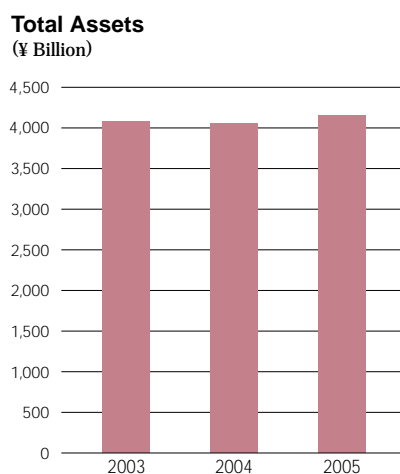
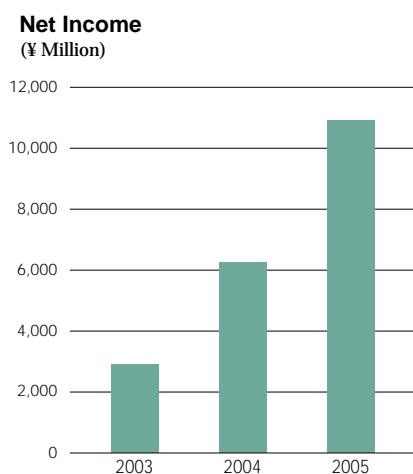


Financial Highlights

(For the Years ended March 31)	Millions of Yen			Thousands of U.S. Dollars
	2003	2004	2005	2005
Income				
Interest on Loans and Discounts.....	¥ 44,738	¥ 44,608	¥ 41,844	\$ 389,652
Interest and Dividends on Securities.....	21,444	19,710	22,256	207,245
Total Income.....	105,605	105,475	116,874	1,088,321
Expenses				
Interest on Deposits.....	1,672	1,179	1,461	13,610
General and Administrative Expenses.....	48,447	48,379	47,731	444,473
Total Expenses.....	98,946	91,933	95,809	892,168
Income before Income Taxes and Minority Interests.....	6,659	13,541	21,064	196,152
Net Income.....	2,876	6,254	10,905	101,547
Assets				
Loans and Bills Discounted.....	2,377,628	2,304,493	2,223,626	20,706,088
Securities.....	1,247,133	1,256,466	1,429,212	13,308,621
Foreign Exchange.....	3,382	2,355	13,131	122,282
Total Assets.....	4,081,858	4,080,634	4,154,306	38,684,292
Liabilities				
Deposits.....	3,576,973	3,593,125	3,737,228	34,800,527
Foreign Exchanges.....	127	222	338	3,156
Total Liabilities.....	3,894,300	3,876,108	3,931,795	36,612,306
Stockholders' Equity				
Common Stock.....	32,776	32,776	32,776	305,214
Capital Surplus.....	18,635	18,636	18,643	173,603
Retained Earnings.....	104,106	108,774	115,262	1,073,306
Net Unrealized Holding Gains on Securities Available for Sale.....	16,932	28,883	38,703	360,403
Total Stockholders' Equity.....	181,693	197,971	214,936	2,001,457

Notes: (1) In this annual report, Japanese yen in millions are indicated with fractions omitted.

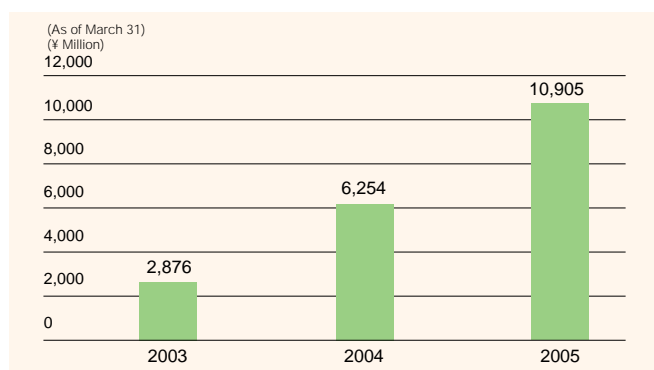
(2) U.S. dollar amounts represent translations of Japanese yen at the exchange rate of ¥107.39=US\$1.00, the rate prevailing on March 31, 2005.



Financial Review

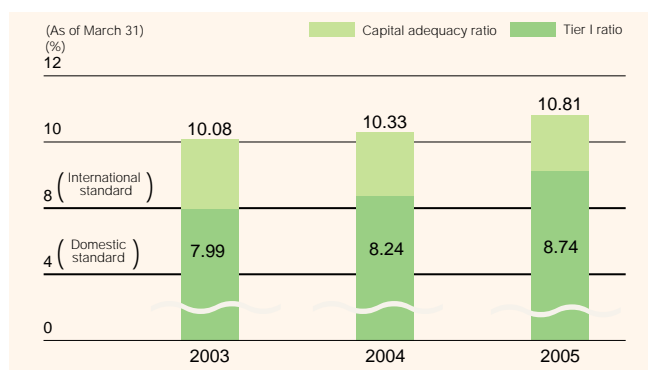
Net income

The Bank earned ¥10,905 million, its highest net income ever, thanks largely to a strengthening of its fee business and the partial relinquishment of its corporate-pension agency business.



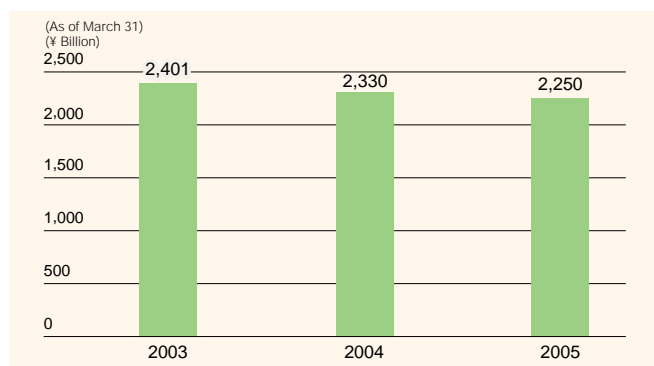
Consolidated capital adequacy ratio

The Bank's capital adequacy ratio in the period under review was 10.81%. The Tier I ratio was 8.74%, well above the international standard of 8%. These figures attest to the Bank's solid commitment to a sound asset base.



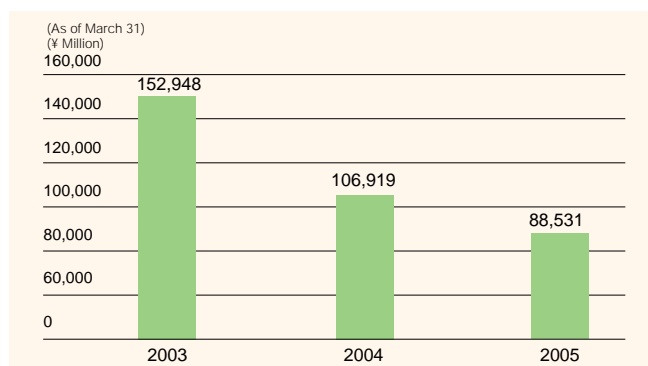
Loans

Disbursement of loans continued its decline from the previous fiscal year. A key factor was a decline in loans to the Ministry of Finance for lending and investing activities.



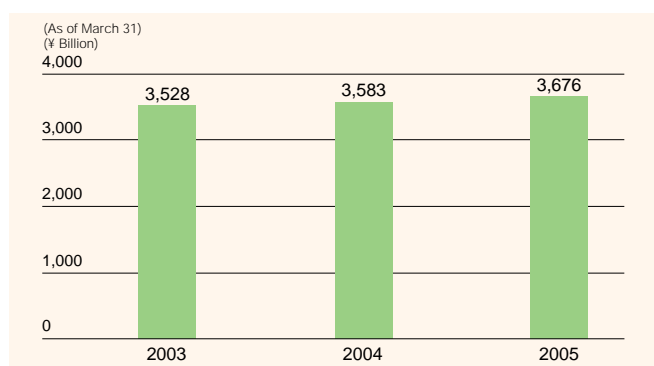
Non-accrual loans

In comparison with the previous fiscal year, non-accrual loans decreased by ¥18,388 million to become ¥88,531 million.



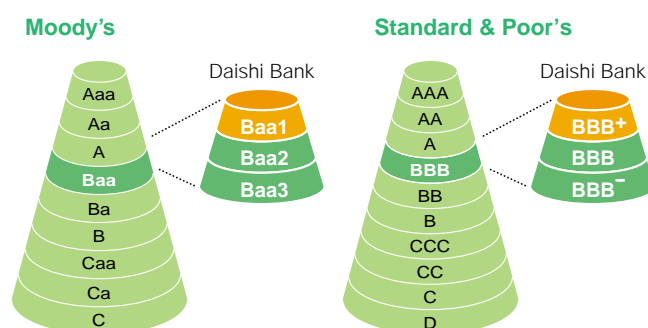
Deposits

The Bank's deposit balance continued on the previous fiscal year's growth, led by deposits within Niigata Prefecture.



Credit rating

Standard & Poor's has published a credit rating of BBB+ for the Bank, while Moody's has assigned the Bank a credit rating of Baa 1.



Raising Enterprise Value and Working in Harmony with the Region



K. Kojima

Kunito Kojima
President

Operating Environment

The domestic business environment in which the Daishi Bank, Ltd. operated in the 2004 fiscal year (year ending March 31, 2005) showed early promise, only to close with a more mixed picture toward the end of the fiscal year. In the first half of fiscal 2004, economic indicators were trending upward, as gains in the corporate sector flowed through to healthier household finances. By the second half of the fiscal year, however, a surge in exports had begun to ebb, while production levels flattened. Also affecting enterprise results was the escalating cost of raw materials, notably petroleum. Business results and personal consumption both slackened.

In Niigata Prefecture, however, the picture was one of temporary setbacks from several natural disasters, followed by recovery. A modest recovery in the first half of the fiscal year was briefly but unavoidably interrupted by the floods of July 13, followed by a series of typhoons. The Mid Niigata Earthquake, which struck central Niigata in October 2004 with a magnitude of 6.8, caused direct damage to areas close to the epicenter, and the effect on the landscape was sufficient to deal a severe blow to local tourism. Fortunately, production activities at local enterprises rebounded quickly and both employ-

ment and personal consumption brightened. The post-earthquake recovery was more rapid and vigorous than almost any observers had forecast.

For Japan's financial sector, the fiscal year under review was a period of new challenges and fresh opportunities. Deregulation continued apace, and the process of capping bank-deposit guarantees wrapped up in April 2005, driving a sharp diversification in customer needs. Today's remarkable strides in information technology (IT) development, while a boon to modern business in many ways, have also prompted a rise in the variety and severity of computer and Internet crime. Customers are becoming increasingly selective when choosing a bank, looking not only at service and convenience but also at each bank's stance regarding protection of assets and personal information against theft and abuse. Finally, in March 2005, the Financial Services Agency announced an "Action Program Concerning Enhancement of Relationship Banking Functions." Focusing on the two-year period to 2006, this Action Program aims to galvanize regional economies while making business easier for small and medium-sized enterprises (SMEs).

Message from the President

Long-Term Management Plan: NextStage 130

Daishi Bank's current three-year management plan, NextStage 130, which began April 2003, aims to position the Bank as a "relationship bank in harmony with the region." By steadily implementing the many provisions of this management plan, the Bank has succeeded in boosting earning margins, broadening its operating base and streamlining its management.

