

ANNUAL REPORT **2003**

Year ended March 31, 2003



THE HACHIJUNI BANK, LTD.

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The Hachijuni Bank, Ltd. is one of the leading regional banks in Japan. We are based in Nagano Prefecture, which is located in the center of Japan and is noted for the coexistence of beautiful nature and advanced industries.

Since its establishment in 1931 in Nagano City, Hachijuni has consistently maintained sound management policies, and is now considered to be one of the financially soundest Japanese banks.

Branches of Hachijuni Bank can be found in Nagano, Gunma, Saitama and Niigata prefectures, as well as in Tokyo, Osaka and Nagoya metropolitan areas. We also have overseas branch in Hong Kong, as well as, the Singapore Representative Office, the Shanghai Representative Office and Hachijuni Asia Limited, a subsidiary in Hong Kong.



Head Office:178-8, Okada Nagano-City 380-8682, Japan
Phone:(026)227-1182

Establishment:August 1, 1931

Network:154 Domestic brunches (Japan)

1 Overseas brunch (Hong Kong)

2 Representative Offices (Singapore and Shanghai)

Number of employees:3,386

(as of March 31, 2003)

CONTENTS

1	Message from the President	9	Independent Auditors' Report
2	Management Policies	10	Financial Section
2	Business Performance and Financial Standings	10	Consolidated Balance Sheets
4	Corporate Governance	11	Consolidated Statements of Operations
4	Risk Management	12	Consolidated Statements of Stockholders' Equity
6	Environment Conservation Activities	13	Consolidated Statements of Cash Flows
7	International Operations	14	Notes to Consolidated Financial Statements
8	Organization	24	Corporate Data
8	International Banking Group		
8	Board of Directors		
8	Corporate Auditors		



Message from the President

August 2003

We would like to express our thanks for your patronage.

Since its establishment in 1931, and in tandem with the development of the regional economy, Hachijuni Bank has grown as a regional financial institution. This is in large part due to the long-lasting support and patronage of our customers, our shareholders, and the community, for which we are very grateful.

We have prepared our “Annual Report 2003” to present in an easy-to-understand format our earnings results and the details of businesses for the fiscal year which ended on March 31, 2003. We sincerely hope that you will use this report to increase your understanding of Hachijuni Bank.

We were able to mark an operating profit of ¥14.2 billion, and a net income of ¥8.8 billion in the fiscal year which ended on March 31, 2003, mainly because of a decrease in the disposal of non-performing loans and losses related to securities investment. This was a substantial recovery from the negative net income results of the previous fiscal year.

The environment surrounding financial institutions will probably become increasingly difficult, due to deepening uncertainties over the global economy and intensified deflationary conditions.

In light of this harsh environment, we want to increase the transparency of our management by disclosing information. We also hope to become an ever more trusted bank, based on our management philosophy of sticking to sound and healthy banking practices, thereby contributing to the development of the regional communities. To provide financial services, to contribute to the development of the regional economy, and to meet our social responsibilities, every one of our employees will be committed to achieving the trust and meeting the expectations of our customers, the community, and shareholders.

We sincerely hope for your continued support and patronage.

Sincerely,

Kazuyuki Narusawa
President

Management Policies

Management Philosophy

“Stick to sound and healthy banking practices thereby contributing to the development of the regional communities”

The Bank aims to become an institution which is able to gain customers' trust by providing convenient “customer-first” services.

In the drastically changing environment surrounding financial institutions, the Bank is trying very hard to win the trust from customers, shareholders and people in the regional communities as well as to respond to their expectations in providing financial services, contributing to the development of the regional economy and fulfilling social responsibilities in the communities. In order to achieve this goal, every one of officers and employees of the Bank commits to revolutionize their ideas and actions.

Long-term Management Plan & Target Indexes (from April 2001 to March 2004)

“Aggressive entry into new market and expansion of contact opportunities with customers”

- (1) Reinforcement in making inroads into the retail market
- (2) Development of new service channel
- (3) Proactive entry into e-Business

With these slogans, the Bank strives for enhancing financial strength to survive this turbulent era.

Under this plan, the Bank had established target indexes focusing more on reinforcement of profitability and aims to achieve these initial goals by steadily implementing various policy measures even in this severe economic and financial environment.

Goals to be achieved by March 31, 2004

(1) Tier I capital adequacy ratio	7.6%
(2) Return on assets (ROA), excluding general reserve for possible loan losses	0.7%
(3) General and administrative expenses as a percentage of gross business profit (OHR)	62%
ROE as the result of the above	4%

Business Performance and Financial Standings

Financial Highlights

Financial Highlights (Consolidated)	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
For the year:			
Total income	¥ 182,741	¥ 179,487	\$ 1,520,314
Total expenses	165,772	205,093	1,379,138
Income before income taxes and Minority interest	16,969	(25,605)	141,175
Net income	8,884	(15,545)	73,915
Per share of common stock (in yen and dollars):			
Net income	¥ 16.39	¥ (28.71)	\$ 0.13
At year-end:			
Deposits	¥ 5,132,476	¥ 5,167,114	\$ 42,699,475
Loans and bills discounted	3,730,731	3,810,902	31,037,698
Securities	1,414,491	1,388,772	11,767,817
Total assets	5,727,043	5,801,974	47,645,949
Stockholders' equity	329,342	353,311	2,739,953
Risk-adjusted Capital Ratio (BIS Standards)	10.39%	10.42%	

Notes: 1. Yen figures have been rounded down to the nearest million yen.

2. The United States dollar amounts represent translations of Japanese yen at the exchange rate of ¥120.20 to US\$1.00 on March 31, 2003.

3. Net income per share is based on the weighted average number of shares of common stock outstanding during each year.

Summary of Business Performance

Consolidated Business Results

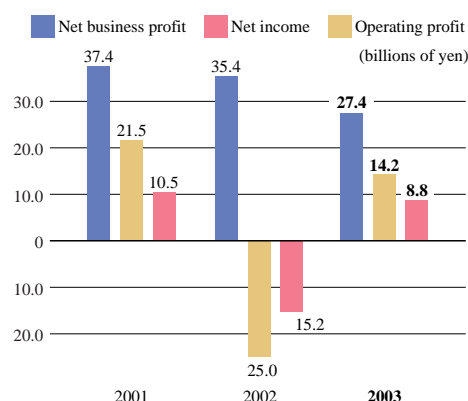
Despite of a net loss in the Fiscal 2002, the Group posted an operating profit and net income of ¥15,580 million and ¥8,884 million respectively, as the non-consolidated earnings turned to the black owing to decreases in disposal amount of nonperforming loans and losses related to securities.

Non-consolidated Business Results

Operating income decreased by ¥742 million from a year earlier to ¥134,389 million due to a decline in interest income mainly caused by downfall of securities' yields, although fees and commissions, and other operating income such as gains on sale of equity shares showed increases.

Operating expenses decreased by ¥40,058 million from a year earlier to ¥120,155 million, attributing to decreases in interest expenses helped by a decline in deposit yields, in business expenses and in other operating expenses including drops of the amount of transfer to loan loss reserves, losses on sale of equity shares and amount of equity shares write-offs.

As a result, the Bank posted an operating profit of ¥14,233 million, an increase of ¥39,316 million year on year, and a net income of ¥8,879 million, up ¥24,147 million from a year earlier, a substantial turnaround from the red figures of the previous fiscal year.



Summary of Financial Standings

Results of Consolidated Main Accounts

Outstanding balance of deposits decreased by ¥57.7 billion from a year earlier to ¥5,084.8 billion, as public money deposit declined and personal deposits shifted to investment type products such as Japanese Government Bonds.

Outstanding balance of loans and bills discounted dropped by ¥80.1 billion during the period to ¥3,730.7 billion as of the end of the current fiscal year due to weak demand for business funds affected by the sluggish economy although consumer loans increased.

Outstanding balance of securities increased by ¥25.7 billion to ¥1,414.4 billion attributing to an increase in investment in Japanese Government Bonds despite a decrease in stocks investment.

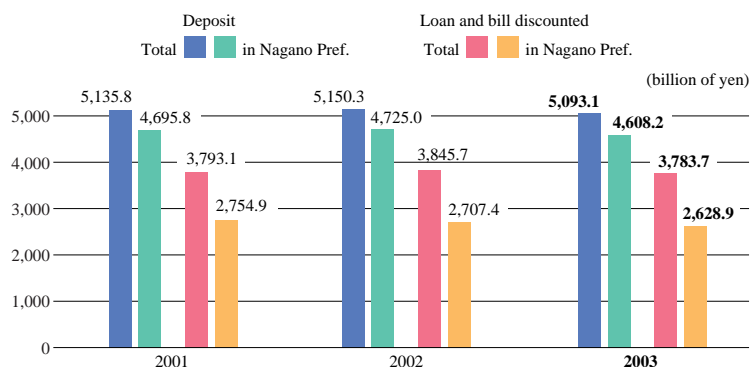
Results of Non-consolidated Main Accounts

Outstanding balance of deposits decreased by ¥57.2 billion during the period to ¥5,093.1 billion.

Outstanding balance of public bonds, such as Japanese Government Bonds for retail investors deposited with the Bank jumped ¥70.2 billion to ¥193.3 billion and investment trusts increased by ¥17.7 billion to ¥30.9 billion.

Outstanding balance of loans and bills discounted decreased by ¥62.0 billion to ¥3,783.7 billion.

Outstanding balance of securities increased by ¥29.6 billion to ¥1,406.6 billion.



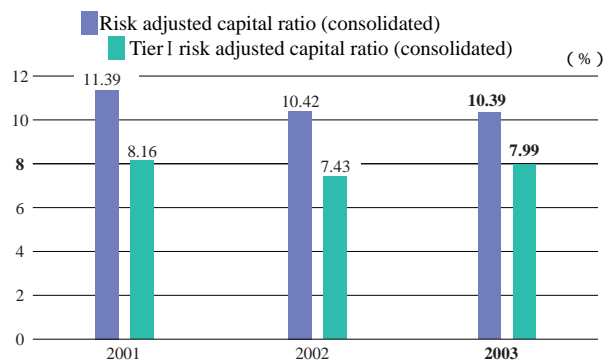
Consolidated cash flows

Cash flows provided from operating activities increased by ¥244.1 billion due to a decline in loans and bills discounted, while cash flows used in investment activities decreased by ¥97.4 billion due to purchase of securities. Cash flows provided from financing activities decreased by ¥2.8 billion attributing to dividends payment. As a result, outstanding balance of cash and cash equivalents increased by ¥143.7 billion during the period to ¥242.8 billion.

Risk adjusted capital ratio (BIS standards)

Risk adjusted capital ratio (BIS standards) was 10.39% for consolidated basis and 10.31% for non-consolidated basis.

