Annual Report 2004

Year ended March 31, 2004

八十二銀行

THE HACHIJUNI BANK, LTD.

Corporate Outline

Total Assets (Consolidated)
5,764 billions of yen

Stockholders' Equity (Consolidated)
379 billions of yen

Loans and Bills Discounted (Consolidated)
3,701 billions of yen

Deposits (Consolidated)
5,053 billions of yen

Network
153 Domestic Branches (Japan)
1 Overseas Branch (Hong Kong)
2 Representative Offices (Singapore & Shanghai)

Number of Employees
3,211

Risk Adjusted Capital Ratio (Consolidated)
11.36% (BIS standards)

Credit Rating (Long-Term)
Rating and Investment Information, Inc.
A+

as of March 31, 2004

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 playing a big role as one of the largest regional bank in Japan.

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.

CONTENTS

Message from the President

August 2004

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 and well established as a main financial institution in its community. 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 2004" 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, 2004. We sincerely hope that you will use this report to increase your understanding of Hachijuni Bank.

Hachijuni Bank posted a ¥34.3 billion operating profit in the fiscal year which ended on March 31, 2004, helped by a decrease in transfers to general reserve for possible loan losses and write-offs of non-performing loans, and by working for the cost reduction. It also marked ¥22.1 billion in net income, due to the recognition of gains on a substitute portion of pension funds transferred to the government in the extraordinary gains account.

Although the economy of Nagano Prefecture—Hachijuni Bank's primary business territory—has shown signs of picking up, mainly in the manufacturing sector, a full-fledged recovery is yet to be achieved.

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 firmly to the sound banking principles, thereby contributing to the development of the regional community. 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 kindly ask your continued support and patronage.

Sincerely yours,

Kazuyuki Narusawa

Kazuyuki Narusawa
President

Management Policies

Management Philosophy

"Stick firmly to the sound banking principles, thereby contributing to the development of the regional community"
The Bank aims to become an institution which is able to gain customers' trust by providing convenient " customer-first" services and contribute to the development of the regional communities.

Long-term Management Plan (from April 2004 to March 2007)

Corporate Vision

"Corporate group that will positively find, challenge and quickly solve problems maintaining strong earning power and sound financial standings"

This implies that the Bank aims to provide performance result that is expected by shareholders, customers, and partners in the community, and its own employees by constantly fulfilling its social responsibilities such as to protect environment, and to comply with laws and corporate ethics.

Long-term Management Policy

"Expand business area utilizing management resources and provide customers and the regional community with high added value"

We will establish a new business model making full use of the Bank' s strong point. To be more precise, the Bank positions primary banking businesses of " Deposit, Loans and settlement" as core business areas, and further selected four areas to be reinforced, which are " Sales of Investment type products etc. and expansion of products offered" , " Consultation services" , " Financial market investment" , and " System development and sales" .

In order to ensure effective performance in all of these business areas, the Bank will implement reforms in three items including **"Business organizations"**, **"Branch outlet concept"** and **"Organization culture and action"**.

Goals to be achieved by March 31, 2007

(1) ROE	**6%**
(2) Capital adequacy ratio	**11%**
(3) Core net business profit	**¥40 billion**
(4) Core net business profit as a percentage of total assets (ROA)	**0.7%**
(5) General administrative expenses as a percentage of gross core business profit (OHR)	**59%**

Business Performance and Financial Standings

Financial Highlights

Financial Highlights (Consolidated)

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
For the year:			
Total income	¥ 181,932	¥ 182,741	$ 1,721,377
Total expenses	141,046	165,772	1,334,528
Income fefore income taxes and Minority interest	40,886	16,969	386,848
Net income	22,948	8,884	217,138
Per share of common stock (in yen and dollars):			
Net income	¥ 42.92	¥ 16.39	$ 0.40
At year-end:			
Deposits	¥ 5,053,870	¥ 5,084,826	$ 47,817,864
Eoans and bills discounted	3,701,904	3,730,731	35,026,062
Securities	1,511,249	1,414,491	14,298,892
Total assets	5,764,782	5,727,043	54,544,260
Stockholders' equity	379,591	329,342	3,591,553
Risk-adjusted Capital Ratio (BIS Standards)	11.36%	10.39%	

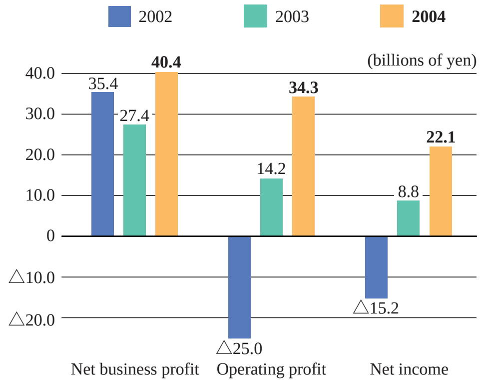
Notes: 1. Yen figures have been rounded down to the nearest million yen.
2. The United States dollar amounts represent trans lations of Japanese yen at the exchange rate of ¥105.69 to US$1.00 on March 31, 2004.
3. Net income per share is based on the weighted average number of shares of common stock outstanding during each year.