For its enterprise customers, Daishi Bank is deploying solutions-based operations, such as a business-matching service, and offering investment-banking services that are prompt, appropriate and of excellent quality. The Bank also focuses keenly on services to improve the business results of its customers, such as management-improvement support and support for early restructuring.

Services for individual customers aim to increase convenience by offering a range of products and services catering to customers' increasingly diverse needs and demands. For example, we provide financial consultation that takes into account the living patterns of each customer, and introduce new business channels for cus-

tomers to explore.

The Bank also prides itself on its thorough enforcement of compliance standards (including both legal requirements and ethical guidelines) and on its solid risk-management structure. By ensuring a robust management profile, Daishi Bank strives to win even stronger confidence from its customers.



Manifesto 2004

The Bank expects to meet all of the targets originally outlined in NextStage 130 by the end of fiscal 2005, the final year of the plan. This success only redoubles the Bank's determination to operate in harmony with the people of the Niigata region, constantly improving its enterprise value from the point of view of its stakeholders—including customers, the regional community, shareholders and employees. As Daishi Bank grows, it will continue to underpin and contribute to the growth and development of the regional business community.

The Bank is keenly aware that extrapolating present assumptions and values into future operations will not deliver staying power in today's business world. Rather, the Bank must advance along the path of flexibility, gaining the insight and resources to adapt rapidly in a business environment fraught with upheavals and radical change.

Positioning the Bank for this task will require two fundamental changes. First, Daishi Bank must urgently construct a new business model. Second, we need to inculcate in each and every employee and officer of the Bank an entirely new level of awareness and action. This is why, in fiscal 2004, the Bank carried out a battery of initiatives under the common theme of "Change." These measures, collectively entitled Manifesto 2004, consist of a threefold platform: building a management framework that serves customer needs; focusing on choices that strengthen profitability; and changing employee's awareness. In fiscal 2005 as well, these three pillars will underlie Manifesto 2005, as we seek to bring a new, more resilient and more effective Daishi Bank into being.

Transparency and Shareholder-Focused Management

One of the most vital themes of prudent bank management is the clear, widespread and accurate dissemination of information about the state of the Bank's operations and financial position.

Daishi Bank's commitment to transparency goes well beyond the disclosure standards mandated by law. We disclose all required information, along with a useful guide to our operations and services, on our website. But this is only the beginning. We also hold IR seminars on the Bank for investors once a year, visit institutional investors individually to explain our operations and policies, and conduct a series of activities to acquaint individual investors with the Bank and its business.

Going forward, the Bank will consistently work to make its information not only transparent but also easy to understand and available in a timely manner. The directors of the Bank recognize that a clear understand-

ing of the Bank's financial condition is a critical factor in our customers' selection of Daishi Bank as an institution with which they feel confident doing business.

The Bank's management is also devoted to the improvement of shareholder value. To this end, Daishi Bank has followed through on its capital policy, including the retirement and sale of treasury shares. In fiscal 2004, the Bank purchased 4,000 thousand Bank shares, performing retirement with retained earnings for a total of 6,800 thousand shares, including 2,800 thousand shares previously acquired. The ordinary year-end dividend paid by the Bank increased by ¥1 per share, for a total annual dividend of ¥6. The Bank intends to continue carrying out similar capital policies, to return earnings to shareholders and maintain a disciplined shareholder focus.

Conclusion

The foundations of the Bank's operations rest on two pillars: Operating in harmony with the regional community, and raising enterprise value from the standpoints of all stakeholders. These two principles sum up Daishi Bank's commitment to corporate social responsibility (CSR). By living up to the community's expectations of the Bank as a business enterprise, and by discharging the complete range of responsibilities with which it tasks itself, Daishi Bank earns widespread stakeholder trust and takes its place as an irreplaceable member of the community, contributing to the mutual harmony and prosperity of everyone in it. The Bank remains as dedicated as ever to the accomplishment of these duties through its operations in the banking sector.

Yet the bank contributes to the community in many other ways as well. Environmental action, social-service operations, compliance measures and disclosure are all elements of the Bank's CSR profile, and Daishi Bank is mounting vigorous campaigns on all of these fronts.

To be effective, CSR must take account of emerging developments in today's world. As globalization, recur-

ring corporate wrongdoing and other social changes prompt a greater commitment to CSR, companies need to rethink their CSR activities in a comprehensive way, incorporating these and other new challenges into their CSR approach.

Recognizing the fast-changing nature of the business environment, Daishi Bank is searching broadly to discover new ways of fulfilling its social responsibilities, marshaling Bank-wide resources to carry out effective CSR policies that will further solidify the community's confidence in its operations.

The directors of the Bank ask all stakeholders to support and encourage us in the pursuit of this mission.



Long-Term Management Plan: NextStage 130

NextStage130

Relationship Banking: A bank operating in harmony with the region

In NextStage 130, the Bank's current three-year plan (April 1, 2003 to March 31, 2006), Daishi Bank seeks to boost profitability and harmony with the region, while transforming its operating framework and organization into a new, relationship-oriented business model.

Action Policies

Reorganization of Relationships with Customers

The Bank is building stronger links of trust with its customers, by responding to their true needs and bolstering the quality of service.

Improving Problem-Solving Capabilities

The Bank is leveraging Bank-wide resources to deepen its specialized expertise and stand shoulder-to-shoulder with its customers and the regional community.

Securing a Sound Financial Constitution

By boosting profitability and the soundness of its financial base, while gradually and prudently expanding its risk-taking, the Bank is pursuing a pivotal role in the development of the local economy.

Manifesto 2004

Constructing a sales organization that responds to customer needs

- Share-subscription advisory services
- Expansion of weekend and holiday operations at loan centers
- Loan advisory gatherings at housing exhibitions on weekends and holidays

Focusing on choices that increase profitability

- Establishment of a Regional Development Support Office
- Development of operational capabilities in specialized fields

Transforming employee awareness

- Motivating the organization by offering advancement to young employees
- Introducing a performance-based personnel system

1 Strengthening Corporate Operations

Existing customers and new customers

New fields and entrepreneurs

Regional public organizations

Relationship banking

Branches

Head office

- Problem-solving operations
- Activities to support management improvements

- Rollout of new financial services
- Support for venture businesses

2 Strengthening Personal Business

Channels

Products and services

- Retail outlets and convenience-store ATMs
- Loan centers
- Individual Financial Planners

- Loan design and individual investment consultation
- Provision of deposit and investment products

3 Streamlining Operations

Reviewing and streamlining the personnel profile

Continuous review of personnel expenses

4 Revitalizing the Organization

Thorough implementation of performance-based pay and promotion

Training and motivation of personnel

5 A Sound Organization

Shareholder-focused management

Strengthening of riskmanagement systems

Compliance

Targets for fiscal 2005 (final year of the plan):

Tier I ROE

3%
or more

Tier I ratio

8%
or more

Capital-adequacy ratio

10%
or more

Gross-income OHR from core operations

67%
or less

Net income from core operations

¥20 billion
or more

Results in Fiscal 2004

Tier I ROE

6.66%

Tier I ratio

8.44%

Capital-adequacy ratio

10.49%

Gross-income OHR from core operations

65.28%

Net income from core operations

¥23.3 billion

Strengthening Corporate Operations

(1) Solutions-based operations

The central role of any bank is to provide a smooth and prudent flow of funds and value-added financial services. To play that part with maximum effectiveness, the Bank handles its corporate banking operations with a clear emphasis on contact-intensive, face-to-face discussions.

(2) Activities to support management improvements

To help its customers restructure or revitalize their operations, the Bank provides solid support for efforts to improve corporate management. Upon reaching a shared understanding of the management issues each client faces, the Bank assists in drawing up and executing effective improvement plans.



Strengthening Personal Business

(1) A comprehensive consultative framework

Our loan centers are staffed with advisors possessing extensive and detailed knowledge of loan operations and procedures. Customers can obtain loan advice even on holidays, weekends and weekday evenings.

(2) Investment products

To answer customers' diverse investment needs, the Bank handles a full gamut of investment vehicles, including deposit products, mutual funds and foreign-currency deposits. We are constantly working to diversify this line of products, introducing new products and assisting customers in updating their investment portfolios.



Streamlining Management

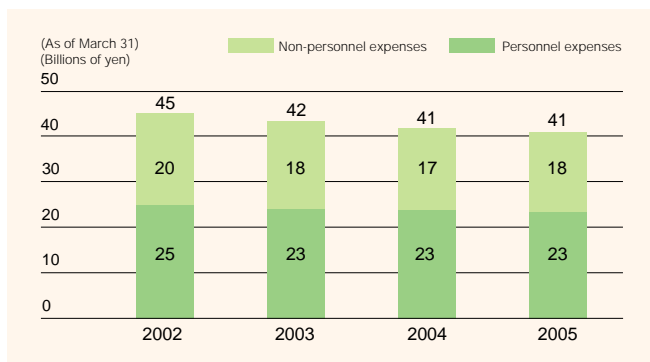
The Bank is working diligently to bring smoothness and efficiency to its operations, by centralizing administration and revising work processes. One measure the Bank is taking in this direction is to hire an additional 180 Career Mates as administrative-support staff, while reducing the number of Bank operational staff by 220. The Bank is also continuing its review of routine non-personnel expenses, with a view to finding significant savings.

Glossary

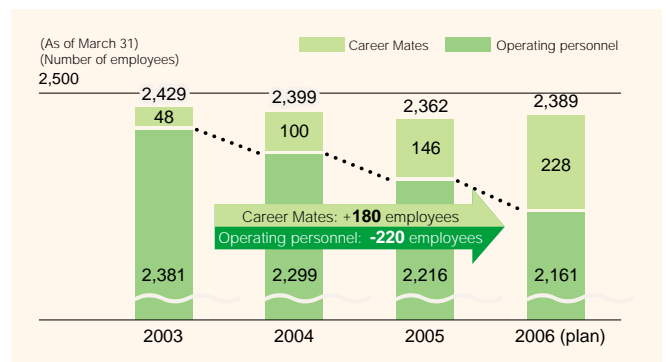
• Career Mates

In view of forecasts of its future personnel profile, in the 2002 fiscal year the Bank introduced a new personnel system. The new system provides for the hiring of experts in a number of front-line operations, as well as back-office functions such as handling of deposits and money orders.

Expense reductions



Personnel trends and plans



Corporate Governance and Risk Management

Basic Approach

Daishi Bank aims to be a bank that satisfies all its stakeholders, from customers to shareholders. On the financial front, we are bolstering the soundness of the Bank's asset portfolio and the profitability of its operations. At the same time, the Bank is enhancing auditing and monitoring of management, enforcing

thorough and consistent compliance, and improving transparency. One of the main themes of NextStage 130 is the formation of a sound management framework, and putting a comprehensive corporate-governance regime in place is among the Bank's most vital priorities.

Governance Framework

As of March 2005, the Board of Directors consists of 12 directors. Auditors audit and monitor the directors' execution of their duties.

The auditors (two internal auditors and two independent auditors) in principle convene the Board of Corporate Auditors once a month, closely monitoring the state of the Bank's management at all times. Moreover, statutory auditors attend all meetings of the Board of Directors and all other important meetings, regularly auditing and monitoring all management-related issues. These meetings also provide opportunities for the auditors voice their opinions on management and operational issues.