Consolidated and non-consolidated capital ratio decreased by 0.03% and 0.07% respectively from the fiscal year ended March 31, 2002, as Tier I capital used as a numerator for calculation of risk adjusted capital ratio decreased due mainly to a decline in latent securities valuation gains.



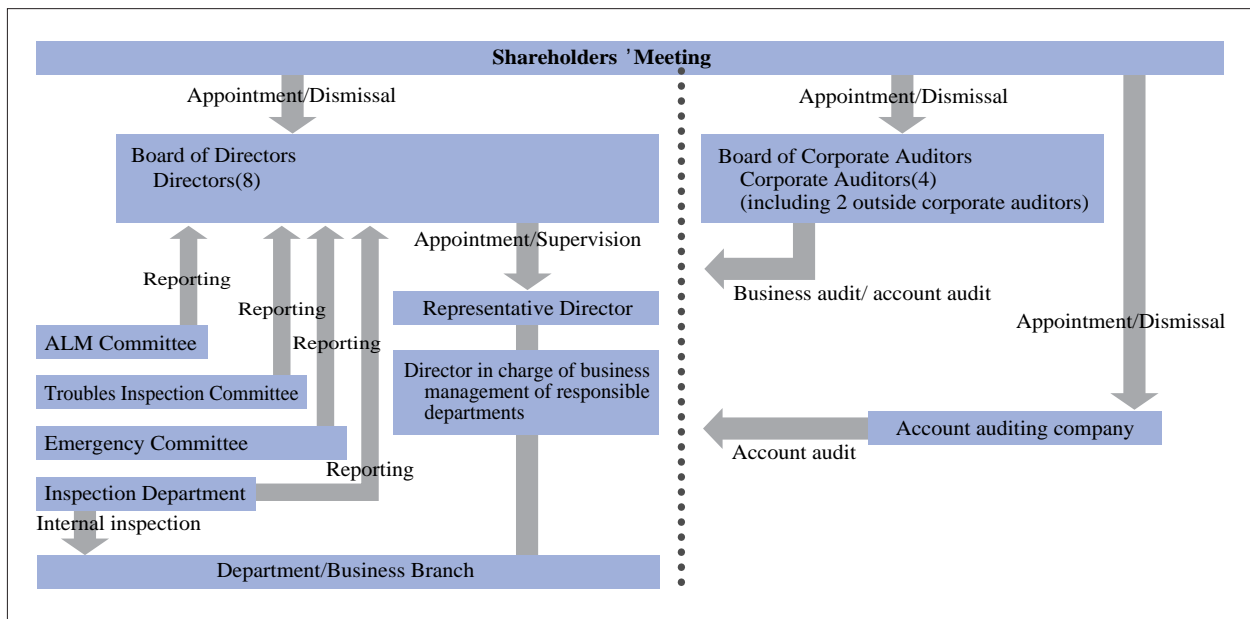
Corporate Governance

To achieve fair management by enhancing its soundness and transparency, the Bank is aiming for more accurate and prompter decision-making practices and stronger business execution and supervisory function.

The number of directors has been reduced to nine since March 31, 2003. There were seventeen directors in 1998. The Board of Directors now meets twice a month, in principle to improve its mobility. The Board has established stricter criteria for matters to be resolved by or reported to the meeting by which it reinforces its decision-making and supervisory functions from on high to achieve fairer management and to enhance its overall functions.

Concerning corporate auditors of the Bank, there are now two full-time auditors and two part-time auditors (outside auditors) and the Board of Corporate Auditors regularly meet once a month. They are performing strict supervision on directors' business executions and on internal control practices of the Bank.

Regarding compliance matters, the Bank has established the Internal Compliance Regulation and Compliance Manual, which constitute codes of ethics for officers and employees. In addition, the Board of Directors resolves a compliance program and its implementation status are reported to the Board every year.



The Executive Committee consisting of managing directors and other directors with higher authorities prepares matters to be proposed to the Board of Directors and discuss and resolve matters concerning general business administration and other matters requiring consensus-building for daily execution of businesses.

Eight Executive officers (including three Managing Executive officers) are appointed by the Board of Directors and they assume general manager positions of departments or branches.

Risk Management

Risk Management

Comprehensive Risk Management Systems

Each department and branch at the Bank that handles lending operations, market operations and clerical operations and others properly manage various risks involving their respective businesses and also monitor processes of their works by themselves in accordance with the Internal Monitoring System. The Risk Management Department conducts centralized monitoring of the risk management activities of these departments and branches to understand and control risks. Critical information regarding risk exposures involving all such businesses, markets and financial products is stored at the Risk Management Department, and is used by the top management in decision-making.

The Bank has established ALM Committee, members of which are mostly executive officers, in order to control quantifiable risks (particularly those involving market business operations) and properly maintain balances of risks and returns.

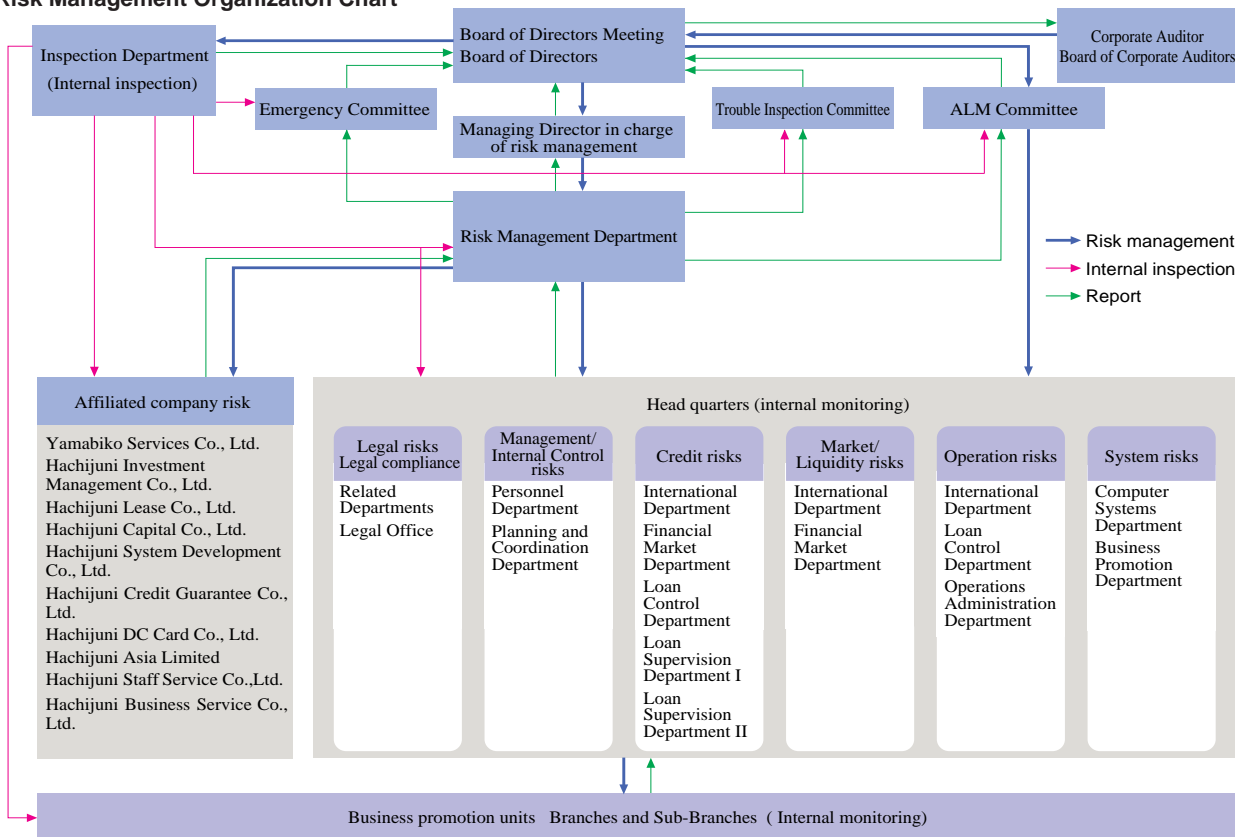
In addition, the Bank has established a system that the Inspection Department, which is made responsible for internal control independent from departments in charge of actual business operations, performs inspections of business operation status of each department and branch and their risk management performances and makes recommendations for corrections for matters to be improved according to their independent judgment.

Credit Risk Management

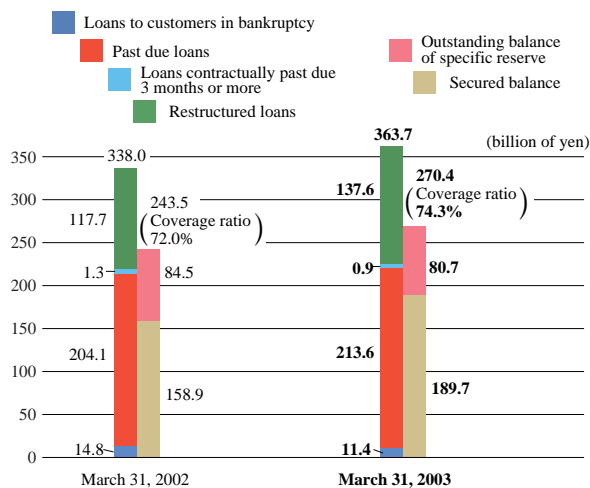
Concerning asset management business, the Bank has started operating "new self-assessment system" which makes available a highly sophisticated credit risk management since April 2002. This system enables the Bank to concurrently perform "credit rating work" to evaluate credit risks of borrowers and "self-assessment of loan assets" to make proper charge-offs and provision of reserves for possible loan losses. With this system, it has become possible to reinforce credit risk management and to enhance management accuracy by promptly grasping borrowers business conditions. The Bank will proceed with calculation of quantified credit risks using this system and try to have such quantified risks reflect on the pricing and portfolio management conforming to the risk exposures.

In order to further reinforce services to assist rehabilitation and management improvement efforts of borrowers mired with business deterioration by increasing the number of personnel in the "Business Management Supporting Team" established in the Credit Supervision Department in November 2001. In this way the Bank still continues to strongly support their management restructuring. With regard to bad debt disposals, "Yamabiko Services Co., Ltd.", a subsidiary of the Bank, is now supporting its prompt disposal and collection management of bad debts.

Risk Management Organization Chart



Loans under risk management



Note 1: Partial direct charge-off of claims has not been carried out.
 Note 2: Possible amounts of recoveries through disposition of collaterals pledged to the Bank are not included in the foregoing disclosed amounts. Therefore the disclosed amounts do not necessarily represent actual future loss amounts of the Bank.
 Note 3: Beginning in fiscal 2002, loans to customers classified as "Legal bankruptcy", "Virtual bankruptcy" and "Possible bankruptcy" pursuant to self assessment of asset quality rules have been classified as either loans to customers in bankruptcy or past due loans regardless of whether their interests are accrued or not.