Summary of Business Performance

Consolidated Business Results

Operating profit and net income marked ¥37,619 million and ¥22,948 respectively attributing primarily to an increase in non-consolidated earnings which were helped by a decline in transfer to reserve for loan losses and reduction of general and administrative expenses.

Non-consolidated Business Results



Operating income decreased ¥8,133 million from a year earlier to ¥126,255 million, due to a decrease in " Other operating income" such as income on sale of equity shares, etc., and a decrease in interest income caused by declined securities yields, although fees and commissions increased.
Operating expenses was reduced by ¥28,290 million year-on-year to ¥91,865 million, attributing to a decrease in " Other expenses" such as transfer to reserve for possible loan losses, loss on sale of stocks, etc., and write-off of stocks, etc., a decrease in interest expenses caused by declined deposit interest, and a decrease in business expenses helped by reduction of general and administrative expenses, although " Other business expenses" including booing of losses on sale of Japanese government bonds and others for the purpose of contracting latent losses on bonds marked an increase caused by the rise of long-term interest rate.
As a result, the Bank posted an operating profit of ¥34,390 million, an increase of ¥20,156 million year-on-year, and a net income of ¥22,162 million, up ¥13,282 million from a year earlier, as one reason for profit on substitutional portion of pension funds transferring to the government was stated in extraordinary gains.

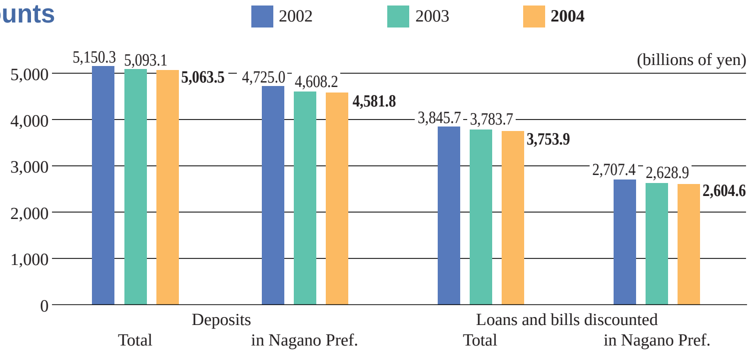
Summary of Financial Standings

Results of Consolidated Main Accounts

Outstanding balance of deposits decreased by ¥30.9 billion from a year earlier to ¥5,053.8 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 ¥28.8 billion during the period to ¥3,701.9 billion as of the end of the current fiscal year due to weak demand for business funds although consumer loans increased.
Outstanding balance of securities increased by ¥96.7 billion to ¥1,511.2 billion as a result of implementation of partial reshuffling in bond portfolio reflecting rising interest risk by carefully watching the market trend, and of efforts to concentrate on asset management to secure stable earnings.

Results of Non-consolidated Main Accounts

Outstanding balance of deposits decreased by ¥29.6 billion during the period to ¥5,063.5 billion. Outstanding balance of public bonds, such as Japanese Government Bonds for retail investors deposited with the Bank jumped ¥70.1 billion to ¥263.4 billion and investment trusts increased by ¥31.3 billion to ¥62.2 billion.
Outstanding balance of loans and bills discounted decreased by ¥29.7 billion to ¥3,753.9 billion.
Outstanding balance of securities increased by ¥94.5 billion to ¥1,501.2 billion.

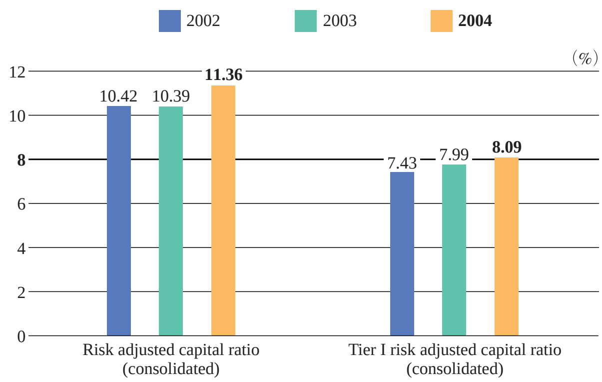


Consolidated Cash Flows

Cash flows provided from operating activities decreased by ¥3.4 billion due to an increase in marketable fund investment such as call loan or due from banks, although net income before income taxes increased, while cash flows used in investment activities decreased by ¥69.2 billion due to purchase of securities. Cash flows provided from financing activities decreased by ¥13.4 billion attributing to purchase of treasury stocks and dividends payment. As a result, outstanding balance of cash and cash equivalents decreased by ¥86.1 billion during the period to ¥156.6 billion.