The Board of Corporate Auditors works closely with independent auditors and the Bank's internal-auditing organization, the Audit and Inspection Division, and assists independent auditors to ensure an efficient auditing process. The Board of Corporate Auditors also submits a general audit report every year to the Board of Directors, which carefully deliberates on the findings and views expressed therein before framing its policy response and providing answers to the Board of Corporate Auditors.

The Audit and Inspection Division provides a check on Bank operations independent from other sectors, staffed with its own dedicated team of auditors.

Every fiscal year, the Audit and Inspection Division conducts a comprehensive audit of the operations of all branches, head

offices and affiliates of the Bank, based on an auditing policy and auditing plan approved by the Board of Directors. In principle at least once a year, the Audit and Inspection Division carries out four kinds of audits. In the operational audit, the Audit and Inspection Division tests and assesses the efficiency and effectiveness of the Bank's operations and risk-management framework. The compliance audit examines and appraises adherence to legal requirements and Bank-internal codes of conduct, while the systems audit searches the Bank's IT infrastructure for signs of systems risk. Finally, an asset audit is carried out to examine the status of organization and implementation of self-auditing systems, along with an internal credit-examination system. The results of these audits, whose combined effect is to ensure that the internal-audit process is exhaustive and comprehensive, are reported to the Board of Directors and the Board of Corporate Auditors.

When a decision on legal matters is required, Daishi Bank calls on the third-party services of advisory legal attorneys. As well as providing advice, these attorneys also sometimes serve in an educational capacity, teaching legal seminars to raise awareness of compliance matters among head-office personnel. In addition, independent auditors audit the Bank's accounts to provide regular proposals for the improvement of Bank operations.

Risk Management

The advance of financial deregulation and globalization, coupled with rapid progress in the IT sphere, has significantly broadened the scope of products and services that banks can handle. Each time financial institutions widen their circle of operations, however, the risks they confront grow more varied and complex.

To support a sound management base for its operations, and to win the confidence of its customers, Daishi Bank is strengthening its risk-management framework. As ever, Daishi Bank recognizes the critical importance of assessing and analyzing risk accurately and controlling it in an effective and appropriate manner.

The Bank has instituted a number of committees to oversee risk management. The Risk Management Committee organizes

and takes charge of Bank-wide risk management. The ALM Committee measures and analyzes risk, with the aim of controlling risk and securing stable revenues, and the Compliance Committee examines operations to ensure strict compliance with all applicable laws and regulations. These committees work in concert to address and resolve a wide range of risk-related issues.

For each type of risk, a specific department is tasked with responsibility for the management of that risk, to ensure effective risk management. Strict auditing and internal controls across all operations examine the appropriateness of all operational procedures.

(1) Credit risk

Credit risk is the risk that a company or individual to whom a bank has lent money may fail to repay some or all of the principal and interest owed to the bank, usually due to bankruptcy or other deterioration of financial circumstances, resulting in a loss incurred by the bank.

At Daishi Bank, we manage credit risk based on our Credit Policy. This basic policy for the Bank's financial operations was drafted according to the fundamental principles of strict adherence to the law and contributing to the prosperity of the regional community.

Tasked with general supervision of credit risk is the Credit Supervision Division, which sets criteria for credit examination and autonomous assessment of assets.

Daishi Bank has gone to great lengths to ensure appropriate handling of credit issues. A key feature of the Bank's credit risk management framework is the complete separation of the Audit and Inspection Division from the business promotion section, ensuring prudent credit examination.

Daishi Bank is also marshalling Bank-wide resources to support efforts by its corporate clients to improve the quality of its management. Through these efforts, the Bank is striving to ensure a sound asset base.

To foster strict and accurate credit examination, autonomous assessment of lending is carried out at two levels, with local branches and the Loan Examination Division each conducting separate investigations. The Audit and Inspection Division then gives the results of these examinations a final review, to ensure the accuracy and appropriateness of the autonomous credit-examination assessments.

Daishi Bank is currently working to strengthen and enhance its credit risk management functions by quantifying credit risk* and building and enhancing systems for credit examination.

***Quantification of credit risk**

The expression of the degree of risk in quantitative form, based on statistical treatment of data from various rating services

(2) Market risk

Market risk is the risk that assets held by a bank may fall in value due to fluctuations in market factors, causing the bank to incur a loss. Such market factors include domestic and foreign interest rates, valuations on securities and foreign exchange rates.

Each fiscal year Daishi Bank establishes an asset liability management (ALM) policy, to establish the quantitative level of risk that the Bank deems acceptable and ensure stable earnings. Based on this policy, we set risk-taking and loss limits. In addition, an ALM Committee meets once a month, in principle to discuss important issues in market risk management. If the market sections encounter a serious incident, this framework ensures that the details are reported to management immediately.

The handling of market transactions is separated between mar-

ket administration (the Treasury and Capital Markets Division), office administration (the Securities and International Division) and integrated risk administration (the Management Administration Division). We are also constructing a framework of checks and balances, to ensure that the auditing section can operate with maximum efficacy.

The Bank is constantly working to strengthen and enhance its management of market risks. For example, the Bank conducts daily VaR* measurements to ensure quick and accurate assessment and analysis of risks associated with financial-market fluctuations.

***VaR: Value at Risk**

A risk-management technique in which statistical methods are used to calculate the maximum loss that can occur within a given period.

(3) Liquidity risk

Liquidity risk is the risk of cash shortfall caused by mismatches in the timing of cash procurement and investment, unforeseen expenditures, or market congestion that prevents the prompt processing of market transactions.

At Daishi Bank, we take every precaution to ensure a sound financial basis, knowing full well that the most important factor in reducing liquidity risk is the confidence of customers and financial markets. The securities and International Division, which handles cash flow issues for the Bank, carefully manages cash positions and liquidity preparation, while the Management Administration Division, the Bank's risk management arm, conducts daily monitoring of cash-flow status. Through the activities of these divisions, Daishi Bank works to maintain smooth cash flow.

In addition, the Bank stipulates a set of Liquidity Risk Management Rules, which spell out how to respond in the face of unexpected events, and is taking steps to implement a framework to maintain stable cash flow.

Corporate Governance and Risk Management

(4) Administrative risk

Administrative risk is the risk of loss to a bank due to incidents arising from errors or illegal acts in the course of administering bank processes such as deposit-taking, money orders and credit services.

For each type of transaction, the Bank has established a dedicated division to ensure that clerical processing is handled correctly and efficiently. The Operation Administration Division handles deposits and money orders; the Credit Supervision Division oversees lending activity; and the Securities and International Division handles foreign exchange transactions. By overhauling the various regulations concerned with clerical and administrative processes, the Bank is reducing the attendant risks.

When customers agree to use Daishi Bank's services, Bank employees take great care to explain the details of each financial instrument and contract. By patiently and fully explaining each item, Daishi Bank reassures customers with a full understanding of the implications of each undertaking.

Daishi Bank also employs a rigorous system of checks and balances. The Audit and Inspection Division audits each Branch Office, Division, and Bank affiliate at least once a year. In addition, each branch office conducts its own self-assessment on a monthly basis.

(5) System risk

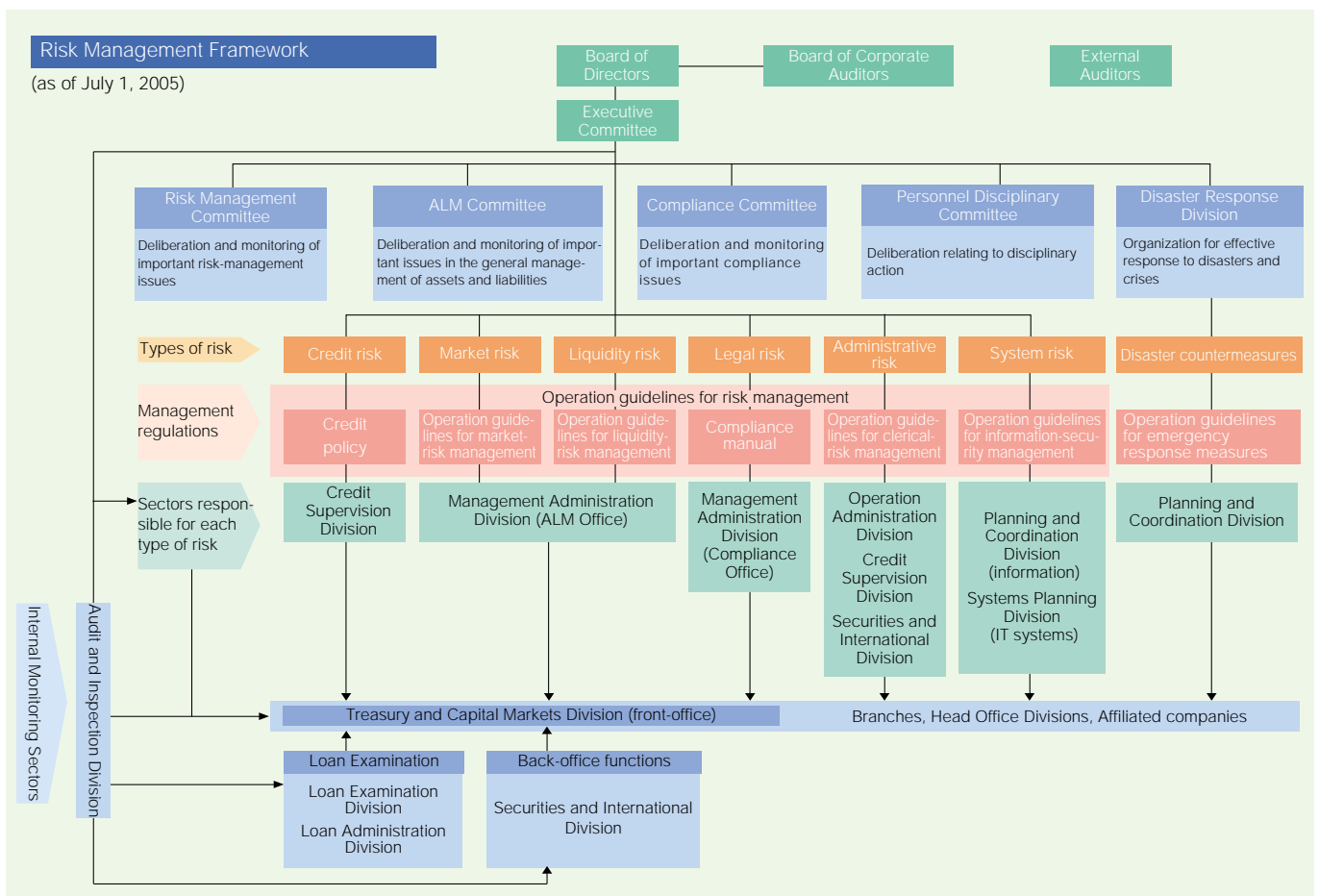
System risk is the risk that a bank will incur a financial loss as a result of a shutdown or malfunction of its computer system caused by an accident or failure, or as a result of unlawful use of its computer system.