	March 31, 2002	March 31, 2003
Loans to Customers in Bankruptcy	14.8 (0.38)	11.4 (0.30)
Past Due Loans	204.1 (5.30)	213.6 (5.64)
Loans Contractually Past Due 3 months or more	1.3 (0.03)	0.9 (0.02)
Restructured Loans	117.7 (3.06)	137.6 (3.63)
Total	338.0 (8.78)	363.7 (9.61)
Outstanding Balance of loan and bills discounted	3,845.7	3,783.7

(Loan under risk management as a percentage of outstanding balance of loan and bill discounted)

Regarding Terminologies:

Loans to Customers in Bankruptcy

Of loans for which substantial doubt is judged to exist as to ultimate collectibility of either principal or interest because they are past due for a certain period or for other reasons, the loans to customers who are alleged to commence legal corporate rearrangement procedures under Company Rehabilitation Law, Bankruptcy Law, Civil Rehabilitation Law, Commercial Code of Japan and other related laws, and/or to customers whose transactions with banks are suspended by the rules of clearing house.

Past Due Loans

Of loans for which substantial doubt is judged to exist as to ultimate collectibility of either principal or interest because they are past due for a certain period or for other reasons, the loans to customers other than customers in bankruptcy and customers on

which the Bank granted concessions such as deferral of interest payments in order to support for their management reconstruction.

Loans Contractually Past Due 3 months or more

Loans, either principal or interest payment of which is contractually past due for 3 months or more, excluding loans to customers in bankruptcy and past due loans.

Restructured Loans

Loans to customers on which the Bank granted concessions such as reduction of the stated interest rate, deferral of interest payments, extension of maturity date, debt forgiveness and other arrangements favoring customers to support for their management reconstruction, excluding loans to customers in bankruptcy, past due loans and loans contractually past due 3 months or more.

Environment Conservation Activities (Environmental Report)

Environmental Policy

Environmental Philosophy

- Hachijuni Bank will make efforts to reduce its impact on the environment, in an effort to live up to its responsibilities as a corporation which engages in business that consumes resources.
- Hachijuni Bank will contribute to the creation of a sustainable regional community, through its environmental conservation activities.

Action Program

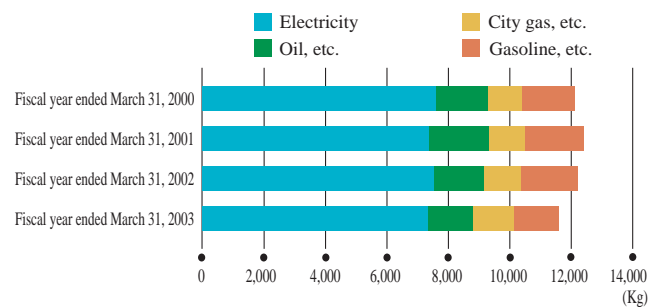
- We will try to prevent environmental pollution by accurately understanding the impact of our activities on it, and by achieving and updating our environmental conservation objectives.
- We will comply with all laws, regulations, and agreements concerning the environment.
- We will make efforts to conserve resources and energy.
- We will try to contribute to the improvement of the environment of the regional community, supporting clients concerned with environment conservation by providing them with financial products, services, and information.
- All of our employees will aggressively engage in environmental conservation activities, and will increase their awareness of environmental issues.

Main Achievements in 2002

Response to Global Warming Issues:

Employees of Hachijuni Bank have made concerted efforts to save energy, such as by replacing old equipment with energy-saving equipment, by introducing appropriate temperature controls for office air-conditioning, and by reducing the amount of electricity use for lighting. As a result of such efforts, carbon dioxide emissions from our total energy use decreased by 4.6 percent since the year before.

Carbon Dioxide Emissions by Type of Energy



Promotion of Environmental Conservation Loans:

Since we launched and publicized loan products tailored to environmental conservation, many customers have used them to great effect. We contribute to regional environmental protection by offering such financial products.

Results of Environmental Conservation Type Loans for Fiscal Year ended March 31, 2003

Loan Products	Number of Transactions	Loaned Amount (Thousand of yen)
Eco-merit	73	108,380
New Wave	2	15,000
Sewerage Loan	407	306,730
Solar Loan	15	28,270
Institutional Fund for Prefectural Environmental Measures	10	342,868
Total	507	801,248

Topics of Environmental Activities

- In addition to the expansion of the applicability of ISO 14001 certification to all branches in March 2002, in April 2002 Hachijuni Bank established a new "Environment Office" at its headquarters, as part of pushing ahead with its environmental protection policy. We will thoroughly implement our environment management system, and will attach great importance on environmental conservation.
- Our affiliated Nagano Economic Research Institute has entered into a consultation agreement with seven companies which hope to obtain ISO certification, and has held seminars on two occasions.
- Our activities have been well received by the international community, and we have been registered as a target company for social-responsibility investment funds. Our shares have been selected by FTSE4Good Index (a social-responsibility investment index).
- For the third consecutive year, our stocks were also selected as a component issue of the Dow-Jones Sustainability World Index in September 2002. We were the only bank in Japan to have been selected for this index.

International Operations

As internationalization has progressed in social and economic affairs, international operations have gained more importance not only for us but also for our customers.

Nagano Prefecture, which is the major business base for Hachijuni Bank, has developed as an advanced region in Japan in terms of foreign trade and international business operations. The history of foreign trade in the region began with the export of silk in Meiji era (1868-1912). After World War II, major export items from Nagano Prefecture were watches, music boxes and other products from the precision machinery industry. Export shipments now account for nearly 20% of the total shipment value of manufactured products, centering on those from the electrical and nonelectrical machinery industries.

Now more than 800 customers of Hachijuni Bank also have bases in other countries, primarily in Asia.

Since the launch of its foreign exchange business in January of 1962, Hachijuni Bank has expanded its international operations to meet the growing needs of its customers who operate on the global economy.

Currently, we have one overseas branch — Hong Kong — two representative offices — Singapore and Shanghai — and one local subsidiary in Hong Kong.

Hong Kong Branch

Since its opening in May 1991, the Hong Kong Branch has been improving the financial services offered to these companies. As a result, Hachijuni Bank now handles the largest foreign exchange volume of any Japanese regional bank with a Hong Kong branch. Furthermore, the Hong Kong Branch offers a wide variety of services, such as supporting customers planning to expand business in China and other Asian countries, providing various information, and coordinating a business association of our customers in the city.

Hachijuni Asia Limited (HAL), our wholly owned subsidiary in Hong Kong, underwrites and sells Euro bonds and serves as the managing underwriter of foreign currency bonds issued by our customers in Japan, as well as offering other securities services and lease services.



Singapore Representative Office

Southeast Asia, together with China, has always attracted the attention of our customers as a region with strong growth potential. Currently, almost 200 of our customers are actively developing new business opportunities based in ASEAN countries.

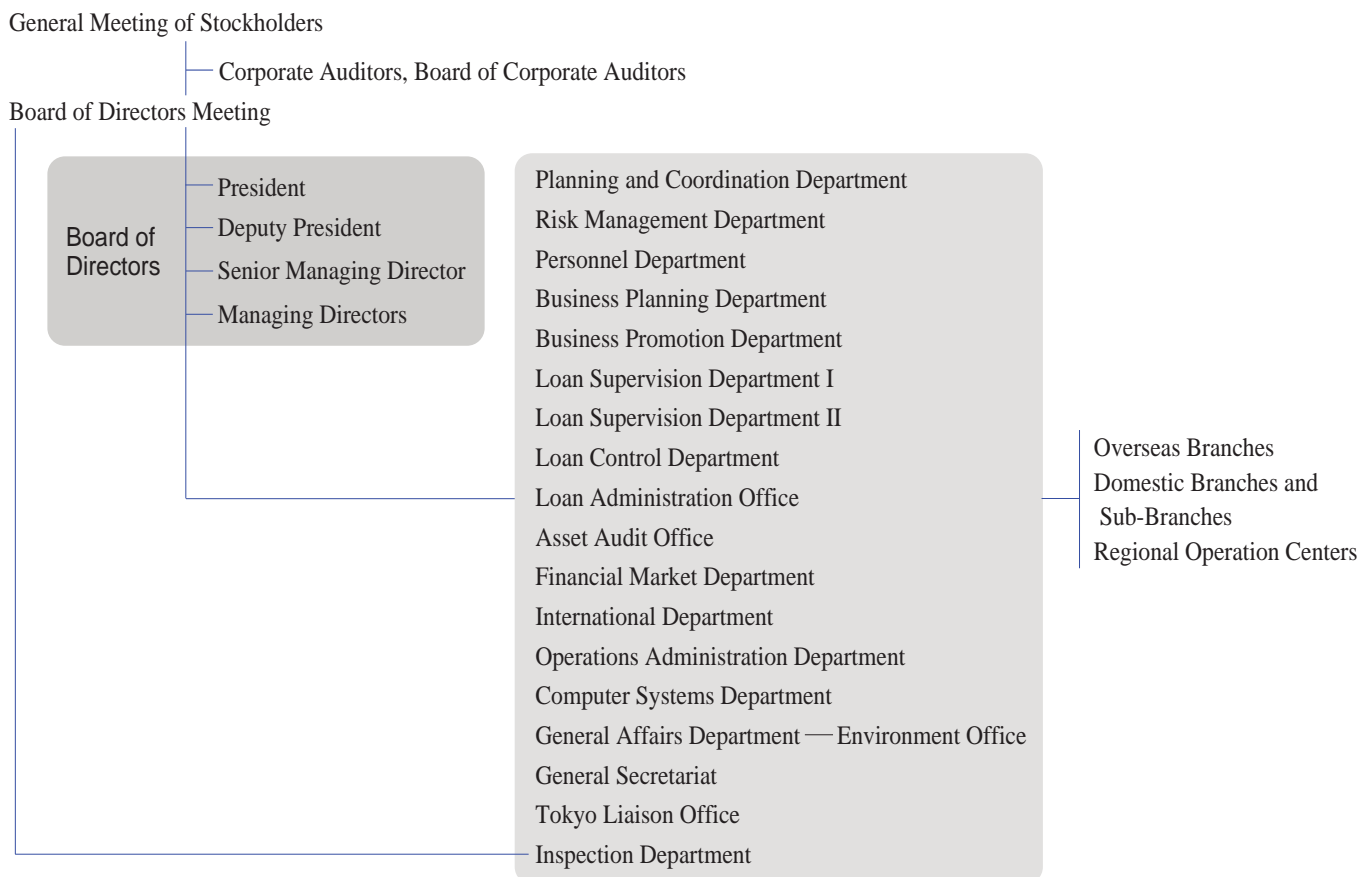
Singapore is the distribution, financial and economic center of Southeast Asia. Hachijuni Bank established a representative office there in 1997. The office collects and analyzes information on the rapidly changing social, financial and economic conditions in the region, and offers the latest information to local customers. The Singapore Representative Office also cooperates with Hachijuni's head office and branches in Japan to help customers expand their business in Southeast Asia.