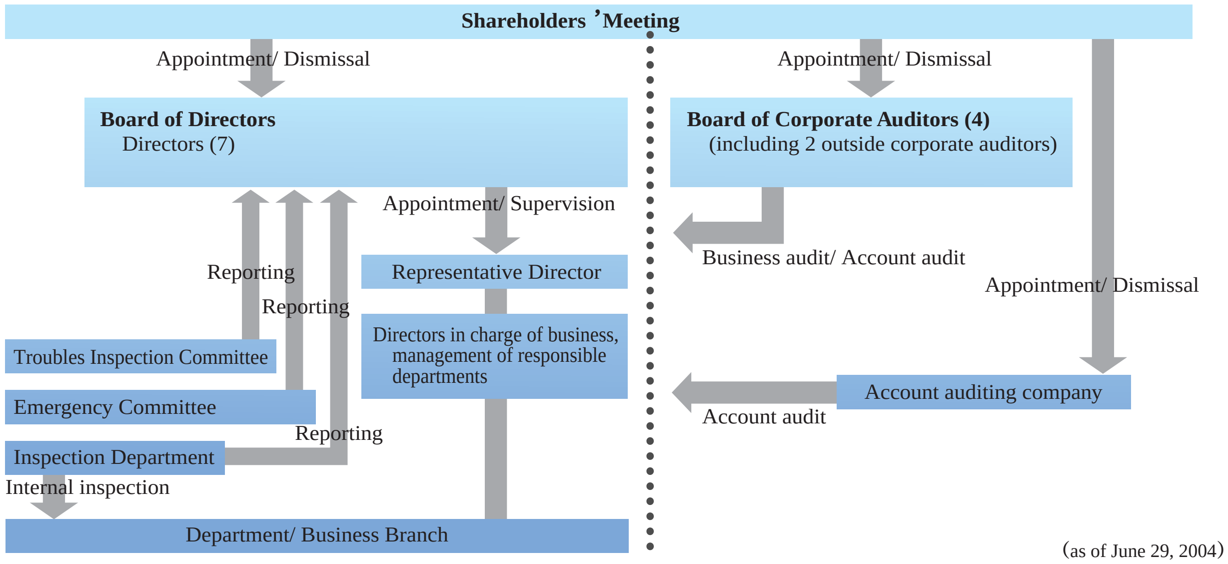
Risk Adjusted Capital Ratio (BIS standards)

Risk Adjusted Capital Ratio (BIS standards) was 11.36% for consolidated basis and 11.20% for non-consolidated basis. Consolidated and non-consolidated capital ratio rose by 0.97% and 0.89% respectively from the fiscal year ended March 31, 2003. Tier I capital used as a numerator for calculation of risk adjusted capital ratio increased ¥10.2 billion from a year earlier owing to a net income increase in spite of treasury stock acquisition, and Tier II capital increased ¥33.0 billion helped by an increase in latent profit caused by the rise of share prices.



Corporate Governance

- To achieve fair management by enhancing its soundness and transparency, the Bank is aiming for more accurate and prompt decision-making practices and stronger business execution and supervisory function.
- The number of the Board members was seventeen in 1998, but it has been reduced to seven since June 30, 2004 to improve the efficiency of the Board function. To reinforce decision-making and supervisory functions of the Board, it has widened the range of agendas to be resolved by and matters to be reported to the Board, aiming to achieve fair management.
- The Bank adopts a corporate auditor system and two of four auditors are outside auditors. Each auditor strictly oversees the execution of duties by directors and the status of internal control practices of the Bank.
- Regarding compliance matters, the Bank has established the Internal Compliance Regulation and Compliance Manual, which contain codes of ethics for officers and employees. In addition, the Board of Directors resolves a compliance program for each fiscal year and its implementation status are reported to the Board in every semi-annual fiscal year.



(as of June 29, 2004)

· In addition to the above, the Management Committee consisting of managing directors and other directors with higher authorities prepares agendas to propose to the Board of Directors and discuss and resolve matters concerning business management in general and other matters requiring overall coordination for daily execution of businesses.
· The Board of Directors appoints eleven (11) Executive Officers who assume duties of daily business execution being as general managers of departments and branches.