As a precaution against accidents or illegal access to computer systems, the Bank is implementing duplication of computer devices and circuits and establishing backup systems in locations outside Niigata Prefecture. Daishi Bank is confident that these measures will enable it to mount a rapid and effective response in the event of fire or other accidents.

The Bank also conducts regular bank-wide drills to prepare for a disaster or system failure. Furthermore, each Division runs repeated drills to prepare for emergencies and conducts training in the operation of backup systems.

To protect the integrity of information assets, the Bank has adopted a set of Information Security Management Rules. These rules provide for the construction of a strict management and operational framework to prevent the disclosure of confidential information.

The Audit and Inspection Division conducts regular tests of the effectiveness of the Bank's risk management structures through its audits of each branch office and division. In areas where specialized expertise is required, Daishi Bank obtains the services of external auditors.



Compliance

Daishi Bank clearly recognizes that trust is the most valuable asset a bank can have, and that solid rules for compliance are the bedrock of sound management and earning the goodwill of the community. We position compliance as a management issue of the utmost importance. To establish a management structure that

is firmly founded on a spirit of strict compliance, every one of the Bank's directors takes an active role in ensuring that the following four basic principles of compliance are scrupulously observed in all aspects of Bank operations.

Four basic principles of compliance

- (1) The Bank will establish a compliance system supported by scrupulous corporate ethics and careful coverage of legal risk, and prepare an action plan to execute the new system.
- (2) All employees will have a thorough understanding of the letter and spirit of the Bank's Code of Ethics, a common beacon of light for all management. Bank all directors and employees will thoroughly understand the Code and put it into practice as their common guiding policy.
- (3) Through training and educational activities, the Bank will nurture and establish a deep ethical outlook and spirit of compliance. The Bank will also promote a system of checks and balances to prevent unlawful actions.
- (4) The Bank will regularly check, report on and evaluate the progress of implementation and compliance, identifying issues and tackling them at an early stage. The Bank will also establish effective measures for correcting problems and preventing any recurrence.

Compliance System

(1) Divisions

The Compliance Committee, whose activities are linked closely with everyday operations, meets in principle once a month to discuss the status of compliance issues.

The Compliance Office, established within the Management Administration Division, plans compliance measures, provides valuable support to each division and offers guidance on compliance issues to each branch.

(2) Branches

Every branch manager and office manager serves as the compliance officer for that branch or office, and each assistant manager is responsible for checking on legal issues. Moreover, each branch has its own Compliance Committee, which examines conditions and implements measures to prevent compliance problems from arising, discover any problems at an early stage, and prevent any problems from recurring.

(3) Training and Education

The Compliance Manual is a set of standards distributed to all of the Bank's executives. This manual is used for joint training exercises and compliance seminars within each branch and office. Moreover, in 2005 the Bank launched an e-learning service. Through all of these training activities, the Bank broadening and deepening employee awareness of compliance issues.

Contributing to the Community

As a bank dedicated to harmony with the regional community, Daishi Bank examines its corporate social responsibilities in a broad-based manner. In addition to prudently managing matters directly relating to its bank-

ing operations, the Bank enthusiastically supports regional development, environmental protection and social services.

1. Revitalizing the Regional Community

(1) Business-matching support activities

The Daishi Managers' Club is an organization of some 1,600 of the Bank's corporate customers. This club forms a network that members can leverage to support development of their operations and earnings. Through events such as trade shows and presentations, the club's operations create opportunities for numerous fruitful business deals.



(2) Investment banking

To answer the wide-ranging needs of its corporate customers, the Bank is an active provider of investment-banking services, including underwriting of privately-offered corporate bonds and arrangement of syndicated loans.

(3) Establishment of the Regional Development Office

In December 2004 the Bank established the Regional Development Office, aiming to contribute to regional economic development with a long-term view. In partnership with key local players such as Niigata University and the Agriculture, Forestry and Fisheries Finance Corporation, this office deploys a full spectrum of regional-development initiatives.

(4) Earthquake-recovery support

In October 2004, a major earthquake struck Niigata, causing substantial damage. To provide support for stricken areas and people, the Bank created financial products with special interest-rate structures and contributed earthquake-relief funds of ¥123 million.



(5) Tourism support activities

One of the mainstay industries in Niigata Prefecture is tourism. To stimulate growth in this vital sector, the Bank sponsors a wide range of support activities, including special events to attract visitors and tourism promotion forums.



The 1st and 2nd floors of the Tokyo Branch building are being provided to the Niigata Prefectural Government's Industrial Creation Organization (NICO), and are used by many of Niigata's enterprises.

2. Reducing Environmental Impact and Addressing Problems in the Regional Environment

(1) Energy-saving measures

The Bank is working on many fronts to reduce energy consumption. Ongoing efforts include saving electricity, enforcing paperless document management and recycling wastepaper.

(2) Offering products that reduce environmental impact

To encourage environmentally responsible purchasing decisions, the Bank offers loans with favorable rates of interest for the purchase of fuel-efficient cars, home improvements that protect the environment, and other environmentally friendly items. In this way the Bank contributes directly to environmental protection through its financial products.

(3) Environmental activities at Bank branches

Every Daishi Bank branch does its part to beautify the area in which it operates and to solve local environmental issues, creating a more livable environment for all.



This park is cleaned by the employees.

3. Cultural Promotion and Social Services

(1) Supporting musical culture

To contribute to the regional community through music, the Bank sponsors mini-concerts at seniors' residences and primary and junior high schools in the region.

(2) Educational activities

In addition to providing education about financial matters to students ranging from primary school to university age, the Bank avidly supports programs to train young athletes.

(3) Social-service activities

Since 1970, the Bank has presented tulips to a variety of social-service facilities. In 2005, the Bank delivered tulips to 89 such locations.



A Czech Philharmonic sextet performs at Koidego Cultural Hall, Uonuma.

Consolidated Balance Sheet

As of March 31, 2004 and March 31, 2005

Note: The Japanese yen amounts are translated into US dollars using the exchange rate prevailing March 31, 2005, which was US\$1 = ¥107.39.

	Millions of Yen		Thousands of U.S. Dollars
	2004	2005	2005
ASSETS			
Cash and due from banks (Note 3)	¥ 106,257	¥ 113,337	\$ 1,055,380
Call loans and bills purchased	76,585	45,369	422,474
Commercial paper and other debt purchased	17,311	19,606	182,570
Trading account securities (Notes 4 and 10)	17,027	10,914	101,633
Money held in trust	158,752	160,408	1,493,702
Securities (Notes 4 and 10)	1,256,466	1,429,212	13,308,621
Loans and bills discounted (Notes 7 and 10)	2,304,493	2,223,626	20,706,088
Foreign exchanges	2,355	13,131	122,282
Other assets	51,613	40,592	377,991
Premises and equipment, net	88,394	87,055	810,648
Deferred tax assets (Note 12)	18,329	3,562	33,174
Customers' liabilities for acceptances and guarantees	30,594	40,054	372,978
Allowance for loan losses	(47,417)	(32,495)	(302,591)
Allowance for investment losses	(130)	(71)	(662)
Total Assets	¥ 4,080,634	¥ 4,154,306	\$ 38,684,292
LIABILITIES, MINORITY INTERESTS AND STOCKHOLDERS' EQUITY			
Liabilities			
Deposits (Note 8)	¥ 3,593,125	¥ 3,737,228	\$ 34,800,527
Call money and bills sold	165,642	80,712	751,585
Borrowed money (Note 9)	30,417	29,173	271,657
Foreign exchanges	222	338	3,156
Other liabilities	33,586	25,036	233,140
Reserve for employees' retirement benefits (Note 11)	15,353	12,395	115,427
Deferred tax liabilities (Note 12)	55	80	748
Deferred tax liabilities for land revaluation reserve (Note 13)	7,110	6,774	63,083
Acceptances and guarantees	30,594	40,054	372,978
Total Liabilities	¥ 3,876,108	¥ 3,931,795	\$ 36,612,306
Minority interests	6,554	7,574	70,528
Stockholders' equity (Note 15)			
Common stock:	¥ 32,776	¥ 32,776	\$ 305,214
Authorized-576,999 thousand shares,			
Issued-374,679 thousand shares			
Capital surplus	18,636	18,643	173,603
Retained earnings	108,774	115,262	1,073,306
Land revaluation reserve, net of tax (Note 13)	10,490	9,994	93,064
Net unrealized holding gains on securities available for sale	28,883	38,703	360,403
Treasury stock	(1,590)	(444)	(4,135)
Total Stockholders' equity	197,971	214,936	2,001,457
	¥ 4,080,634	¥ 4,154,306	\$ 38,684,292

See accompanying notes.

Consolidated Statement of Operations

Years ended March 31, 2004 and March 31, 2005

Note: The Japanese yen amounts are translated into US dollars using the exchange rate prevailing March 31, 2005, which was US\$1 = ¥107.39.

	Millions of Yen		Thousands of U.S. Dollars
	2004	2005	2005
Income			
Interest on loans and discounts	¥ 44,608	¥ 41,844	\$ 389,652
Interest and dividends on securities	19,710	22,256	207,245
Other interest income	297	487	4,542
Fees and commissions	12,360	13,366	124,462
Other operating income	1,591	2,196	20,456
Other income (Note 17)	26,906	36,723	341,961
Total Income	¥ 105,475	¥ 116,874	\$ 1,088,321
Expenses			
Interest on deposits	¥ 1,179	¥ 1,461	\$ 13,610
Interest on borrowings and rediscounts	652	688	6,415
Other interest expenses	3,836	4,314	40,178
Fees and commissions	2,222	2,480	23,095
Other operating expenses	1,742	3,966	36,937
General and administrative expenses	48,379	47,731	444,473
Provision for loan losses	1,463	—	—
Other expenses (Note 18)	32,457	35,165	327,458
Total Expenses	¥ 91,933	¥ 95,809	\$ 892,168
Income before income taxes and minority interests	13,541	21,064	196,152
Provision for income taxes:			
Current	5,252	705	6,566
Deferred	1,511	8,611	80,186
Net income before minority interests	6,777	11,748	109,399
Minority interests	523	843	7,852
Net Income	¥ 6,254	¥ 10,905	\$ 101,547
		Yen	U.S. Dollars
Amounts per share of common stock:			
Net income	¥ 16.44	¥ 28.84	\$ 0.26
Cash dividends	6.00	6.00	0.05

See accompanying notes.

Consolidated Statement of Stockholders' Equity

Years ended March 31, 2004 and March 31, 2005

Note: The Japanese yen amounts are translated into US dollars using the exchange rate prevailing March 31, 2005, which was US\$1 = ¥107.39.