Shanghai Representative Office

The Bank obtained a permit to open Shanghai Representative Office in March 2002 this year and started activities in May 2002. China, which is one of countries attracting the hottest attention from all over the world, is expected to further develop as it has obtained a WTO membership. Companies in Nagano Prefecture are proactively establishing manufacturing and sales facilities in China, and especially their inroads to the south eastern region (such as the city of Shanghai, and Provinces of Jiangsu and Zhejiang) are remarkable. The Bank will support its customers in their making inroads to China from various aspects and try to provide them with every kind of information from the city of Shanghai, which is the largest business city as well as a center of the economy and finance in China.



Organization



International Banking Group

International Department	Hong Kong Branch	Singapore Representative Office	Shanghai Representative Office
Tsutomu Hayashibe General Manager	Naofumi Takada General Manager	Makoto Ota Chief Representative	Katsuhiko Sato Chief Representative

Board of Directors

Kazuyuki Narusawa President	Kazuo Ishii Deputy President
Yoshiyuki Yamaura Senior Managing Director	Mitsuru Warita Managing Director
Naoaki Yoshizawa Managing Director	Haruo Kobayashi Managing Director
Tadashige Maeyama Managing Director	Takashi Sarashina Managing Director

Corporate Auditors

Tsuyoshi Ito Corporate Standing Auditor	Teruhiko Ozawa Corporate Standing Auditor
Kensuke Kosaka Corporate Auditor	Asakazu Horii Corporate Auditor

Independent Auditors' Report

Tohmatsu & Co.

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**Deloitte
Touche
Tohmatsu**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Hachijuni Bank, Ltd.:

We have audited the accompanying consolidated balance sheets of The Hachijuni Bank, Ltd. and consolidated subsidiaries as of March 31, 2003 and 2002, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Hachijuni Bank, Ltd. and consolidated subsidiaries as of March 31, 2003 and 2002, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 27, 2003

Financial Section

Consolidated Balance Sheets

March 31, 2003 and 2002

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	(Note 1)
ASSETS:			
Cash and due from banks (Note 3)	¥ 303,711	¥ 173,848	\$ 2,526,716
Call loans and bills bought	31,866	160,948	265,110
Receivables under resale agreement	499		4,159
Commercial paper and other debt purchased	27,220	24,003	226,456
Trading assets (Note 4)	8,528	14,848	70,948
Money held in trust (Note 5)	40,247	76,313	334,834
Securities (Notes 6 and 12)	1,414,491	1,388,772	11,767,817
Loans and bills discounted (Notes 7 and 25)	3,730,731	3,810,902	31,037,698
Foreign exchanges (Note 8)	16,883	13,469	140,459
Other assets (Note 9)	72,403	71,542	602,356
Premises and equipment—net (Note 10)	126,946	130,449	1,056,123
Deferred tax assets (Note 22)	33,274	7,132	276,823
Customers' liabilities for acceptances and guarantees (Note 11)	70,652	76,819	587,794
Allowance for possible loan losses	(150,122)	(146,830)	(1,248,941)
Allowance for possible investment losses	(289)	(247)	(2,408)
TOTAL	¥ 5,727,043	¥ 5,801,974	\$ 47,645,949
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES:			
Deposits (Notes 12 and 13)	¥ 5,084,826	¥ 5,142,584	\$ 42,303,053
Negotiable certificates of deposits	47,650	24,530	396,422
Call money and bills sold (Note 12)	34,711	28,438	288,777
Payables under repurchase agreement	499		4,159
Margin money for bond lending transactions	9,017		75,019
Trading liabilities (Note 4)	4,951	6,643	41,196
Borrowed money (Note 14)	44,117	47,527	367,030
Foreign exchanges (Note 8)	2,312	981	19,237
Other liabilities (Notes 12 and 15)	77,444	99,456	644,295
Liability for employee retirement benefits (Note 16)	16,043	15,838	133,477
Acceptances and guarantees (Note 11)	70,652	76,819	587,794
Total liabilities	5,392,227	5,442,819	44,860,465
MINORITY INTERESTS	5,472	5,843	45,530
STOCKHOLDERS' EQUITY (Note 17):			
Common stock—authorized, 1,972,153 thousand shares; issued, 546,303 thousand shares in 2003 and 546,303 thousand shares in 2002	52,243	52,243	434,635
Capital surplus	28,509	28,509	237,183
Retained earnings	198,765	192,578	1,653,623
Unrealized gain on available-for-sale securities	53,684	83,828	446,626
Foreign currency translation adjustments	(100)	162	(833)
Treasury stock—6,168 thousand shares in 2003 and 5,627 thousand shares in 2002 (Note 2.q)	(3,759)	(3,489)	(31,280)
Parent's common stock owned by consolidated subsidiaries		(522)	
Total stockholders' equity	329,342	353,311	2,739,953
TOTAL	¥ 5,727,043	¥ 5,801,974	\$ 47,645,949

See notes to consolidated financial statements.

Consolidated Statements of Operations
Years Ended March 31, 2003 and 2002

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
INCOME:			
Interest income:			
Interest on loans and discounts	¥ 74,234	¥ 78,338	\$ 617,588
Interest and dividends on securities	24,693	28,286	205,433
Other interest income	2,364	2,969	19,667
Fees and commissions	17,887	16,812	148,817
Trading income	253	245	2,105
Other operating income (Note 18)	46,293	41,837	385,140
Other income (Note 19)	17,015	10,997	141,561
Total income	182,741	179,487	1,520,314
EXPENSES:			
Interest expense:			
Interest on deposits	4,549	7,777	37,845
Interest on borrowings and rediscounts	1,472	1,976	12,248
Other interest expenses	5,901	7,626	49,100
Fees and commissions	3,548	3,341	29,521
Other operating expenses (Note 20)	40,726	37,688	338,823
General and administrative expenses	68,698	70,548	571,531
Provision for possible loan losses	22,781	43,831	189,527
Other expenses (Note 21)	18,094	32,303	150,540
Total expenses	165,772	205,093	1,379,138
INCOME (LOSS) BEFORE INCOME TAXES AND MINORITY INTERESTS	16,969	(25,605)	141,175
INCOME TAXES (Note 22):			
Current	10,155	3,926	84,492
Deferred	(3,173)	(13,302)	(26,403)
Total income taxes	6,982	(9,376)	58,088
MINORITY INTERESTS IN NET INCOME (LOSS)	1,102	(683)	9,171
NET INCOME (LOSS)	¥ 8,884	¥ (15,545)	\$ 73,915
PER SHARE OF COMMON STOCK (Note 2.r and 26):			
Net income (loss)	¥ 16.39	¥ (28.71)	\$ 0.13
Cash dividends applicable to the year	5.00	5.00	0.04

See notes to consolidated financial statements.

Consolidated Statements of Stockholders' Equity

Years Ended March 31, 2003 and 2002

	Thousands		Millions of Yen					
	Issued Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Foreign Currency Translation Adjustments	Treasury Stock	Parent's Common Stock Owned by Consolidated Subsidiaries
BALANCE, APRIL 1, 2001	546,303	¥ 52,243	¥ 28,509	¥ 211,978	¥ 93,770	¥ (225)	¥ (4)	¥ (522)
Repurchase of treasury stock (5,555 thousand shares)								
Net loss				(15,545)				
Cash dividends, ¥7.00 per share				(3,803)				
Bonuses to directors and corporate auditors				(30)				
Net decrease in unrealized gain on available-for-sale securities					(9,942)			
Net increase in foreign currency translation adjustments						388		
Repurchase of treasury stock—net (65 thousand shares)							(40)	
BALANCE, MARCH 31, 2002	546,303	52,243	28,509	192,578	83,828	162	(3,489)	(522)
Net income				8,884				
Cash dividends, ¥5.00 per share				(2,698)				
Net decrease in unrealized gain on available-for-sale securities					(30,144)			
Net decrease in foreign currency translation adjustments						(262)		
Repurchase of treasury stock—net (332 thousand shares)							(172)	
Decrease in parent's common stock owned by consolidated subsidiaries (208 thousand shares) (Note 2.g)								(98)
BALANCE, MARCH 31, 2003	546,303	¥ 52,243	¥ 28,509	¥ 198,765	¥ 53,684	¥ (100)	¥ (3,759)	522
				Thousands of U.S. Dollars (Note 1)				
BALANCE, MARCH 31, 2002		\$ 434,635	\$ 237,183	\$ 1,602,153	\$ 697,409	\$ 1,353	\$ (29,026)	\$ (3,919)
Net income				73,915				
Cash dividends, \$0.05 per share				(22,446)				
Net decrease in unrealized gain on available-for-sale securities					(250,783)			
Net decrease in foreign currency translation adjustments						(2,187)		
Repurchase of treasury stock—net (332 thousand shares)							(1,433)	
Decrease in parent's common stock owned by consolidated subsidiaries (208 thousand shares) (Note 2.g)								(820)
BALANCE, MARCH 31, 2003		\$ 434,635	\$ 237,183	\$ 1,653,623	\$ 446,626	\$ (833)	\$ (31,280)	3,919

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows
Years Ended March 31, 2003 and 2002