Risk Management

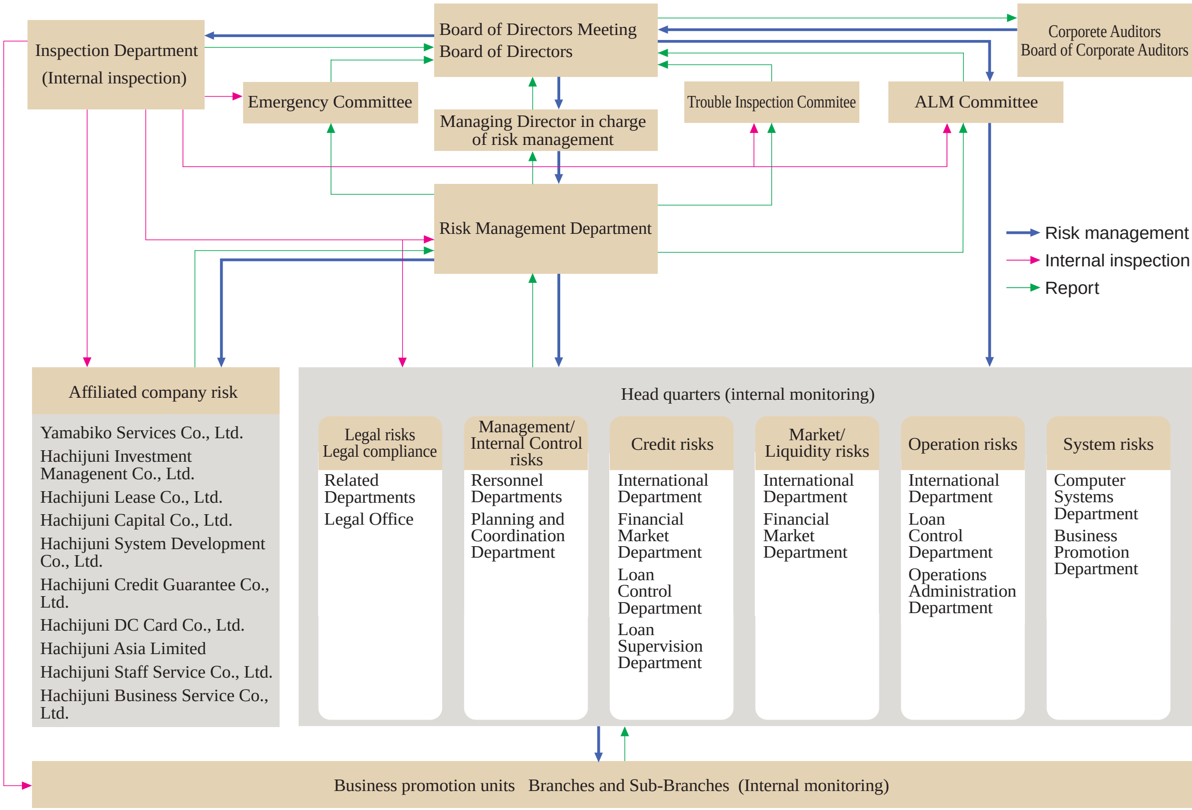
Corporate Risk Management

- The Bank has established Risk Management Department in the Head Quarter charged with responsibility to find, monitor and control risk exposures in an integrated fashion, by centraliz ing key information concerning risks arising out of businesses, markets and products, and by examining diversified risk management status of each department.
- The Department is performing integrated risk management by establishing and controlling risk limit for each department based on a proportionate shareholders' equity allocated to each department corresponding to the estimated maximum risk quantity that such department is exposed to.

Credit Risk Management

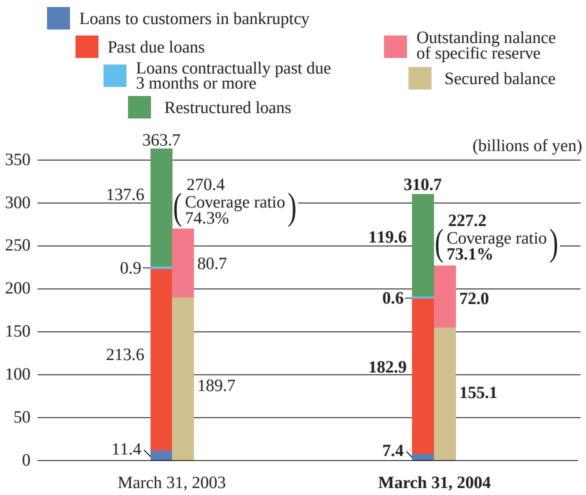
- Concerning asset management business, the Bank has further reinforced borrowers' credit risk management using "new self-assessment system". In addition, the Bank performs calculation of quantified credit risk exposure and makes it reflect on pricing and portfolio management corresponding to such risk exposures.
- The Bank has succeeded in improving its lending assets as a result of having placed great importance on services to assist customers in reconstruction or rehabilitation of their businesses. The Bank has been focusing on such services by having established a special team in Loan Supervision Department II. To further strengthen such services to be provided especially in the early stages of business deterioration, the Bank established "Corporate Rehabilitation Support Group" in Loan Supervision I in June 2003 and positioned a two-year period (fiscal 2004 and 2005) as a "Response Reinforcement Period", during which term, the Bank will take intensive measures to further improve its assets quality.
- With regard to disposal of nonperforming loans, "Yamabiko Services Co., Ltd.", a subsidiary of the Bank, is now supporting the prompt disposal and collection of bad debts of the Bank.