	Millions of Yen						
	Shares of common stock (Thousands)	Common stock	Capital surplus	Retained earnings	Land revaluation reserve, net of tax	Net unrealized holding gains on securities available for sale	Treasury stock
Balance at March 31, 2003	381,479	¥ 32,776	¥ 18,635	¥ 104,106	¥10,805	¥ 16,932	¥ (1,563)
Net income	—	—	—	6,254	—	—	—
Land revaluation reserve, net of tax	—	—	—	315	(315)	—	—
Net unrealized holding gains on securities available for sale	—	—	—	—	—	11,951	—
Gains on sale of shares of treasury stock	—	—	1	—	—	—	—
Treasury stock	—	—	—	—	—	—	(26)
Cash dividends	—	—	—	(1,869)	—	—	—
Bonuses to directors and corporate auditors	—	—	—	(32)	—	—	—
Balance at March 31, 2004	381,479	¥ 32,776	¥ 18,636	¥ 108,774	¥10,490	¥ 28,883	¥ (1,590)
Net income	—	—	—	10,905	—	—	—
Land revaluation reserve, net of tax	—	—	—	496	(496)	—	—
Net unrealized holding gains on securities available for sale	—	—	—	—	—	9,820	—
Gains on sale of shares of treasury stock	—	—	6	—	—	—	—
Treasury stock	—	—	—	—	—	—	(1,475)
Cash dividends	—	—	—	(2,243)	—	—	—
Bonuses to directors and corporate auditors	—	—	—	(49)	—	—	—
Retirement of treasury stock	(6,800)	—	—	(2,621)	—	—	2,621
Balance at March 31, 2005	374,679	¥ 32,776	¥ 18,643	¥ 115,262	¥ 9,994	¥ 38,703	¥ (444)

	Thousands of U.S. Dollars						
	Common stock	Capital surplus	Retained earnings	Land revaluation reserve, net of tax	Net unrealized holding gains on securities available for sale	Treasury stock	
Balance at March 31, 2004	\$305,214	\$173,543	\$1,012,892	\$97,684	\$268,959	\$(14,808)	
Net income	—	—	101,547	—	—	—	
Land revaluation reserve, net of tax	—	—	4,620	(4,620)	—	—	
Net unrealized holding gains on securities available for sale	—	—	—	—	91,444	—	
Gains on sale of shares of treasury stock	—	60	—	—	—	—	
Treasury stock	—	—	—	—	—	(13,735)	
Cash dividends	—	—	(20,889)	—	—	—	
Bonuses to directors and corporate auditors	—	—	(456)	—	—	—	
Retirement of treasury stock	—	—	(24,408)	—	—	24,408	
Balance at March 31, 2005	\$305,214	\$173,603	\$1,073,306	\$93,064	\$360,403	\$ (4,135)	

See accompanying notes.

Consolidated Statement of Cash Flows

Years ended March 31, 2004 and March 31, 2005

Note: The Japanese yen amounts are translated into US dollars using the exchange rate prevailing March 31, 2005, which was US\$1 = ¥107.39.

	Millions of Yen		Thousands of U.S. Dollars
	2004	2005	2005
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 13,541	¥ 21,064	\$ 196,152
Adjustments to reconcile income before provision for income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	13,559	13,510	125,807
Net change in allowance for loan losses	(12,171)	(14,921)	(138,949)
Net change in liability for employees' retirement benefits	993	(2,958)	(27,544)
Interest and dividend income	(64,617)	(64,588)	(601,441)
Interest expenses	5,667	6,465	60,204
Net loss on sales and maturities of securities	(1,923)	2,235	20,816
Losses on sales of premises and equipment	977	655	6,101
Net change in:			
Trading account securities	(2,443)	6,113	56,923
Loans and bills discounted	73,135	80,866	753,014
Deposits	55,072	92,763	863,796
Negotiable certificate deposits	(38,920)	51,340	478,070
Borrowed money (excluding subordinated loans)	(1,479)	(1,243)	(11,580)
Due from banks except for the Bank of Japan	482	(9)	(92)
Call loans and bills purchased	(66,343)	28,920	269,303
Call money and bills sold	(19,962)	(84,929)	(790,850)
Corporate Bond	(12,020)	—	—
Interest received	69,760	68,325	636,236
Interest paid	(7,484)	(6,838)	(63,678)
Other – net	(8,970)	(16,522)	(153,858)
sub-total	(3,143)	180,246	1,678,430
Income taxes paid	(1,841)	(3,961)	(36,888)
Total adjustments	(18,526)	155,220	1,445,389
Net cash provided by operating activities	¥ (4,984)	¥ 176,285	\$ 1,641,541
Cash flows from investing activities:			
Purchases of securities	(412,543)	(659,027)	(6,136,764)
Proceeds from sales of securities	198,382	221,147	2,059,294
Proceeds from maturity of securities	205,871	284,878	2,652,744
Purchases of money held in trust	(22,432)	(545)	(5,080)
Purchases of premises and equipment	(13,789)	(14,154)	(131,804)
Proceeds from sales of premises and equipment	1,543	2,211	20,591
Net cash used in investing activities	¥ (42,968)	¥ (165,490)	\$ (1,541,019)
Cash flows from financing activities:			
Dividends paid	(1,869)	(2,243)	(20,889)
Dividends paid to minority stockholders	(10)	(13)	(126)
Purchases of treasury stock	(41)	(1,658)	(15,445)
Proceeds from sales of treasury stock	15	190	1,770
Net cash used in financing activities	¥ (1,905)	¥ (3,725)	\$ (34,690)
Net change in cash and cash equivalents	(49,858)	7,069	65,831
Cash and cash equivalents at beginning of the year	155,709	105,850	985,668
Cash and cash equivalents at the end of the year	¥ 105,850	¥ 112,920	\$ 1,051,499

See accompanying notes.

Notes to Consolidated Financial Statements

Years ended March 31, 2004 and March 31, 2005

1. Basis of presenting consolidated financial statements

The Daishi Bank, Ltd., (the "Bank") and its consolidated domestic subsidiaries maintain their official accounting records in Japanese yen in accordance with the provisions set forth in the Japanese Commercial Code, the Bank Law of Japan, and the Securities and Exchange Law, and in conformity with accounting principles and practices generally accepted in Japan ("Japanese GAAP"). Certain accounting principles and practices generally accepted in Japan are different from International Accounting Standards and standards in other countries in certain respects as to application and disclosure requirements. Accordingly, the accompanying consolidated financial statements are intended for use by those who are informed about Japanese accounting principles and practices.

The accompanying consolidated financial statements have been restructured and translated into English with some expanded descriptions and the inclusion of consolidated statements of stockholders' equity from the consolidated financial statements of the Bank which were prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Securities and Exchange Law. Some supplementary information included in the statutory Japanese-language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

Amounts less than one million yen have been omitted. As a result, the totals in Japanese yen shown in the financial statements do not necessarily agree with the sum of the individual amounts.

The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers, using the prevailing exchange rate at March 31, 2005, which was ¥107.39 to U.S. \$1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Significant accounting policies

Consolidation

The consolidated financial statements include the accounts of the Bank and all of its subsidiaries, which are majority-owned. All significant intercompany balances and transactions have been eliminated.

Cash and cash equivalents

In preparing the consolidated statements of cash flows, cash and due from the Bank of Japan are considered to be cash and cash equivalents.

Trading account securities

The Bank's trading-account securities are stated at fair market value, and unrealized gains or losses are recognized in the consolidated statements of income. Realized gains or losses on sale of such securities are computed using primarily the moving-average cost.

Securities

According to the Japanese Accounting Standards for Financial Instruments, securities are classified as follows based on the intentions for which they are held: (a) securities held for trading purposes (hereafter, "trading securities"), (b) debt securities intended to be held to maturity (hereafter, "held-to-maturity debt securities"), (c) equity securities issued by subsidiaries and affiliated companies, and (d) all other securities not classified in any of the above categories (hereafter, "available-for-sale securities")

Trading securities are stated at fair market value. Gains and losses realized on disposal and unrealized gains and losses from market value fluctuations are recognized as gains or losses in the period of the change.

Held-to-maturity debt securities are stated at amortized cost.

Equity securities issued by subsidiaries and affiliated companies which are not consolidated or accounted for using the equity method are stated at moving-average cost.

Available-for-sale securities with available fair market values are stated at fair market value. Unrealized gains and unrealized losses on these securities are reported, net of applicable income taxes, as a separate component of stockholders' equity. Realized gains and losses on sale of such securities are computed using moving-average cost.

Debt securities with no available fair market value are stated at amortized cost, net of the amount considered not collectible. Other securities with no available fair market value are stated at moving-average cost.

If the market value of held-to-maturity debt securities, equity securities issued by unconsolidated subsidiaries and affiliated companies, and available-for-sale securities, declines significantly, such securities are stated at fair market value and the difference between fair market value and the carrying amount is recognized as loss in the period of the decline. If the fair market value of equity securities issued by unconsolidated subsidiaries and affiliated companies not on the equity method is not readily available, such securities should be written down to net asset value with a corresponding charge in the income statement in the event net asset value declines significantly. In these cases, such fair market value or the net asset value will be the carrying amount of the securities at the beginning of the next year.

Securities included in money held in trust account are stated in the same manner for securities mentioned above.

Derivatives

Derivative financial instruments are stated at fair value and changes in the fair value are recognized as gains or losses unless derivative financial instruments are used for hedging purposes.

Premises and equipment

Premises and equipment are stated at cost less accumulated depreciation except for certain revalued land used for business operations as explained in Note 13.

Depreciation of premises and equipment is computed using the declining-balance method at rates based on the estimated useful lives of respective assets. The estimated useful lives of major items are as follows:

Buildings: 10–50 years

Others: 2–20 years

Software cost

Software for internal use is amortized on a straight-line basis over its estimated useful life (principally 5 years).

Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the balance sheet date.

Allowance for loan losses

For loans to insolvent customers who are undergoing bankruptcy or other collection proceeding or in a similar financial condition, allowance for loan losses is provided in the full amount of such loans, excluding the portion that is estimated to be recoverable due to available security interests or guarantees.

For the unsecured and unguaranteed portions of loans to customers not presently in the above circumstances but for which there is a high probability of so becoming, the allowance for loan losses is provided for estimated unrecoverable amounts determined after evaluating the customer's overall financial conditions.

For other loans, allowance for loan losses is provided based on the rate of the Bank's actual loan losses in the past.

All branches and other business-related sections evaluate all loans in accordance with the self-assessment rule. Their evaluations are audited by the asset audit section, which is independent from branches and other business-related sections. The evaluations are revised as required based on the audits.

Also, consolidated subsidiaries provide for allowance for loan losses. These consist of the estimated uncollectible amount with respect to identified doubtful accounts and an amount calculated using mainly the rate of actual loan losses in the past.

Loans to insolvent customers who are undergoing

bankruptcy or other collection proceedings or in a similar financial condition are stated net of estimated uncollectible amount equal to the full amount of such loans less the portion that is estimated to be recoverable due to available security interests or guarantees. Such estimated uncollectible amount directly deducted from receivables amounted to ¥32,024 million and ¥29,790 million (\$277,406 thousand) at March 31, 2004 and 2005, respectively.

Reserve for employees' retirement benefits

The Bank provides two types of post-employment benefit plans, funded lump-sum payment plans and funded non-contributory pension plans, under which all eligible employees are entitled to benefits based on the level of wages and salaries at the time of retirement or termination, length of service and certain other factors.

Also, consolidated subsidiaries provide lump-sum payment plans.

The Bank contributed certain marketable equity securities to an employee retirement benefit trust.

Liabilities and expenses for employees' retirement benefits are determined based on the amounts actuarially calculated using certain assumptions. The Bank and its consolidated subsidiaries provide a reserve for employees' severance and retirement benefits based on the estimated amounts of projected benefit obligation at the balance sheet date and the fair value of the plan assets at that date.

Prior service costs are recognized in profit and loss using the straight-line method over 10 years commencing with the year incurred.