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
OPERATING ACTIVITIES:			
Income (loss) before income taxes and minority interests	¥ 16,969	¥ (25,605)	\$ 141,175
Depreciation and amortization	36,303	34,203	302,028
Increase in allowance for possible loan losses	3,292	31,041	27,389
Interest income (accrual basis)	(101,291)	(109,594)	(842,690)
Interest expenses (accrual basis)	11,923	17,381	99,195
Interest income (cash basis)	105,838	113,041	880,518
Interest expenses (cash basis)	(13,291)	(20,041)	(110,582)
Income taxes paid	(3,521)	(11,403)	(29,299)
Net decrease (increase) in loans and bills discounted	80,170	(40,639)	666,978
Net decrease in borrowed money, excluding subordinated borrowings	(3,410)	(1,621)	(28,371)
Net decrease in deposits	(34,086)	(36,435)	(283,580)
Net decrease (increase) in call loans and bills bought	125,366	(27,339)	1,042,979
Net increase (decrease) in call money and bills sold	6,772	(6,111)	56,340
Net decrease in due from banks, excluding due from the Bank of Japan	13,923	249,557	115,838
Others—net	(799)	20,819	(6,649)
Net cash provided by operating activities	244,158	187,253	2,031,270
INVESTING ACTIVITIES:			
Purchases of investment securities	(529,971)	(437,323)	(4,409,083)
Proceeds from sales of investment securities	285,083	124,869	2,371,740
Proceeds from maturities of investment securities	143,427	126,373	1,193,236
Increase in money held in trust	(12,478)	(9,126)	(103,812)
Decrease in money held in trust	47,205	30,279	392,724
Purchases of premises and equipment	(30,624)	(40,622)	(254,782)
Proceeds from sales of premises and equipment	861	534	7,165
Purchases of shares of consolidated subsidiaries	(962)		(8,007)
Net cash used in investing activities	(97,460)	(205,015)	(810,818)
FINANCING ACTIVITIES:			
Repayment of subordinated borrowings		(8,000)	
Repurchases of treasury stock	(172)	(3,520)	(1,433)
Proceeds from sales of treasury stock		35	
Dividends paid	(2,698)	(3,803)	(22,446)
Dividends paid to minority interests	(16)	(23)	(138)
Net cash used in financing activities	(2,886)	(15,311)	(24,017)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(24)	24	(203)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	143,786	(33,049)	1,196,230
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR (Note 3)	99,077	132,126	824,269
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 3)	¥ 242,864	¥ 99,077	\$ 2,020,500

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years Ended March 31, 2003 and 2002

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of The Hachijuni Bank, Ltd. (the "Bank") and consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulations and the Enforcement Regulation for the Banking 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 consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the Bank's consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications and rearrangements have been made in the 2002 financial statements to conform to the classifications and presentations used in 2003.

In conformity with the Japanese Commercial Code (the "Code") and other relevant regulations, all Japanese yen figures in the consolidated financial statements have been rounded down to the nearest million yen. Accordingly, the total of each account may not be equal to the combined total of the individual items.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥120.20 to \$ 1, the rate of exchange at March 31, 2003. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation—The consolidated financial statements include the accounts of the Bank and its significant subsidiaries (ten in 2003 and 2002) (together, the "Group").

Under the control or influence concept, those companies in which the Bank, directly or indirectly, is able to exercise control over operations are fully consolidated.

Investment in the unconsolidated subsidiary is stated at cost. If the equity method of accounting had been applied to the investment in the company, the effect on the accompanying consolidated financial statements would not be material.

The excess of cost of an acquisition over the fair value of the net assets of the acquired subsidiary at the date of acquisition is charged to income when incurred.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

b. Cash Equivalents—For the purpose of the consolidated statements of cash flows, "Cash and cash equivalents" consists of "Cash" and "Due from the Bank of Japan."

c. Trading Assets and Liabilities—Transactions for "Trading purposes" (for purposes of seeking to capture gains arising from short-term changes in interest rates, currency exchange rates or market prices of securities and other market-related indices or from gaps among markets) are included in "Trading assets" and "Trading liabilities" on a trade date basis. Profits and losses on trading transactions are shown as "Trading income" or "Trading losses" on a trade date basis.

Trading securities and monetary claims purchased for trading purposes are stated at market value at the balance sheet date. Trading-related financial derivatives such as swaps, futures or options are stated at amounts that would be received or paid for settlement if such transactions were terminated at the balance sheet date.

d. Securities—All applicable securities are classified and accounted for, depending on management's intent, as follows: (1) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are stated at amortized cost computed by straight-line method and (2) securities not classified as held-to-maturity debt securities are classified as available-for-sale securities. Marketable available-for-sale securities are stated at market value with unrealized gains and losses, net of applicable taxes, reported in a separate component of stockholders' equity. Available-for-sale securities for which a market value is not readily determined are stated at cost computed by the moving-average method.

When the market price of securities is substantially less than cost and the decline in the market price is considered to be permanent, the securities are written down to market price.

e. Securities in Money Held in Trust—Securities included in "Money held in trust" are stated using the same method as described in c. and d. above.

f. Premises and Equipment—Net—Premises and equipment are stated at cost less accumulated depreciation. Depreciation for buildings and equipment of the Bank is computed using the declining-balance method at rates based on the estimated useful lives, which are principally from 3 to 50 years for buildings and from 2 to 20 years for equipment.

Depreciation for buildings and equipment held by consolidated subsidiaries is computed as follows:

Leased assets: Straight-line method over the lease period
Others : Mainly by declining-balance method

g. Software—Software developed or obtained for internal use is depreciated using the straight-line method over its useful life (mostly 5 years).

h. Allowance for Possible Loan Losses—The provision for possible loan losses is determined based on management's judgment and assessment of future losses based on the self assessment system. This system reflects past experience of credit losses, possible credit losses, business and economic conditions, the character, quality and performance of the portfolio, and other pertinent indications.

The Bank implements self assessment for its asset quality. The quality of all loans is assessed by branches and the credit supervisory division with a subsequent audit by the asset review and inspection division in accordance with the Bank's policy and rules for self assessment of asset quality.

The Bank established a credit rating system under which its customers are classified into five categories. The credit rating system is used for self assessment of asset quality. All loans are classified into five categories for self assessment purposes such as "normal," "requiring caution," "possible bankruptcy," "virtual bankruptcy" and "legal bankruptcy."

Allowance for possible loan losses is calculated based on the past loss ratio for normal and requiring caution categories, and the fair value of the collateral for collateral-dependent loans and other factors of solvency including value of future cash flows for other self assessment categories.

The consolidated subsidiaries provide the "Allowance for possible loan losses" at the amount deemed necessary to cover such losses, principally based on past experience and management's assessment of the loan portfolio.

- i. **Allowance for Possible Investment Losses**—The allowance for possible investment losses is provided at an amount deemed necessary based on the estimate of possible future losses.
- j. **Liability for Employee Retirement Benefits**—The Bank and consolidated subsidiaries have a contributory funded pension plan and non-contributory unfunded retirement benefit plans.

Net actuarial gain (loss) is amortized using the straight-line method over 10 years commencing from the next fiscal year of incurrence.
- k. **Leases**—All leases are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements.
- l. **Income Taxes**—The provision for income taxes is computed based on the pretax income included in the consolidated statements of operations. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.
- m. **Appropriations of Retained Earnings**—Appropriations of retained earnings are reflected in the financial statements for the following year upon stockholders' approval.
- n. **Foreign Currency Transactions**—Assets and liabilities denominated in foreign currencies held domestically and the accounts of the Bank's overseas branch are translated into yen generally at the exchange rates prevailing on the balance sheet date.

In the previous fiscal year, the Bank and its domestic consolidated subsidiaries had adopted the Industry Audit Committee Report No. 20, "Temporary Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry," issued by the Japanese Institute of Certified

Public Accountants (the "JICPA") on November 14, 2000. Since the current fiscal year, however, the Bank and its domestic consolidated subsidiaries have adopted the Industry Audit Committee Report No. 25, "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry" issued by the JICPA on July 29, 2002.

In the current fiscal year, as the Bank and its domestic consolidated subsidiaries have adopted the transitional applications described in the Industry Audit Committee Report No. 25, "fund swap transactions," "currency swap transactions" and "treatment of internal contract method and intercompany transactions" are accounted for by the same method as before. The translation difference of forward exchange transactions and other relevant transactions are presented with the net balance of the related asset or liability.

Fund swap transactions are foreign exchange swaps, and consist of spot foreign exchange either bought or sold and forward foreign exchange either sold or bought. Such transactions are contracted for the purpose of funds lending or borrowing in a different currency. Fund swap transactions are used to convert the principal equivalent amount into spot foreign exchange bought or sold with regard to the corresponding funds borrowing or lending. Also, such transactions convert the corresponding principal equivalents and foreign currency equivalents to pay and receive, whose amounts and due dates are predetermined at the time of the transactions, into forward foreign exchange either bought or sold.

For fund swap transactions of the Bank and its domestic consolidated subsidiaries, the amounts on the balance sheet are net yen-conversions of the principal equivalents of assets and liabilities using the fiscal-year-end exchange rate. Differences between spot and forward rates in fund swap transactions are recorded in interest income or expense on an accrual basis for the period from the settlement date of spot foreign exchange to the settlement date of forward foreign exchange. Therefore, accrued interest income or expenses are recognized at fiscal year end.

For currency swap transactions which are for the purpose of funds borrowing/lending in different currencies and for which spot/forward are flat type, which means that paying and receiving amounts at the time of the currency swap contract are equal to receiving or paying amounts at the currency swap maturity dates and the swap rate applied to principal and interest is the current market rate (including the currency swap transactions which are that the principal amount of one counterparty is revised in order to reflect each exchange rate at interest payment dates and are judged as spot/forward flat type for each interest payment date), the amounts on the balance sheet are net positions of financial asset and liability equivalents translated by using the fiscal-year-end exchange rate. The equivalent amounts of interest to exchange are recorded in interest income or expense on an accrual basis for the corresponding contract period. Therefore, accrued interest income or expense are recognized at fiscal year end.

- o. **Foreign Currency Financial Statements**—The balance sheet, and revenue and expense accounts of the consolidated overseas subsidiary are translated into yen at the current exchange rates as of the balance sheet date except for stockholders' equity, which is translated at the historical exchange rate.
- p. **Derivatives and Hedging Activities**—Derivatives are classified and accounted for as follows: (a) all derivatives are recognized as either assets or liabilities and measured at market value, and gains or losses on derivative transactions are recognized in the statement

of operations, and (b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

The method of hedge accounting is "macro hedge" in which the Bank manages interest rate risks as a whole arising from various financial assets and liabilities with derivatives transactions in conformity with the transitional applications described in the Industry Audit Committee Report No. 24, "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry," issued by the JICPA on February 13, 2002. They apply risk adjustment approaches based on the Industry Audit Committee Report No. 15, "Temporary Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry," issued by the JICPA on February 15, 2000. The effectiveness of the macro hedge is reviewed for a reduction in interest rate risk exposure and for the actual risk amount of derivatives within the permitted risk amount under their risk control policies.

The Bank also applies fair value hedge accounting to the exchange risk of securities available for sale in foreign currency (other than bonds) as "portfolio hedges" defined under "Accounting Standard for Financial Instruments" when the hedged foreign currency securities are specified prior to the inception of the transaction and spot and forward liabilities exist on a foreign currency basis that exceed acquisition costs of the foreign currency securities designated as hedged items.

In addition, the Bank applies deferral hedge accounting, fair value hedge accounting or exceptional treatments permitted for interest rate swaps for certain assets and liabilities. The Bank's domestic consolidated subsidiaries apply exceptional treatments permitted for interest rate swaps.