Risk Management Organization Chart



(as of June 29, 2004)

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.

(billions of yen,%)

	March 31, 2003	**March 31, 2004**
Loans to Customers in Bankruptcy	11.4 (0.30)	7.4 (0.19)
Past Due Loans	213.6 (5.64)	182.9 (4.87)
Loans Contractually Past Due 3 months or more	0.9 (0.02)	0.6 (0.01)
Restructured Loans	137.6 (3.63)	119.6 (3.18)
Total	363.7 (9.61)	310.7 (8.27)
Outstanding Balance of loan and bills discounted	3,783.7	3,753.9

(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.

International Operations

As internationaliz ation 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 about 900 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 analyz es 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

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. Since its opening in March 2002, The shanghai Representative office supports 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.

Environment Conservation Activities
(Environmental Report)

Environmental Policy

Environmental Philosophy

◆ Hachijuni Bank will make efforts to reduce its environmental impact, as is the obligation of any company which engages in business that consumes natural resources.
◆ Hachijuni Bank will contribute to the creation of a sustainable regional community, through its environmental conservation activities.

Action Program

1. Hachijuni Bank will try to prevent pollution by accurately determining the impact of its activities on environment, and will set, achieve, and review its environmental objectives.
2. Hachijuni Bank will comply with all laws, regulations, and agreements concerning the environment.
3. Hachijuni Bank will make efforts to conserve resources and energy.
4. By providing financial products, services, and information, Hachijuni Bank will aim to support its clients that are involved with environmental preservation, and that contribute to improving the local environment.
5. All employees of Hachijuni Bank, and their families, will take the initiative in activities for environmental conservation, and will enhance their awareness of environmental issues.

June 27, 2003　Kazuyuki Narusawa, Director & President

Positioning of Environmental Activities

<Management Philosophy>

"Stick firmly to the sound banking principles, thereby contributing to the development of the regional community"

<Addressing environmental issues is corporate social responsibility>

◆Hachijuni Bank's activities are to be performed as elements vital to corporate social responsibility.
◆Hachijuni Bank is to pursue activities which contribute to the creation of a sustainable regional community, by harmonizing ecology and economies as follows.

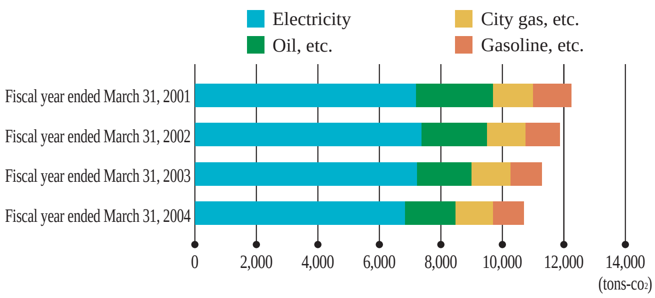
- Pursuing environmental activities focused on primary banking businesses (profit, information, and services).
- Directly linking environmental load-reduction activities (i.e., conservation of energy and resources) to cost-reduction initiatives, toward reducing Hachijuni Bank' s costs.

Main Achievements in 2003

Total Energy Consumption

Although some factors led to increases in energy consumption (such as the extension of ATM service hours, and the establishment of Loan Plaz as which are open on weekends), Hachijuni Bank has succeeded in reducing its yearly total energy consumption by 5 percent (or 12,655,000 mega joules), through its energy-saving efforts. Hachijuni Bank has replaced some equipment with equipment that saves more energy, and employees wear our original-brand open-neck shirts made of Kenaf, an environmentally responsible material, during the summer months.

Carbon Dioxide Emissions by Type of Energy



Response to Global Warming Issues

Carbon dioxide emissions from energy consumption were decreased by 5.1 percent, or 596 tons, year-on-year.

Sales Promotion of Environment Conservation Type Products and Services

As a result of aggressive efforts to introduce and promote them, environmental preservation products and services have begun to be used by our customers. By such business activities, we have succeeded in contributing to preserving the environment.