Actuarial gains and losses are recognized in expenses using the straight-line method over 10 years commencing with the following period.

In accordance with the implementation of the Defined Benefit Enterprise Pension Plan Law, the Bank received an approval by the Ministry of Health, Labor and Welfare for exemption from future retirement benefit obligation on April 1, 2004, and received an approval of the release from the past portion on March 30, 2005.

Consequently, the Bank records extraordinary gains of ¥6,547 millions (\$60,972 thousand) in the year ended March 31, 2005.

Allowance for investment losses

Allowance for investment losses is provided for the estimated losses on investments based on the evaluation of the financial conditions of the investees.

Accounting for certain lease transactions

Finance leases, which do not transfer ownership to lessees, are accounted for in the same manner as operating leases.

Hedge accounting

(1) Hedge accounting for interest-rate risk

The hedge accounting method the Bank applies to hedging transactions for interest-rate risk arising from financial assets and liabilities is the deferred hedge accounting stipulated in the Treatment for Accounting and Auditing of the Application of Accounting Standards for Financial Instruments in the Banking Industry (JICPA Industry Audit Committee Report No.24). The Bank assesses the effectiveness of such hedge for offsetting changes in interest rate, by classifying the hedged items (such as deposits and loans) and the hedging instruments (such as interest rate swaps) by their maturity. The Bank assesses the effectiveness of such hedges for fixing cash flows by verifying the correlation between the hedged items and the hedging instruments.

(2) Hedge accounting for exchange-rate risk

The hedge accounting method the Bank applies to hedging transactions for exchange-rate risk arising from foreign-currency-denominated financial assets and liabilities is the deferred hedge accounting stipulated in the Treatment for Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry (JICPA Industry Audit Committee Report No.25).

The effectiveness of such hedge is assessed by considering currency swap transactions and foreign exchange swap transactions, which are for the purpose of offsetting foreign exchange risks arising from foreign-currency-denominated financial assets and liabilities as hedge instruments, as hedging instruments, and by verifying the existence of foreign-currency positions of such hedging instruments matching up to the foreign-currency-denominated assets and liabilities, the hedged items.

Amounts per share

Computation of net income per share is based on the weighted-average number of common shares outstanding during each year.

Cash dividends per share represent the actual amounts declared as applicable to the respective years.

Changes in Presentation

The Law Concerning the Amendment of the Securities and Exchange Laws (Law No. 97, June 9, 2004) defined that equity interest in investment enterprise limited liabilities associations and associations under Civil Law and anonymous associations which are classified as investment enterprise limited liabilities associations are the Securities under the Securities and Exchange Law, and, accordingly, such equity which used to be included in the Other assets have been included in the Securities effective the fiscal year ended March 31, 2005. Equity gain and loss acquired by the operation of such associations, which used to be included in the Other income, are included in the Interest and dividends on

securities effective the fiscal year ended March 31, 2005.

Additional information

With the issue of the Revision of the Local Tax Law (Law No. 9, 2003) on March 31, 2003, a part of the tax basis of enterprise taxes comprises “amount of added value” and “amount of capital” from the fiscal year commenced on April 1, 2004. As a result, enterprise taxes that are calculated based on “amount of added value” and “amount of capital” are included in “General and administrative expenses” from this term pursuant to the Practical Treatment for Presentation of External Based-Corporate Enterprise Taxes in the Statement of Income (Accounting Standards Board, Practical Solution Report No. 12).

3. Cash and cash equivalents

The reconciliation of cash and due from banks in the consolidated balance sheets and cash and cash equivalents in the consolidated statements of cash flows for 2004 and 2005, is as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Cash and due from banks	¥ 106,257	¥ 113,337	\$ 1,055,380
Other	(406)	(416)	(3,880)
Cash and cash equivalents	¥ 105,850	¥ 112,920	\$ 1,051,499

4. Securities

(A) The following tables summarize acquisition costs, book values, fair value and other information of securities with available fair values as of March 31, 2004 and 2005:

(1) Trading securities

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Book value	¥ 17,027	¥ 10,914	\$ 101,633
Amount of net unrealized gains Included in the income statement	12	43	405

(2) Held-to-maturity debt securities

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Book value	¥ 74,203	¥ 69,346	\$ 645,746
Fair value	77,439	71,838	668,951
Difference	3,236	2,491	23,204

(3) Available-for-sale securities

	Millions of yen		
	2004		
	Acquisition cost	Book value	Difference
Equity securities	¥ 76,653	¥ 113,872	¥ 37,219
Bonds	751,271	757,565	6,293
Other than equity securities and bonds	293,567	298,872	5,304
Total	¥ 1,121,492	¥ 1,170,310	¥ 48,818

	Millions of yen		
	2005		
	Acquisition cost	Book value	Difference
Equity securities	¥ 76,368	¥ 124,357	¥ 47,989
Bonds	804,982	818,958	13,976
Other than equity securities and bonds	393,277	395,690	2,412
Total	¥ 1,274,628	¥ 1,339,006	¥ 64,378

	Thousands of U.S. dollars		
	2005		
	Acquisition cost	Book value	Difference
Equity securities	\$ 711,132	\$ 1,157,999	\$ 446,866
Bonds	7,495,879	7,626,024	130,145
Other than equity securities and bonds	3,662,141	3,684,608	22,466
Total	\$ 11,869,153	\$ 12,468,632	\$ 599,478

(B) The following tables summarize book values of securities with no available fair values as of March 31, 2004 and 2005:

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Held-to-maturity debt securities:			
Non-listed corporate bonds	¥ 7,352	¥ 7,560	\$ 70,397
Available-for-sale securities:			
Non-listed equity securities	¥ 3,399	¥ 3,533	\$ 32,904
Non-listed corporate bonds	6,390	15,868	147,760
Investment enterprise limited liability association and others	—	1,194	11,127

(C) Available-for-sale securities with maturities and held-to-maturity debt securities are as of March 31, 2004 and 2005:

	Millions of yen			
	2004			
	Within one year	One to five years	Five to ten years	Over ten years
Japanese government bonds	¥ 56,413	¥ 134,314	¥ 86,279	¥ 162,279
Jananese local government bonds	22,387	87,770	105,714	—
Corporate bonds	41,422	104,995	43,934	—
Others	34,593	195,345	40,219	—
Total	¥ 154,816	¥ 522,425	¥ 276,147	¥ 162,279

	Millions of yen			
	2005			
	Within one year	One to five years	Five to ten years	Over ten years
Japanese government bonds	¥ 55,320	¥ 142,462	¥ 94,928	¥ 193,546
Jananese local government bonds	19,615	85,241	70,241	—
Corporate bonds	46,477	119,823	84,076	—
Others	74,162	167,724	98,999	—
Total	¥ 195,575	¥ 515,250	¥ 348,246	¥ 193,546

	Thousands of U.S. dollars			
	2005			
	Within one year	One to five years	Five to ten years	Over ten years
Japanese government bonds	\$ 515,135	\$ 1,326,589	\$ 883,962	\$ 1,802,274
Jananese local government bonds	182,654	793,752	654,079	—
Corporate bonds	432,792	1,115,775	782,912	—
Others	690,586	1,561,821	921,869	—
Total	\$ 1,821,169	\$ 4,797,938	\$ 3,242,824	\$ 1,802,274

(D) Held-to-maturity debt securities sold in the year ended March 31, 2005 were ¥627 million and the related gain was ¥27 million. There were no such sales in 2004.

(E) Net unrealized holding gains on available-for-sale securities at March 31, 2004 and 2005 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Unrealized holding gains on available-for-sale securities	¥ 48,819	¥ 64,674	\$ 602,241
Deferred tax liability	(19,728)	(25,572)	(238,129)
sub-total	29,091	39,101	364,111
Minority Interests	(207)	(398)	(3,707)
Net unrealized holding gains on Available-for-sale securities	¥ 28,883	¥ 38,703	\$ 360,403

(F) Total sales of available-for-sale securities sold in the year ended March 31, 2004 amounted to ¥ 174,203 million and the related gains and losses amounted to ¥ 3,851 million and ¥ 1,762 million, respectively, and those sales in the year ended March 31, 2005 amounted to ¥ 218,425 million (\$ 2,033,950 thousand) and the related gains and losses amounted to ¥ 2,272 million (\$ 21,162 thousand) and ¥ 4,324 million (\$ 40,266 thousand), respectively.

5. Derivative financial instruments

The Bank engages in derivative transactions to mitigate interest rate risk and liquidity risk of foreign currencies in the normal course of asset-liability management (ALM), and to meet customers' needs. The Bank established the ALM committee and Risk Control Team to assess derivative transactions and market risks surrounding these transactions according to the Bank's policy regarding derivative transactions. The Risk Control Team analyzes risks related to derivative transactions and reports to the ALM committee for review every month.

The Bank's consolidated subsidiaries did not engage in any derivative transactions for the years ended March 31, 2004 and 2005.

The following tables summarized the underlying notional principal amounts and fair values for outstanding derivative financial instruments by risk category and instrument type at March 31, 2004 and 2005:

(1) Interest-rate-related transaction

	Millions of yen		Thousands of U.S. dollars	
	2004		2005	
	Notional principal amount	Fair value	Notional principal amount	Fair value
Swap:				
Receive variable-pay fixed rate	¥ 2,056	¥ (56)		
Swap:				
Receive variable-pay fixed rate	¥ 584	¥ (9)	\$ 5,445	\$ (84)

(2) Foreign-exchange-related transactions

	Millions of yen		Thousands of U.S. dollars	
	2004		2005	
	Notional principal amount	Fair value	Notional principal amount	Fair value
Foreign-exchange contract:				
Sell	¥ 60,625	¥ 1,234		
Buy	9,978	(252)		
Currency options				
Sell	16,912	(675)		
Buy	16,923	675		
Foreign exchange contract:				
Sell	¥ 33,326	¥ (218)	\$ 310,335	\$ (2,032)
Buy	7,826	(87)	72,879	(810)
Currency options				
Sell	47,910	(1,329)	446,137	(12,381)
Buy	48,014	1,331	447,105	12,400

Fair values of interest-rate and currency-swap contracts are estimated based on the discounted-cash-flow method. Derivative transactions for which hedge accounting is applied are excluded from the table above. Because the Bank adopted the transitional treatments prescribed in the Industry Audit Committee Report No. 24 and No. 25.

(3) Bond-related transactions

	Millions of yen	
	2004	
	Notional principal amount	Fair value
Futures:		
Sell	¥ 2,765	¥ 14

There were no bond-related transactions in 2005.

6. Information for certain lease transactions

Lessee:

The Bank and its consolidated subsidiaries lease certain equipment under noncancellable finance and operating leases. Finance leases that do not transfer ownership to lessees are not capitalized and are accounted for in the same manner as operating leases. Certain information for such non-capitalized finance leases for the years ended March 31, 2004 and 2005 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Equivalent amount:			
Acquisition cost	¥ 98	¥ 113	\$ 1,054
Accumulated depreciation	(78)	(97)	(905)
Estimated net book value	¥ 20	¥ 15	\$ 148
	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Lease payments	¥ 21	¥ 20	\$ 194
Equivalent of depreciation expense	18	18	175
Equivalent of interest expense	0	0	2

Equivalent of depreciation expense is computed using the straight-line method over the lease terms assuming no residual value. Equivalent of interest expense is computed using interest rate method over the lease terms for the difference between acquisition cost and total lease payments.