- q. Treasury Stock**—Prior to April 1, 2002, treasury stock held by the Bank and that held by subsidiary were separately presented in stockholders' equity. Effective April 1, 2002, such stock is presented together as treasury stock in stockholders' equity in accordance with the new disclosure requirement for treasury stock.
- r. Per Share Information**—Basic net income per share is computed by dividing net income available to common stockholders, by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Cash dividends per share presented in the accompanying consolidated statements of operations are dividends applicable to the respective years including dividends to be paid after the end of the fiscal year.

3. CASH AND DUE FROM BANKS

"Cash and due from banks" on the consolidated balance sheets as of March 31, 2003 and 2002, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Cash and cash equivalents	¥ 242,864	¥ 99,077	\$ 2,020,500
Due from banks, excluding due from the Bank of Japan	60,847	74,771	506,215
Cash and due from banks	¥ 303,711	¥ 173,848	\$ 2,526,716

4. TRADING ASSETS AND LIABILITIES

Trading assets and liabilities as of March 31, 2003 and 2002, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Trading assets:			
Trading securities	¥ 3,507	¥ 8,125	\$ 29,177
Financial derivatives	5,020	6,722	41,771
Total	¥ 8,528	¥ 14,848	\$ 70,948
Trading liabilities			
—Financial derivatives	¥ 4,951	¥ 6,643	\$ 41,196

5. MONEY HELD IN TRUST

Carrying amount and aggregate market value of money held in trust which is listed on stock exchanges or over-the-counter market as of March 31, 2003 and 2002 were as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Market Value
March 31, 2003				
Money held in trust:				
Trading				¥ 31,014
Held-to-maturity	¥ 9,232	¥ 2	¥ 11	9,224
March 31, 2002				
Money held in trust:				
Trading				40,310
Held-to-maturity	36,002	121	3	36,121
	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Market Value
March 31, 2003				
Money held in trust:				
Trading				\$ 258,021
Held-to-maturity	\$ 76,813	\$ 23	\$ 97	76,739

6. SECURITIES

Securities as of March 31, 2003 and 2002, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Securities:			
National government bonds	¥ 567,087	¥ 477,882	\$ 4,717,869
Local government bonds	166,899	184,297	1,388,516
Corporate bonds	202,741	200,320	1,686,702
Stocks	161,690	232,470	1,345,176
Other securities	316,072	293,802	2,629,552
Total	¥ 1,414,491	¥ 1,388,772	\$ 11,767,817

The carrying amounts and aggregate market value of the securities as of March 31, 2003 and 2002 were as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Market Value
March 31, 2003				
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 89,242	¥ 67,739	¥ 5,617	¥151,365
Debt securities	854,963	27,256	703	881,516
Other securities	293,699	6,148	4,893	294,954
Held-to-maturity	47,019	1,105	133	47,991

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Market Value
March 31, 2002				
Securities classified as:				
Available-for-sale:				
Equity securities	¥102,557	¥125,429	¥ 5,985	¥222,001
Debt securities	784,578	27,400	406	811,572
Other securities	271,137	2,022	5,364	267,795
Held-to-maturity	52,242	1,094	76	53,260

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Market Value
March 31, 2003				
Securities classified as:				
Available-for-sale:				
Equity securities	\$ 742,452	\$ 563,560	\$ 46,734	\$1,259,277
Debt securities	7,112,840	226,758	5,853	7,333,746
Other securities	2,443,422	51,148	40,708	2,453,862
Held-to-maturity	391,175	9,193	1,107	399,261

Significant available-for-sale securities and held-to-maturity securities whose market value is not readily determinable as of March 31, 2003 and 2002 were as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Available-for-sale:			
Equity securities	¥ 10,325	¥ 10,469	\$ 85,906
Debt securities	3,295	535	27,412
Held-to-maturity	25,815	23,955	214,772

Proceeds from sales of available-for-sale securities for the years ended March 31, 2003 and 2002 were ¥282,823 million (\$ 2,352,939 thousand) and ¥136,607 million, respectively. Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥13,008 million (\$ 108,219

thousand) and ¥5,517 million (\$ 45,903 thousand), respectively, for the year ended March 31, 2003 and ¥4,530 million and ¥11,062 million, respectively, for the year ended March 31, 2002.

The carrying values of debt securities by contractual maturities for securities classified as available-for-sale and held-to-maturities at March 31, 2003 were as follows:

	Millions of Yen			
	Due in 1 Year or Less	Due from 1 to 5 Years	Due from 5 to 10 Years	Due after 10 Years
Bonds	¥ 105,264	¥ 524,338	¥ 248,099	¥ 59,026
Others	37,157	153,222	51,925	976
Total	¥ 142,422	¥ 677,560	¥ 300,024	¥ 60,002

	Thousands of U.S. Dollars			
	Due in 1 Year or Less	Due from 1 to 5 Years	Due from 5 to 10 Years	Due after 10 Years
Bonds	\$ 875,746	\$ 4,362,215	\$ 2,064,054	\$ 491,072
Others	309,134	1,274,726	431,990	8,120
Total	\$ 1,184,880	\$ 5,636,942	\$ 2,496,045	\$ 499,192

7. LOANS AND BILLS DISCOUNTED

Loans and bills discounted as of March 31, 2003 and 2002, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Bills discounted	¥ 77,554	¥ 98,817	\$ 645,215
Loans on bills	618,457	651,883	5,145,240
Loans on deeds	2,278,908	2,268,972	18,959,303
Overdraft	755,810	791,228	6,287,938
Total	¥ 3,730,731	¥ 3,810,902	\$ 31,037,698

Of total loans, loans to customers in bankruptcy which represent nonaccrual loans and were included in loans and bills discounted, amounted to ¥12,397 million (\$ 103,138 thousand) and ¥15,291 million as of March 31, 2003 and 2002, respectively; past due loans which represent nonaccrual loans other than loans to customers in bankruptcy amounted to ¥220,193 million (\$ 1,831,890 thousand) and ¥214,495 million as of March 31, 2003 and 2002, respectively.

Of total loans, accruing loans contractually past due three months or more amounted to ¥1,023 million (\$ 8,514 thousand) and ¥1,398 million as of March 31, 2003 and 2002, respectively. Loans classified as nonaccrual loans were excluded.

Of total loans, restructured loans amounted to ¥140,155 million (\$ 1,166,020 thousand) and ¥121,517 million as of March 31, 2003 and 2002, respectively. Restructured loans, designed to assist in the recovery of the financial health of debtors, were loans on which the Bank granted concessions (e.g., reduction of the stated interest rate, deferral of interest payment, extension of maturity date, reduction of the face amount). Loans classified as nonaccrual loans or accruing loans contractually past due three months or more were excluded.

8. FOREIGN EXCHANGES

Foreign exchanges as of March 31, 2003 and 2002, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Assets:			
Due from foreign banks	¥ 4,167	¥ 3,748	\$ 34,669
Foreign exchange bills bought	11,297	7,728	93,987
Foreign exchange bills receivable	1,418	1,991	11,801
Total	¥ 16,883	¥ 13,469	\$ 140,459
Liabilities:			
Overdraft from foreign banks	¥ 54	¥ 31	\$ 450
Foreign exchange bills sold	753	824	6,270
Foreign exchange bills payable	1,504	124	12,516
Total	¥ 2,312	¥ 981	\$ 19,237

9. OTHER ASSETS

Other assets as of March 31, 2003 and 2002, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Domestic exchange settlement account	¥ 80	¥ 742	\$ 672
Prepaid expenses	10,178	1,107	84,676
Accrued income	10,625	11,007	88,398
Other	51,518	58,684	428,609
Total	¥ 72,403	¥ 71,542	\$ 602,356

10. PREMISES AND EQUIPMENT

Premises and equipment as of March 31, 2003 and 2002, net of accumulated depreciation of ¥191,533 million (\$ 1,593,454 thousand) and ¥185,808 million, respectively, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Land	¥ 18,080	¥ 18,466	\$ 150,422
Depreciable assets	106,629	108,520	887,098
Construction in progress	130	1,295	1,087
Other	2,105	2,167	17,514
Total	¥ 126,946	¥ 130,449	\$ 1,056,123

As of March 31, 2003 and 2002, deferred gains for the tax purposes of ¥8,747 million (\$ 72,770 thousand) and ¥8,801 million, respectively, on premises and equipment sold and replaced with similar assets have been deducted from the cost of newly acquired premises and equipment.

11. ACCEPTANCES AND GUARANTEES

Acceptances and guarantees include all contingent liabilities associated with the issuance of letters of credit, acceptances of bills and issuances of guarantees, etc. The contra account included on the assets side of the consolidated balance sheets represents the Bank's potential claim against applicants.

12. ASSETS PLEDGED

Assets pledged as collateral as of March 31, 2003 and 2002 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Assets pledged—Securities	¥ 248,658	¥ 271,085	\$ 2,068,703
Related liabilities:			
Deposits	¥ 42,496	¥ 25,543	\$ 353,549
Call money and bills sold	5,452	11,540	45,364
Other liabilities	9,017	5,995	75,019
Total	¥ 56,966	¥ 43,079	\$ 473,933

In addition to the above, securities of ¥109,342 million (\$ 909,667 thousand) and ¥109,235 million as of March 31, 2003 and 2002, respectively, were pledged as collateral for settlement of exchange and derivative transactions or as substitutes for futures transaction margins.

13. DEPOSITS

Deposits as of March 31, 2003 and 2002, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Current deposits	¥ 166,645	¥ 181,070	\$ 1,386,398
Ordinary deposits	1,968,626	1,798,167	16,377,924
Savings deposits	101,069	108,801	840,841
Deposits at notice	22,716	27,050	188,989
Time deposits	2,618,285	2,826,898	21,782,741
Other deposits	207,484	200,595	1,726,158
Total	¥ 5,084,826	¥ 5,142,584	\$ 42,303,053

14. BORROWED MONEY

Borrowed money as of March 31, 2003 and 2002, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Borrowings from banks and other	¥ 44,117	¥ 47,527	\$ 367,030

Future lease payments to be received as collateral for borrowed money were ¥33,786 million (\$ 281,083 thousand) and ¥40,323 million as of March 31, 2003 and 2002, respectively.

15. OTHER LIABILITIES

Other liabilities as of March 31, 2003 and 2002, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Domestic exchange settlement account	¥ 10	¥ 33	\$ 84
Accrued income taxes	7,086	452	58,952
Accrued expenses	8,487	9,897	70,612
Unearned income	3,790	3,335	31,534
Employees' deposits	6,796	7,293	56,542
Other	51,273	78,444	426,569
Total	¥ 77,444	¥ 99,456	\$ 644,295

16. EMPLOYEE RETIREMENT BENEFITS

The Bank and domestic consolidated subsidiaries have a contributory funded pension plan and non-contributory unfunded retirement benefit plans.