Results of Environmental Conservation Type Loans for Fiscal Year ended March 31, 2004

Loan Products	Number of Transactions	Loaned Amount (Thousand of yen)
Eco-merit	149	248,990
Sewerage Loan	374	273,040
Solar Loan	13	24,730

Results of environment preservation products and services for Fiscal Year ended March 31, 2004

Products and services	Number of contracts
EB (Computer PC Services,Business Support Services,NetEB,Internet Banking)	11,455
ISO14001 consulting	14
Weather Derivatives (intermediary services began in july 2001)	6 (Total amount since intermediary services started)

Topics

- Hachijuni Bank received ISO14001 certification for its head office building in March 1999, the first of all regional banks in Japan to do so. It expanded the application of this certification to all branches in March 2002. A total of 186 offices (157 branches, 7 regional centers, 18 headquarters, and 4 affiliated companies) and a little over 5,000 employees are involved in this effort.
- Due to Hachijuni Bank's steady corporate activities, it has been registered as an investment target for social-responsibility investment funds, and its equity shares have been selected by a social-responsibility investment index (FTSE4Good Index).
- Hachijuni Bank's stock was selected as a component issue of the Dow-Jones Sustainability World Index in September 2003, for the fourth consecutive year the only Japanese bank to be selected.
- Hachijuni Bank has established a "Hachijuni Volunteer Club", and assigned a liaison for volunteer activities at each department and branch. Hachijuni Bank provides support to the volunteer activities by encouraging its employees to participate in social-action programs at least once a year.
- Hachijuni Bank has also introduced a "Special Holiday System to Encourage Volunteer Activities", to support its employees' participation in programs for the promotion of social welfare, disaster aid, sports, and other causes.

Board of Directors

Kazuyuki Narusawa
President

Kazuo Ishii
Deputy President

Yoshiyuki Yamaura
Senior Managing Director

Naoaki Yoshizawa
Managing Director

Tadashige Maeyama
Managing Director

Takashi Sarashina
Managing Director

Sadayuki Koide
Managing Director

Corporate Auditors

Teruhiko Ozawa
Corporate Standing Auditor

Kazumichi Hanyu
Corporate Standing Auditor

Kensuke Kosaka
Corporate Auditor

Asakazu Horii
Corporate Auditor

(as of June 29, 2004)

Organization

- General Meeting of Stockholders
  - Corporate Auditors, Board of Corporate Auditors
- Board of Directors Meeting
  - Board of Directors
    - President
    - Deputy President
    - Senior Managing Director
    - Managing Directors
  - Planning and Coordination Department
  - Risk Management Department
  - Personnel Department
  - Business Planning Department
  - Business Promotion Department
  - Corporate Consulting Office
  - Loan Supervision Department
  - Loan Control Department
  - Loan Administration Office
  - Financial Market Department
  - International Department
  - Operations Administration Department
  - Computer Systems Department
  - General Affairs Department—Environment Office
  - Asset Audit Office
  - General Secretariat
  - Tokyo Liaison Office
  - Inspection Department
    - Overseas Branch
    - Domestic Branches and Sub-Branches
    - Regional Operation Centers

(as of June 29, 2004)

Major Affiliated Companies

The Hachijuni Bank, Ltd.

Company	Date of establishment	Line of business
Companies Supporting the Bank's operations		
Hachijuni Business Service Co., Ltd.	August 1981	Collection and delivery of materials and cash, printing
Hachijuni Staff Service Co., Ltd.	Sepember 1986	Placement of temporary working staff
Companies operating banking-related business		
Hachijuni Lease Co., Ltd.	June 1974	Leasing
Hachijuni DC Card Co., Ltd.	August 1982	Credit card business
Hachijuni Credit Guarantee Co., Ltd.	December 1983	Guarantee to cunsumer loan
Hachijuni System Development Co., Ltd.	December 1983	Development of computer systems
Hachijuni Capital Co., Ltd.	September 1984	Venture capital for high-tech companies
Hachijuni Investment Management Co., Ltd.	May 1986	Investment advisory services
Yamabiko Services Co., Ltd.	August 2000	Credit collection and manegement
Overseas Subsidiary (Hong Kong)		
Hachijuni Asia Limited	Juanuary 1989	Deposit, loan, trading, underwriting of bonds, leasing

Major Stockholders

Name	Number of shares in thousands	%	Name	Number of shares in thousands	%
The Bank of Tokyo-Mitsubishi, Ltd.	25,634	4.69%	Shin-Etsu Chemical Co., Ltd.	11,830	2.16%
Japan Trustee Services Bank, Ltd. (Trust Account)	22,434	4.10%	The Tokio Marine and Fire Insurance Co., Ltd.	9.569	1.75%
The Meiji Mutual Life Insurance Company	16,417	3.00%	Showa Shoji Co., Ltd.	9,561	1.75%
Nippon Life Insurance Company	13,114	2.40%	The Dai-ichi Mutual Life Insurance Company	8,618	1.57%
The Master Trust Bank of Japan, Ltd. (Trust Account)	12,892	2.35%	Nissay Dowa General Insurance Co., Ltd.	8,241	1.50%