Future minimum lease payments under the non-cancelable finance and operating leases having remaining terms in excess of one year at March 31, 2005 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2005		
Due within one year	¥ 5		\$ 49
Due after one year	10		100
Total minimum lease payments	¥ 16		\$ 149

Lessor:

Certain equipment of the Bank and its consolidated subsidiaries is leased under finance leases. For the years ended March 31, 2004 and 2005, the amounts of equipment for leased assets, lease income, depreciation expense and estimated interest income were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Acquisition cost	¥ 81,207	¥ 83,510	\$ 777,641
Accumulated depreciation	(49,926)	(50,545)	(470,674)
Net book value	¥ 31,280	¥ 32,965	\$ 306,966

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Lease income	¥ 11,734	¥ 12,086	\$ 112,551
Depreciation expense	10,204	10,429	97,118
Estimated interest income	1,052	1,145	10,667

Estimated interest income is computed using the interest-rate method over the lease terms for the difference between acquisition cost and total lease receipts. Future minimum lease receipts under these non-cancelable finance and operating lease arrangements at March 31, 2005 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2005		
Due within one year	¥ 9,762		\$ 90,911
Due after one year	21,662		201,719
Total future minimum lease receipts	¥ 31,425		\$ 292,630

7. Loans and bills discounted

Loans and bills discounted at March 31, 2004 and 2005 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Loans on notes	¥ 222,089	¥ 193,966	\$ 1,806,185
Loans on deeds	1,624,068	1,601,685	14,914,662
Bills discounted	56,816	49,703	462,832
Overdrafts	395,642	372,329	3,467,074
Other	5,876	5,942	55,333
Total	¥ 2,304,493	¥ 2,223,626	\$ 20,706,088

Non-accrual loans, accrual loans past due over more than three months and restructured loans at March 31, 2004 and 2005 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Non-accrual loans:			
Loans to borrowers under bankruptcy proceedings	¥ 8,201	¥ 3,870	\$ 36,037
Loans past due six months or more	98,718	84,661	788,358
Total non-accrual loans	¥ 106,919	¥ 88,531	\$ 824,396
Accrual loans past due over more than three months	¥ 140	¥ 443	\$ 4,126
Restructured loans - adjusted the terms in favor of borrowers for financial assistance	¥ 53,514	¥ 24,835	\$ 231,266

8. Deposits

Deposits at March 31, 2004 and 2005 consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2004	2005	2004	2005
Current deposits	¥ 152,774	¥ 169,500	\$ 1,578,360	
Ordinary deposits	1,447,013	1,651,773	15,381,078	
Negotiable certificates of deposits	10,490	61,830	575,751	
Savings deposits	43,647	41,262	384,234	
Deposits at notice	27,699	30,901	287,754	
Time deposits	1,755,243	1,623,191	15,114,923	
Other deposits	156,258	158,768	1,478,424	
Total	¥ 3,593,125	¥ 3,737,228	\$ 34,800,527	

9. Borrowed money

Borrowed money included subordinated loans totaling ¥22,000 million and ¥22,000 million (\$204,860 thousand) at March 31, 2004 and 2005, respectively.

10. Pledged Assets

At March 31, 2005, the following assets were pledged as collateral for settlement of exchange, short-term financial transaction, and forward exchange contracts.

	Millions of yen		Thousands of U.S. dollars	
	2004	2005	2004	2005
Trading account securities	¥ 495	¥ 495	\$ 4,609	\$ 4,609
Securities	408,481	408,481	3,803,718	3,803,718
Loans	29,500	29,500	274,699	274,699
Total	¥ 438,476	¥ 438,476	\$ 4,083,027	\$ 4,083,027

In addition to the above, future lease payments to be received were pledged as collateral for borrowed money in the amount of ¥5,773 million (\$53,760 thousand) at March 31, 2005.

Guaranty money deposited was included in premises and equipment, and amounted to ¥512 million (\$ 4,776 thousand) at March 31, 2005.

11. Employee's severance and pension benefits

The liabilities for severance and retirement benefits included in the liability section of the consolidated balance sheets as of March 31, 2004 and 2005 consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2004	2005	2004	2005
Projected benefit obligation	¥ 78,914	¥ 62,496	\$ 581,959	\$ 581,959
Pension assets	(42,321)	(42,225)	(393,197)	(393,197)
Unrecognized actuarial differences	(25,015)	(11,366)	(105,846)	(105,846)
Unrecognized prior service cost	3,777	3,491	32,511	32,511
Liability for severance and retirement benefits	¥ 15,353	¥ 12,395	\$ 115,427	\$ 115,427

Included in the consolidated statements of operations for the years ended March 31, 2004 and 2005 are severance and retirement benefit expenses comprising of the following:

	Millions of yen		Thousands of U.S. dollars	
	2004	2005	2004	2005
Service costs – benefits earned during the year	¥ 1,566	¥ 1,242	\$ 11,567	\$ 11,567
Interest cost on projected benefit obligation	1,745	1,599	14,897	14,897
Expected return on plan assets	(1,208)	(1,378)	(12,833)	(12,833)
Amortization of prior service cost	(440)	(701)	(6,529)	(6,529)
Amortization of actuarial differences	2,564	2,993	27,874	27,874
Other	281	228	2,125	2,125
Severance and retirement benefit expenses	¥ 4,508	¥ 3,984	\$ 37,102	\$ 37,102

Basic assumptions used in calculating employees' retirement benefits:

	2004	2005
Discount rate	2.0%	2.0%
Expected return rate of assets	0–3.5%	0–3.5%
Allocation basis of expect retirement benefits	Fixed	Fixed
Amortization term of unrecognized prior service cost	10 years	10 years
Amortization term of unrecognized actuarial differences	10 years	10 years

12. Income taxes

The Bank is subject to a number of taxes levied on income, which, in the aggregate, indicate a statutory rate in Japan of approximately 41.7 % for the year ended March 31, 2004 and 40.4% for the year ended March 31, 2005.

The following table summarizes the significant differences between the statutory tax rate and the Bank's effective tax rate for financial statement purposes for the years ended March 31, 2004 and 2005:

	2004	2005
Statutory tax rate	41.7%	40.4%
Increase of valuation allowance	8.8	4.5
Non-taxable income(dividend income, etc.)	(2.2)	(1.6)
Non-deductible expenses	0.5	0.3
Inhabitants tax	0.4	0.3
Other	0.7	0.3
Effective tax rate	49.9%	44.2%

Significant components of deferred tax assets and liabilities at March 31, 2004 and 2005 were as follows:

	Millions of yen		Thousands of
	2004	2005	U.S. dollars
Deferred tax assets:			
Allowance for loan losses and write-off claims	¥ 26,764	¥ 20,440	\$ 190,342
Retirement benefits	7,469	6,183	57,575
Depreciation of premises and equipment	2,121	1,910	17,793
Other	4,260	3,706	34,518
Less valuation allowance	(1,219)	(1,531)	(14,264)
Total deferred income tax assets	39,395	30,709	285,965
Deferred tax liabilities:			
Unrealized gains on securities available for sale	(19,728)	(25,572)	(238,129)
Gain on contribution of securities to employee retirement benefit trust	(1,066)	(1,025)	(9,551)
Other	(326)	(629)	(5,858)
Total deferred income tax liabilities	(21,121)	(27,227)	(253,539)
Net deferred tax assets	¥ 18,274	¥ 3,482	\$ 32,426

13. Land revaluation reserve, net of tax

Pursuant to the Law concerning Revaluation of Land (the "Law"), land used for business operations was revalued at fair value at March 31, 1998. Due to the revaluation, land was appreciated by ¥21,889 million to ¥41,412 million at March 31, 1998. Net unrealized gain was classified in a separate component of stockholders' equity, net of applicable income taxes, as "Land revaluation reserve, net of tax" and in liabilities as "Deferred tax liabilities for land revaluation reserve" in the accompanying consolidated balance sheets. Under the Law, once the Bank revalued the land, it is not permitted to revalue the land again. Such unrealized revaluation loss at March 31, 2005 was ¥16,565 million (\$154,251 thousand).

14. Accumulated depreciation of premises and equipment

Accumulated depreciation of premises and equipment was ¥103,532 million as of March 31, 2004 and ¥103,930 million (\$967,783 thousand) as of March 31, 2005.

15. Stockholders' equity

Under the Commercial Code of Japan (the "Code") and the Banking Law of Japan, the following is provided:

Under the Code, the entire amount of the issue price of shares is required to be accounted for as capital, although a company may, by resolution of its Board of Directors, account for an amount not exceeding one-half of the issue price of the new shares as additional paid-in capital, which is included in capital surplus.

The Code and Banking Law provide that an amount equal to at least 20% of cash dividends and other cash appropriations shall be appropriated and set aside as a legal earnings reserve until the total amount of legal earnings reserve and additional paid-in capital equals 100% of common stock. The legal earnings reserve and additional paid-in capital may be used to eliminate or reduce a deficit by resolution of the stockholders' meeting or may be capitalized by resolution of the Board of Directors. On condition that the total amount of legal earnings reserve and additional paid-in capital remains equal to or exceeds 100% of common stock, they are available for distribution by the resolution of stockholders' meeting. Legal earnings reserve is included in retained earnings in the accompanying financial statements.

The maximum amount that the Bank can distribute as dividends is calculated based on the non-consolidated financial statements of the Bank in accordance with the Code.

The stockholders' meeting in June 2000 approved a stock option plan. The Bank granted stock options to key officers and employees for 1,235,000 common shares. The stock purchase rights are to be exercised at a price of ¥399 per share in the period from June 30, 2002 to June 30, 2005.