The liabilities for employee retirement benefits at March 31, 2003 and 2002, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Projected benefit obligation	¥ (92,473)	¥ (84,990)	\$ (769,332)
Market value of plan assets	53,573	57,537	445,704
Projected benefit obligation in excess of plan assets	(38,900)	(27,452)	(323,627)
Unrecognized net actuarial loss	32,873	12,596	273,489
Net liability recognized	(6,026)	(14,855)	(50,138)
Prepaid pension cost	(10,017)	(982)	(83,338)
Liability for employee retirement benefits	¥ (16,043)	¥ (15,838)	\$ (133,477)

In September 2002, the Bank contributed certain available-for-sale securities with a market value of ¥9,832 million to an employee retirement benefit trust for the Bank's contributory pension plans, and recognized a non-cash gain of ¥1,504 million. The securities held in this trust are qualified as plan assets.

The components of net periodic benefit costs for the years ended March 31, 2003 and 2002, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Service cost	¥ 2,623	¥ 2,785	\$ 21,826
Interest cost	2,478	2,436	20,616
Expected return on plan assets	(1,338)	(1,376)	(11,138)
Amortization of net actuarial loss	1,378	1,095	11,468
Other cost	333	270	2,778
Net periodic benefit costs	¥ 5,475	¥ 5,211	\$ 45,551

Assumptions used for the years ended March 31, 2003 and 2002, were as follows:

	2003	2002
Discount rate	2.5%	3.0%
Expected rate of return on plan assets	1.0%~3.0%	1.0%~3.0%
Amortization period of actuarial gain (loss)	10 years	10 years

17. STOCKHOLDERS' EQUITY

Japanese companies are subject to the Code to which certain amendments became effective from October 1, 2001.

The Code was revised whereby common stock par value was eliminated resulting in all shares being recorded with no par value and at least 50% of the issue price of new shares is required to be recorded as common stock and the remaining net proceeds as additional paid-in capital, which is included in capital surplus. The Code permits Japanese companies, upon approval of the Board of Directors, to issue shares to stockholders without consideration as a stock split. Such issuance of shares generally does not give rise to changes within the stockholders' account.

The revised Banking Law of Japan provides that an amount at least equal to 20% of the aggregate amount of cash dividends and certain other appropriations of retained earnings associated with cash outlays applicable to each period shall be appropriated as a legal reserve (a component of retained earnings) until such reserve and additional paid-in capital equals 100% of common stock. The amount of total additional paid-in capital and legal reserve that exceeds 100% of the common stock may be available for dividends by resolution of the stockholders. In addition, the Code permits the transfer of a portion of additional paid-in capital and legal reserve to the common stock by resolution of the Board of Directors.

The revised Code eliminated restrictions on the repurchase and use of treasury stock allowing Japanese companies to repurchase treasury stock by a resolution of the stockholders at the general stockholders meeting and dispose of such treasury stock by resolution of the Board of Directors beginning April 1, 2002. The repurchased amount of treasury stock cannot exceed the amount available for future dividend plus amount of common stock, additional paid-in capital or legal reserve to be reduced in the case where such reduction was resolved at the general stockholders meeting.

The amount of retained earnings available for dividends under the Code was ¥144,931 million (\$ 1,205,753 thousand) as of March 31, 2003, based on the amount recorded in the parent's general books of account. In addition to the provision that requires an appropriation for a legal reserve in connection with the cash payment, the Code imposes certain limitations on the amount of retained earnings available for dividends.

Dividends are approved by the stockholders at a meeting held subsequent to the fiscal year to which the dividends are applicable. Semiannual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitations imposed by the Code.

On June 28, 2001, the Bank's stockholders authorized a stock option plan for the Bank's directors and key employees.

The stock option plan provides options for an aggregate maximum amount of 160 thousand shares for 9 directors and 5,422 thousand shares for 1,655 key employees of the Bank. The exercise period of the stock options is from July 1, 2003 to March 31, 2006. The exercise price of the stock option is ¥675 per share, which is subject to adjustments for stock issuance below fair value and stock splits. The Bank repurchased 5,555 thousand shares of the Bank's common stock for ¥3,444 million (\$ 25,848 thousand) during the year ended March 31, 2002 for the purpose of this stock option plan.

18. OTHER OPERATING INCOME

Other operating income for the years ended March 31, 2003 and 2002, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Gains on foreign exchange transactions	¥ 796	¥ 888	\$ 6,627
Gains on sales of bonds	2,725	781	22,677
Other	42,771	40,168	355,834
Total	¥ 46,293	¥ 41,837	\$ 385,140

19. OTHER INCOME

Other income for the years ended March 31, 2003 and 2002, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Gains on sales of stocks and other securities	¥ 10,300	¥ 3,775	\$ 85,692
Gains on money held in trust	1,127	2,214	9,382
Other	5,587	5,008	46,486
Total	¥ 17,015	¥ 10,997	\$ 141,561

20. OTHER OPERATING EXPENSES

Other operating expenses for the years ended March 31, 2003 and 2002, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Loss on sales of bonds	¥ 210	¥ 251	\$ 1,754
Loss on redemption of bonds	398		3,311
Other	40,117	37,437	333,757
Total	¥ 40,726	¥ 37,688	\$ 338,823

21. OTHER EXPENSES

Other expenses for the years ended March 31, 2003 and 2002, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Write-off of loans	¥ 200	¥ 412	\$ 1,666
Losses on sales of stocks and other equity securities	5,336	10,813	44,399
Valuation loss on stocks and other equity securities	6,394	16,262	53,201
Loss on money held in trust	2,836	2,623	23,595
Loss on sales of real estate	671	825	5,589
Other	2,654	1,366	22,086
Total	¥ 18,094	¥ 32,303	\$ 150,540

22. INCOME TAXES

The Bank and domestic consolidated subsidiaries are subject to Japanese national and local income taxes, which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 41.3% for the years ended March 31, 2003 and 2002.

On March 31, 2003, a tax reform law concerning enterprise tax was enacted in Japan which changed the normal effective statutory tax rate from 41.36% to 40.28%, effective for years beginning on or after April 1, 2004. The effect of this change was to decrease deferred tax assets by ¥469 million (\$ 3,905 thousand), increase income taxes—deferred by ¥1,440 million (\$ 11,982 thousand), and increase in unrealized gain on available-for-sale securities by ¥970 million (\$ 8,077 thousand) in the consolidated financial statements for the year ended March 31, 2003.

The tax effects of significant temporary differences which resulted in net deferred tax assets and liabilities as of March 31, 2003 and 2002, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Deferred tax assets:			
Allowance for possible loan losses	¥ 57,711	¥ 54,324	\$ 480,129
Liability for employee retirement benefits	13,926	13,484	115,858
Unrealized losses on available-for-sale securities	4,514	4,856	37,560
Valuation loss on stocks and other equity securities	1,410	4,193	11,732
Premises and equipment	3,801	3,216	31,624
Tax loss carryforwards	647	105	5,388
Others	2,565	2,511	21,347
Less valuation allowance	(2,414)	(3,903)	(20,083)
Total	82,163	78,790	683,557
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	40,718	64,028	338,759
Gain on contribution of securities to employee retirement benefit trust	7,744	7,330	64,432
Others	425	299	3,543
Total	48,889	71,657	406,734
Net deferred tax assets	¥ 33,274	¥ 7,132	\$ 276,823

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of operations for the year ended March 31, 2002 was as follows:

Normal effective statutory tax rate	(41.3)%
Valuation allowance	3.4
Income not taxable for income tax purposes	(2.6)
Deferred tax assets in the past years	1.8
Expenses not deductible for income tax purposes	0.8
Inhabitants' tax (per capita basis)	0.3
Others	1.0

Actual effective tax rate (36.6)%

The difference between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of operations for the year ended March 31, 2003 is immaterial.

23. LEASES

a. Lessee

The Bank and consolidated subsidiaries lease equipment.

Lease payments under finance leases for the years ended March 31, 2003 and 2002, amounted to ¥140 million (\$ 1,172 thousand) and ¥259 million, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expenses and interest expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2003 and 2002, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Acquisition cost		¥ 971	
Accumulated depreciation		842	
Net leased property		¥ 129	

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Due within one year		¥ 139	
Due after one year			
Total		¥ 139	

Depreciation expenses and interest expense under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Depreciation expenses	¥ 129	¥ 235	\$ 1,077
Interest expense	1	8	13

Depreciation expenses and interest expense, which are not reflected in the accompanying consolidated statements of operations, are computed by the straight-line method and the interest method, respectively.

b. Lessor

A consolidated subsidiary leases equipment and other assets to various customers.

Lease receipts under finance leases for the years ended March 31, 2003 and 2002, were ¥34,691 million (\$ 288,613 thousand) and ¥33,398 million, respectively.

The information of leasing property such as acquisition cost, accumulated depreciation, receivable under finance leases and depreciation expense of finance leases that do not transfer ownership of the leased property to the lessee for the years ended March 31, 2003 and 2002, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Acquisition cost	¥ 166,279	¥ 163,790	\$ 1,383,353
Accumulated depreciation	78,909	76,686	656,486
Net book value	¥ 87,369	¥ 87,103	\$ 726,867

Receivables under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Due within one year	¥ 27,474	¥ 26,957	\$ 228,570
Due after one year	64,114	63,758	533,395
Total	¥ 91,588	¥ 90,716	\$ 761,966

Depreciation expenses under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Depreciation expenses	¥ 30,335	¥ 29,140	\$ 252,376

The minimum rental commitments under noncancelable operating leases as of March 31, 2003 and 2002 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Due within one year	¥ 1,321	¥ 1,232	\$ 10,995
Due after one year	2,145	1,616	17,847
Total	¥ 3,466	¥ 2,849	\$ 28,842

24. DERIVATIVES

Derivatives which the Bank and certain consolidated subsidiaries use are as follows:

Interest rate-related transactions:	Interest rate futures, forward rate agreement, interest rate swap, interest rate option
Currency-related transactions:	Currency swap, currency future, currency option
Stock-related transactions:	Stock index future, stock index future option
Bond-related transactions:	Bond future, bond future option, over-the-counter bond option
Others:	Credit derivative

The Bank and certain subsidiaries enter into derivatives to "hedge risk associated with certain assets and liabilities," to "respond to the diverse needs of customers" and as a part of "trading activities."

Derivatives are subject to market risk and credit risk. Market risk is the exposure created by potential fluctuations in market conditions, including interest rates, foreign exchange rates or price of bonds. Credit risk is the possibility that a loss may result from a counterparty's failure to perform according to the terms and conditions of the contract.