(as of March 31, 2004)

International Banking Group

International Department

Tsutomu Hayashibe

General Manager

◆ **Nagano Main Office**
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Facsimile: (026)226-5077

◆ **Tokyo Office**
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Facsimile: (03)3277-0146
Telex: J23763 HATINIBK
SWIFT Address: HABK JPJT

Financial Market Department

Makoto Takizawa

General Manager

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1-22, Nihonbashi Muromachi 4-chome, Chuo-ku, Tokyo 103-0022, Japan
Phone: (03)3277-0082
Facsimile: (03)3246-4825

Hong Kong Branch

Naofumi Takada

General Manager

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Singapore Representative Office

Makoto Ota

Chief Representative

16 Raffles Quay, # 15-05
Hong Leong Building, Singapore 048581
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Facsimile: 65-6221-0556

Shanghai Representative Office

Katsuhiko Sato

Chief Representative

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Independent Auditors' Report

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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, 2004 and 2003, and the related consolidated statements of income, 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 generally accepted 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, 2004 and 2003, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles 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 29, 2004

Member of
Deloitte Touche Tohmatsu

Financial Section

Consolidated Balance Sheets

March 31, 2004 and 2003

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2004	2003	2004
ASSETS:			
Cash and due from banks (Note 3)	¥ 243,200	¥ 303,711	$ 2,301,071
Call loans and bills bought	47,440	31,866	448,864
Receivables under resale agreement	559	499	5,298
Commercial paper and other debt purchased	37,632	27,220	356,067
Trading assets (Note 4)	10,592	8,528	100,222
Money held in trust (Note 5)	31,272	40,247	295,885
Securities (Notes 6 and 12)	1,511,249	1,414,491	14,298,892
Loans and bills discounted (Notes 7 and 25)	3,701,904	3,730,731	35,026,062
Foreign exchanges (Note 8)	20,571	16,883	194,638
Other assets (Note 9)	93,202	72,403	881,849
Premises and equipment—net (Note 10)	119,395	126,946	1,129,676
Deferred tax assets (Note 22)	3,184	33,274	30,128
Customers' liabilities for acceptances and guarantees (Note 11)	78,629	70,652	743,961
Allowance for possible loan losses	(133,853)	(150,122)	(1,266,471)
Allowance for possible investment losses	(199)	(289)	(1,889)
TOTAL	¥ 5,764,782	¥ 5,727,043	$ 54,544,260
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES:			
Deposits (Notes 12 and 13)	¥ 5,053,870	¥ 5,084,826	$ 47,817,864
Negotiable certificates of deposits	54,877	47,650	519,233
Call money and bills sold (Note 12)	21,503	34,711	203,456
Payables under repurchase agreement	559	499	5,298
Margin money for bond lending transactions	21,215	9,017	200,731
Trading liabilities (Note 4)	6,330	4,951	59,900
Borrowed money (Note 14)	38,783	44,117	366,955
Foreign exchanges (Note 8)	1,142	2,312	10,814
Other liabilities (Notes 12 and 15)	76,466	77,444	723,497
Liability for employee retirement benefits (Note 16)	15,875	16,043	150,212
Deferred tax liabilities (Note 22)	7,400		70,023
Acceptances and guarantees (Note 11)	78,629	70,652	743,961
Total liabilities	5,376,656	5,392,227	50,871,948
MINORITY INTERESTS	8,535	5,472	80,758
STOCKHOLDERS' EQUITY (Note 17):			
Common stock—authoriz ed, 1,972,153 thousand shares; issued, 546,303 thousand shares in 2004 and 546,303 thousand shares in 2003	52,243	52,243	494,305
Capital surplus	28,509	28,509	269,746
Retained earnings	218,982	198,765	2,071,932
Unrealiz ed gain on available-for-sale securities	94,696	53,684	895,982
Foreign currency translation adjustments	(380)	(100)	(3,596)
Treasury stock—26,173 thousand shares in 2004 and 6,168 thousand shares in 2003 (Note 2.q)	(14,460)	(3,759)	(136,816)
Total stockholders' equity	379,591	329,342	3,591,553
TOTAL	¥ 5,764,782	¥ 5,727,043	$ 54,544,260

See notes to consolidated financial statements.