16. Segment information

Segment information for the years ended March 31, 2004 and 2005 is shown in the tables below:

(1) Business segment information

	Millions of Yen					
	2004					
	Banking	Leasing	Other	Total	Elimination or Corporate	Consolidated
Operating income:						
External customers	¥ 83,388	¥ 17,509	¥ 2,918	¥ 103,815	¥ —	¥ 103,815
Intersegment	692	655	3,280	4,628	(4,628)	—
Total	84,081	18,164	6,199	108,444	(4,628)	103,815
Operating expenses	72,181	17,744	5,578	95,504	(4,775)	90,728
Operating profit (loss)	¥ 11,899	¥ 419	¥ 620	¥ 12,940	¥ 147	¥ 13,087
Assets	¥ 4,057,509	¥ 49,542	¥ 13,661	¥ 4,120,713	¥ (40,079)	¥ 4,080,634
Depreciation and amortization	2,496	11,063	3	13,562	(3)	13,559
Capital expenditures	2,113	14,312	0	16,425	—	16,425

	Millions of Yen					
	2005					
	Banking	Leasing	Other	Total	Elimination or corporate	Consolidated
Operating income:						
External customers	¥ 80,140	¥ 18,037	¥ 2,790	¥ 100,968	¥ —	¥ 100,968
Intersegment	660	934	3,235	4,829	(4,829)	—
Total	80,800	18,972	6,025	105,798	(4,829)	100,968
Operating expenses	75,329	18,074	4,621	98,024	(4,811)	93,213
Operating profit	¥ 5,470	¥ 897	¥ 1,404	¥ 7,773	¥ (17)	¥ 7,755
Assets	¥ 4,130,939	¥ 51,166	¥ 13,936	¥ 4,196,042	¥ (41,735)	¥ 4,154,306
Depreciation and amortization	2,399	11,112	2	13,513	(3)	13,510
Capital expenditures	2,380	13,452	0	15,832	—	15,832

	Thousands of U.S. Dollars					
	2005					
	Banking	Leasing	Other	Total	Elimination or corporate	Consolidated
Operating income:						
External customers	\$ 746,253	\$ 167,966	\$ 25,987	\$ 940,207	\$ —	\$ 940,207
Intersegment	6,147	8,698	30,124	44,970	(44,970)	—
Total	752,400	176,665	56,111	985,177	(44,970)	940,207
Operating expenses	701,455	168,303	43,033	912,792	(44,806)	867,986
Operating profit	\$ 50,944	\$ 8,361	\$ 13,078	\$ 72,384	\$ (164)	\$ 72,220
Assets	\$ 38,466,705	\$ 476,453	\$ 129,771	\$ 39,072,931	\$ (388,638)	\$ 38,684,292
Depreciation and amortization	22,342	103,473	22	125,838	(30)	125,807
Capital expenditures	22,162	125,269	0	147,432	—	147,432

Notes:

1. Yen amounts are rounded down to the nearest million yen.
2. The business segmentation is determined based on the Bank's internal administrative purposes.
3. Operating income represents total income excluding gains on sale of shares and other securities, collection of bad debt recovered, gains on sales of premises and equipment and other extraordinary income. Operating expenses represent total expenses excluding write-off claims, losses on sales of premises and equipment, losses on devaluation of shares and other securities and other extraordinary expense.
4. Segmentation is based on each consolidated company's line of business. "Others" represents non-banking business, credit card business and so forth.

(2) Segment information by location

Since the operating income and assets consist of only one segment, "Japan," segment information by location for the years ended March 31, 2004 and 2005 is not disclosed.

(3) International operating Income

Since international operating income is less than 10% of the total operating income for the years ended March 31, 2004, such information is not disclosed.

	Millions of yen	Thousands of U.S. dollars
	2005	
International operating income:		
International operating income	¥ 10,755	\$ 100,156
Total operating income	100,968	940,207
ratio	10.6%	10.6%

17. Other income

Other income for the years ended March 31, 2004 and 2005 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Transfer from reserve for possible loan losses	¥ —	¥ 7,717	\$ 71,868
Gain on sale of shares and other securities	2,819	964	8,978
Bad debt recovered	1,650	1,475	13,740
Gains on the release from the substitutional portion of the government's welfare pension insurance scheme	—	6,547	60,972
Other	22,435	20,017	186,401
Total	¥ 26,906	¥ 36,723	\$ 341,961

18. Other expenses

Other expenses for the years ended March 31, 2004 and 2005 consisted of the following:

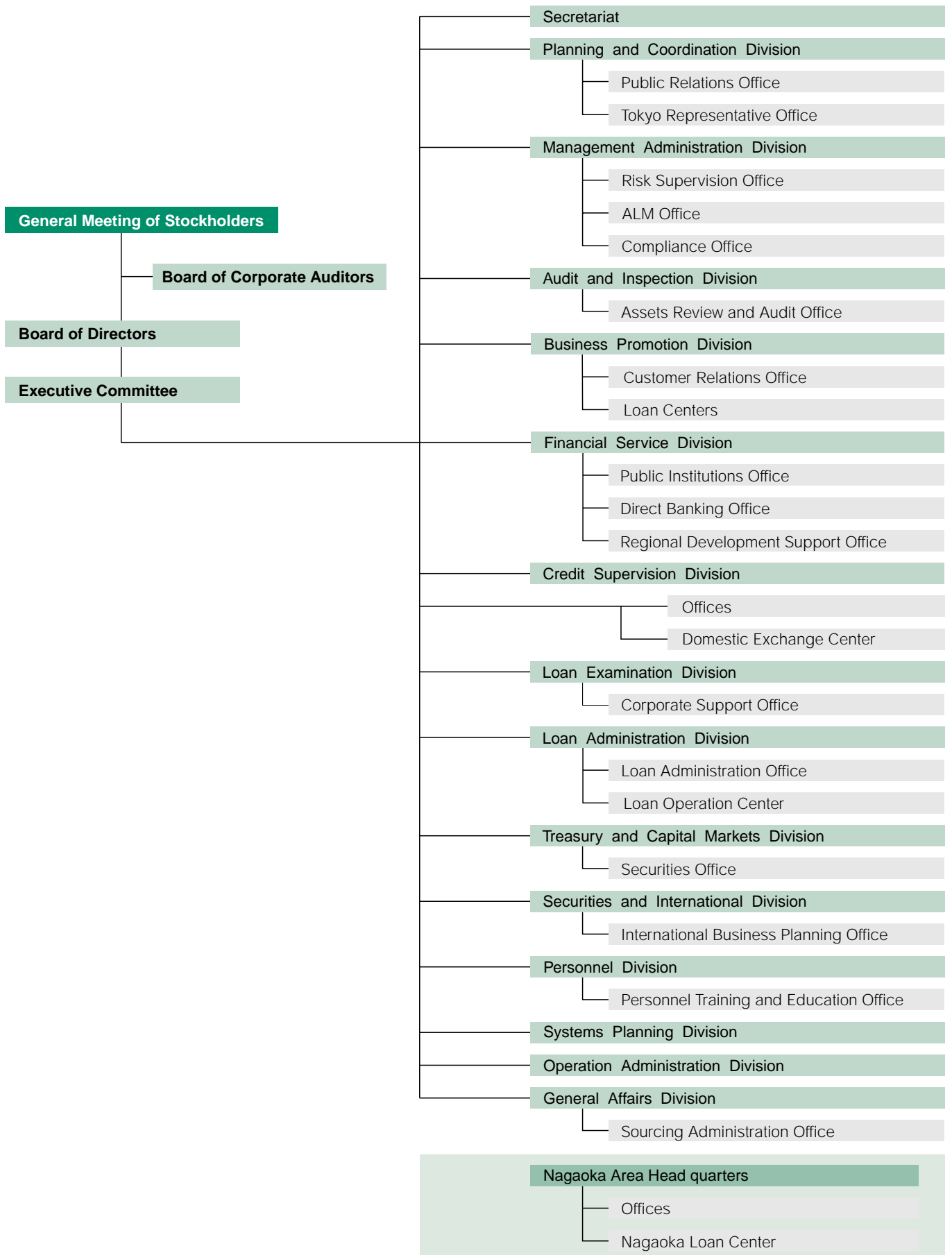
	Millions of yen		Thousands of U.S. dollars
	2004	2005	2005
Write-off of claims	¥ 9,712	¥ 11,262	\$ 104,875
Losses on sales of premises and equipment	1,092	689	6,419
Losses on devaluation of shares and other securities	177	118	1,106
Other	21,475	23,094	215,056
Total	¥ 32,457	¥ 35,165	\$ 327,458

19. Subsequent events

At the general meeting held on June 28, 2005, the stockholders approved a cash dividend totaling ¥1,308 million (\$12,182 thousand) or ¥3.50 per share.

Corporate Organization Directory Chart

(As of July 1, 2005)



Board of Directors and Corporate Auditors

Board of Directors

President

Kunito Kojima

Senior Managing Director

Haruki Kobayashi

Managing Directors

Masayuki Obara

Kenichi Yazawa

Hisao Sasagawa

Shigeru Watanabe

Directors

Setsuo Uchiyama

Yoshihito Saito

Kiyofumi Tamaki

Sumio Taneda

Fujio Namiki

Yasuhisa Ogura

Standing Corporate Auditors

Kenichi Ito

Eiichi Takahashi

Corporate Auditors

Gen Hoshino

Tadashi Maruyama

Securities and International Division (International Division) General Manager

Kouichi Satou

(As of July 1, 2005)

Service Network

Head Office

1071-1, Higashiborimae-dori

7-bancho, Niigata 950-8746

Telephone: (025) 222-4111

URL: <http://www.daishi-bank.co.jp/>

Securities and International Division (International Division) Headquarters

Address: same as above.

Telephone: (025) 222-4111

Facsimile: (025) 225-2331

SWIFT: DAIS JPJT

Number of Offices by Area

Niigata	119
Tokyo	2
Others	7
Total	128

(As of July 1, 2005)

Major stockholders (10 largest)

As of March 31, 2005	Number of Shares (Thousand)	Percent
1. Nippon Life Insurance Company	12,826	3.42
2. Japan Trustee Service Bank, Ltd. (Trust Account)	10,166	2.71
3. Employees' stockholdings	9,501	2.53
4. NIPPONKOA Insurance Co., Ltd.	9,464	2.52
5. The Master Trust Bank of Japan, Ltd. (Trust Account)	9,146	2.44
6. Tokio Marine & Nichido Fire Insurance Co., Ltd.	8,384	2.23
7. Meiji Yasuda Life Insurance Company	8,159	2.17
8. Mizuho Corporate Bank, Ltd.	7,999	2.13
9. The Bank of Tokyo-Mitsubishi, Ltd.	7,386	1.97
10. Tohoku Electric Power Co., Inc.	6,029	1.60

Subsidiaries

Company	Major business	Incorporation	Capital	Ratio of shareholder voting rights held by the Daishi Bank
The Daishi Business Service Co., Ltd. 1-20, Horinouchi Minami 3-chome, Niigata 950-0982	Assessment of secured property	May 26, 1978	10 million yen	100%
The Daishi Staff Service Co., Ltd. 224-1, Honcho-dori 5-bancho, Niigata 951-8067	Supply of temporary staff	Oct. 28, 1988	20 million yen	100%
The Daishi Cash Business Co., Ltd. 1-20, Horinouchi Minami 3-chome, Niigata 950-0982	Cash settlements and processing services	Sept. 11, 1996	10 million yen	100%
The Daishi Jimu Shuchu Co., Ltd. 1-17, Abumi 1-chome, Niigata 950-0913	Consignment of clerical services	Mar. 15, 2000	10 million yen	100%
The Daishi Lease Co., Ltd. 2-10, Akashi 2-chome, Niigata 950-0084	General leasing business	Nov. 11, 1974	100 million yen	5%
The Daishi Computer Service Co., Ltd. 1-17, Abumi 1-chome, Niigata 950-0913	Computer-related services	May 10, 1976	15 million yen	5%
The Daishi Guaranty Co., Ltd. 224-1, Honcho-dori 5-bancho, Niigata 951-8067	Credit guarantee business	Oct. 27, 1978	50 million yen	5%
The Daishi JCB Card Co., Ltd. 1245, Kamiokawamae-dori 8-bancho, Niigata 950-8068	Credit card and credit guaranty businesses	Nov. 12, 1982	30 million yen	5%
The Daishi Capital Co., Ltd. 1-18, Higashi-odori 2-chome, Niigata 950-0087	Venture capital	June 8, 1984	20 million yen	5%
The Daishi DC Card Co., Ltd. 1245, Kamiokawamae-dori 8-bancho, Niigata 950-8068	Credit card business	March 1, 1990	30 million yen	5%