The amount of credit risk on derivatives calculated by the current exposure method prescribed by the Bank for International Settlements is ¥10,974 million (\$ 91,301 thousand) as of March 31, 2003.

The Bank comprehensively controls risks of derivatives of the Bank and consolidated subsidiaries in accordance with its Risk Management Regulations and Market Risk Management Regulations. The amounts

of positions, market values and market risks are reported periodically to the responsible executive officers and to the ALM (asset and liabilities management) Committee, where evaluation and analysis of derivatives are made.

Risk control of derivatives is the responsibility of the middle section (Risk Management Section) independent from the front section (section to execute transactions in the market). The Financial Management Department is also in charge of controlling market risks in order to make the risk control system work effectively.

The Bank regularly improves the system to avoid excessive market risks. In order to properly control market risks of derivatives for "risk hedge," the Bank analyzes the related assets and liabilities, to verify the effectiveness of the executed risk hedges. The evaluation of effectiveness of the hedge for hedge accounting is made at the end of March, June, September and December. Derivatives for "trading activities" are strictly controlled in accordance with rules of loss-cut and limit amount which are regulated in the authorized investment control criteria, and by checking daily whether such criteria are complied with. The market risk is measured using the basis point value method and the value at risk method.

The Bank makes it a rule that derivative transactions are limited to transactions traded on the market exchange and over-the-counter transactions with highly rated financial institutions. In order to reduce risks, a transaction limit is established for each institution and is reviewed from time to time depending upon changes in circumstances and the credit risk amount of derivatives is measured daily and monthly.

The Bank had the following derivatives contracts outstanding at March 31, 2003:

	Millions of Yen		
	Contract or Notional Amount	Market Value	Unrealized Gain/Loss
Interest Rate-related Transactions			
Over-the-counter—Interest rate swap:			
Receipt fixed—payments floating	¥ 500	¥ 12	¥ 12
Receipt floating—payments fixed	500	(1)	(1)
Currency-related Transactions			
Over-the-counter—Currency swap	30,483	58	58

	Thousands of U.S. Dollars		
	Contract or Notional Amount	Market Value	Unrealized Gain/Loss
Interest Rate-related Transactions			
Over-the-counter—Interest rate swap:			
Receipt fixed—payments floating	\$ 4,159	\$ 105	\$ 105
Receipt floating—payments fixed	4,159	(15)	(15)
Currency-related Transactions			
Over-the-counter—Currency swap	253,602	484	484

The Bank had the following derivatives contracts outstanding at March 31, 2002:

	Millions of Yen		
	Contract or Notional Amount	Market Value	Unrealized Gain/Loss
Interest Rate-related Transactions			
Over-the-counter—Interest rate swap — receipt floating—payments fixed	¥ 650	¥ (36)	¥ (36)
Currency-related Transactions			
Over-the-counter—Currency swap	33,236	78	78

Derivatives which qualify for hedge accounting for the years ended March 31, 2003 and 2002 and such amounts which are assigned to the associated assets and liabilities and are recorded on the balance sheets as of March 31, 2003 and 2002, are excluded from disclosure of market value information.

The contract or notional amounts of derivatives which are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Bank's exposure to credit or market risk.

25. LOAN COMMITMENTS

Contracts for overdraft facilities and loan commitments relate to loans to customers up to prescribed limits in response to customers' loan applications as long as there is no violation of any contract terms. Unused amounts relating to these contracts totaled ¥1,128,207 million (\$ 9,386,085 thousand) and ¥1,089,014 million as of March 31, 2003 and 2002, respectively.

Since many of these commitments expire without being drawn down, the unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions that the Bank and consolidated subsidiaries can refuse a customer's loan application or decrease the contract limits with proper reasons (e.g., changes in financial situation and deterioration in customers' creditworthiness). At the inception of contracts, the Bank and consolidated subsidiaries obtain real estate, securities and other assets as collateral, if necessary. Subsequently, the Bank and consolidated subsidiaries perform periodic reviews of the customers' business results based on internal rules, and take necessary measures to reconsider conditions in contracts and/or require additional collateral and guarantees.

26. NET INCOME PER SHARE

Basic net income per share ("EPS") for the years ended March 31, 2003 and 2002 is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income	Weighted-average Shares	EPS	
Year Ended March 31, 2003				
Basic EPS—Net income available to common stockholders	¥ 8,849	539,924	¥ 16.39	\$ 0.13
Year Ended March 31, 2002				
Basic EPS—Net income available to common stockholders	¥ (15,545)	541,447	¥ (28.71)	

Diluted net income per share is not disclosed because the Bank has no shares that have dilution effect for the years ended March 31, 2003 and 2002, respectively.

27. SUBSEQUENT EVENT

a. Appropriations of Retained Earnings

On June 27, 2003, the Bank's stockholders authorized the appropriations of retained earnings as follows:

	Millions of Yen	Thousands of U.S. Dollars
Cash dividends, ¥2.50 (\$0.02) per share	¥ 1,350	\$ 11,238

b. Purchase of Treasury Stock

At the general stockholders meeting held on June 27, 2003, the Bank is authorized to repurchase up to 20,000 thousand shares of the Bank's common stock (aggregate amount of ¥12,000 million) as treasury stock until the next general stockholders meeting.

28. SEGMENT INFORMATION

The Bank and consolidated subsidiaries operate in banking, leasing and others industries. Main businesses in each industry segment are as follows:

Banking	banking and credit card business
Leasing	leasing business
Others	venture capital and investment management business

Information about industry segments of the Bank and consolidated subsidiaries for the years ended March 31, 2003 and 2002, was as follows:

Ordinary income and expenses represent total income and expenses less certain special income and expenses included in other income and expenses in the consolidated statements of operations.

The domestic shares of both ordinary income and total assets exceed 90% of ordinary income and total assets, respectively. Thus, segment information by geographic area is omitted.

The share of ordinary income from overseas operations is under 10% of ordinary income. Thus, ordinary income from overseas operations is omitted.

Industry Segments

2003

a. Ordinary Income

	Millions of Yen				
	Banking	Leasing	Others	Eliminations/ Corporate	Consolidated
Ordinary income:					
Outside customers	¥ 137,664	¥ 42,269	¥ 747		¥ 180,680
Intersegment	869	1,034	376	¥ (2,280)	
Total	138,533	43,303	1,124	(2,280)	180,680
Ordinary expenses	124,002	42,331	1,400	(2,633)	165,100
Ordinary income (loss)	¥ 14,531	¥ 972	¥ (276)	¥ 352	¥ 15,580

	Thousands of U.S. Dollars				
	Banking	Leasing	Others	Eliminations/ Corporate	Consolidated
Ordinary income:					
Outside customers	\$ 1,145,293	\$ 351,658	\$ 6,217		\$ 1,503,169
Intersegment	7,235	8,602	3,133	\$ (18,971)	
Total	1,152,529	360,260	9,351	(18,971)	1,503,169
Ordinary expenses	1,031,631	352,172	11,651	(21,906)	1,373,548
Ordinary income (loss)	\$ 120,897	\$ 8,088	\$ (2,299)	\$ 2,934	\$ 129,620

b. Assets, Depreciation and Capital Expenditures

	Millions of Yen				
	Banking	Leasing	Others	Eliminations/ Corporate	Consolidated
Assets	¥ 5,665,814	¥ 112,120	¥ 23,157	¥ (74,049)	¥ 5,727,043
Depreciation	5,490	30,806	7		36,303
Capital expenditures	3,570	32,196	1		35,768

	Thousands of U.S. Dollars				
	Banking	Leasing	Others	Eliminations/ Corporate	Consolidated
Assets	\$ 47,136,559	\$ 932,785	\$ 192,655	\$ (616,051)	\$ 47,645,949
Depreciation	45,677	256,290	61		302,028
Capital expenditures	29,707	267,855	9		297,572

2002

a. Ordinary Income

	Millions of Yen				
	Banking	Leasing	Others	Eliminations/ Corporate	Consolidated
Ordinary income:					
Outside customers	¥ 138,533	¥ 39,701	¥ 739		¥ 178,974
Intersegment	774	1,099	69	¥ (1,943)	
Total	139,308	40,800	809	(1,943)	178,974
Ordinary expenses	164,948	39,663	1,607	(1,951)	204,268
Ordinary income (loss)	¥ (25,640)	¥ 1,137	¥ (798)	¥ 8	¥ (25,293)

b. Assets, Depreciation and Capital Expenditures

	Millions of Yen				
	Banking	Leasing	Others	Eliminations/ Corporate	Consolidated
Assets	¥ 5,727,946	¥ 109,138	¥ 26,840	¥ (61,950)	¥ 5,801,974
Depreciation	4,749	29,447	6		34,203
Capital expenditures	9,139	37,726	34		46,900

Corporate Data

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Major Stockholders (Number of shares in thousands):

The Bank of Tokyo-Mitsubishi, Ltd.	26,132 (4.90%)	The Tokio Marine and Fire Insurance Co., Ltd.	9,569 (1.79%)
Mizuho Corporate Bank, Ltd.	20,342 (3.81%)	Shouwa Shoji Co., Ltd.	9,561 (1.79%)
The Meiji Mutual Life Insurance Company	16,017 (3.00%)	The Gunma Bank, Ltd.	8,861 (1.66%)
Nippon Life Insurance Company	13,114 (2.45%)	The Master Trust Bank of Japan, Ltd.	8,764 (1.64%)
Shin-Etsu Chemical Co., Ltd.	11,830 (2.21%)		
Japan Trustee Services Bank, Ltd.	11,399 (2.13%)		

(as of March 31, 2003)

Major Affiliated Companies:

Hachijuni Business Service Co., Ltd.
Date of establishment: August 1981
Line of business: Collection and delivery of materials and cash,
printing

Hachijuni System Development Co., Ltd.
Date of establishment: December 1983
Line of business: Development of computer systems

Hachijuni Staff Service Co., Ltd.
Date of establishment: September 1986
Line of business: Placement of temporary working staff

Hachijuni Lease Co., Ltd.
Date of establishment: June 1974
Line of business: Leasing

Hachijuni DC Card Co., Ltd.
Date of establishment: August 1982
Line of business: Credit card business

Hachijuni Credit Guarantee Co., Ltd.
Date of establishment: December 1983
Line of business: Guarantee to consumer loan

Hachijuni Capital Co., Ltd.
Date of establishment: September 1984
Line of business: Venture capital for high-tech companies

Hachijuni Investment Management Co., Ltd.
Date of establishment: May 1986
Line of business: Investment advisory services

Hachijuni Asia Limited
Date of establishment: January 1989
Line of business: Deposit, loan, trading, underwriting of bonds

Yamabiko Services Co., Ltd.
Date of establishment: August 2000
Line of business: Credit collection and management

(as of March 31, 2003)



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