Consolidated Statements of Income

Years Ended March 31, 2004 and 2003

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2004	2003	2004
INCOME:			
Interest income:			
Interest on loans and discounts	¥ 72,852	¥ 74,234	$ 689,302
Interest and dividends on securities	23,648	24,693	223,752
Other interest income	1,826	2,364	17,281
Fees and commissions	19,264	17,887	182,272
Trading income	352	253	3,338
Other operating income (Note 18)	49,673	46,293	469,988
Other income (Note 19)	14,314	17,015	135,440
Total income	181,932	182,741	1,721,377
EXPENSES:			
Interest expense:			
Interest on deposits	3,018	4,549	28,559
Interest on borrowings and rediscounts	1,159	1,472	10,968
Other interest expenses	5,105	5,901	48,309
Fees and commissions	4,036	3,548	38,194
Other operating expenses (Note 20)	51,392	40,726	486,252
General and administrative expenses	67,594	68,698	639,558
Provision for possible loan losses	3,141	22,781	29,726
Other expenses (Note 21)	5,597	18,094	52,959
Total expenses	141,046	165,772	1,334,528
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	40,886	16,969	386,848
INCOME TAXES (Note 22):			
Current	7,416	10,155	70,170
Deferred	9,008	(3,173)	85,236
Total income taxes	16,424	6,982	155,407
MINORITY INTERESTS IN NET INCOME	1,512	1,102	14,309
NET INCOME	¥ 22,948	¥ 8,884	$ 217,132

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Notes 2.r and 26):			
Basic net income	¥ 42.92	¥ 16.39	$ 0.40
Cash dividends applicable to the year	6.00	5.00	0.05

See notes to consolidated financial statements.

Consolidated Statements of Stockholders' Equity
Years Ended March 31, 2004 and 2003

	Thousands	Millions of Yen						
	Issued Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Unrealiz ed Gain on Available-for-sale Securities	Foreign Currency Translation Adjustments	Treasury Stock	Parent's Common Stock Owned by Consolidated Subsidiaries
BALANCE, APRIL 1, 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 unrealiz ed 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.q)							(98)	522
BALANCE, MARCH 31, 2003	546,303	52,243	28,509	198,765	53,684	(100)	(3,759)	
Net income				22,948				
Cash dividends, ¥5.00 per share				(2,696)				
Bonuses to directors and corporate auditors				(34)				
Net loss from disposal of treasury stock								
Net increase in unrealiz ed gain on available-for-sale securities					41,011			
Net decrease in foreign currency translation adjustments						(279)		
Repurchase of treasury stock—net (20,004 thousand shares)							(10,700)	
BALANCE, MARCH 31, 2004	546,303	¥ 52,243	¥ 28,509	¥ 218,982	¥ 94,696	¥ (380)	¥ (14,460)	

	Thousands of U.S. Dollars (Note 1)					
	Common Stock	Capital Surplus	Retained Earnings	Unrealiz ed Gain on Available-for-sale Securities	Foreign Currency Translation Adjustments	Treasury Stock
BALANCE, MARCH 31, 2003	$ 494,305	$ 269,746	$ 1,880,646	$ 507,942	$ (947)	$ (35,575)
Net income			217,132			
Cash dividends, $0.04 per share			(25,512)			
Bonuses to directors and corporate auditors			(328)			
Net loss from disposal of treasury stock			(4)			
Net increase in unrealiz ed gain on available-for-sale securities				388,039		
Net decrease in foreign currency translation adjustments					(2,648)	
Repurchase of treasury stock—net (20,004 thousand shares)						(101,241)
BALANCE, MARCH 31, 2004	$ 494,305	$ 269,746	$ 2,071,932	$ 895,982	$ (3,596)	$ (136,816)

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows
Years Ended March 31, 2004 and 2003

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2004	2003	2004
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 40,886	¥ 16,969	$ 386,849
Depreciation and amortiz ation	35,547	36,303	336,337
Increase (decrease) in allowance for possible loan losses	(16,269)	3,292	(153,936)
Interest income (accrual basis)	(98,327)	(101,291)	(930,337)
Interest expenses (accrual basis)	9,283	11,923	87,837
Interest income (cash basis)	93,343	105,838	883,185
Interest expenses (cash basis)	(11,524)	(13,291)	(109,038)
Income taxes paid	(11,274)	(3,521)	(106,671)
Net decrease in loans and bills discounted	28,826	80,170	272,749
Net decrease in borrowed money, excluding subordinated borrowings	(5,333)	(3,410)	(50,465)
Net decrease in deposits	(30,464)	(34,086)	(288,247)
Net decrease (increase) in call loans and bills bought	(26,047)	125,366	(246,447)
Net increase (decrease) in call money and bills sold	(13,147)	6,772	(124,399)
Net decrease (increase) in due from banks, excluding due from the Bank of Japan	(25,680)	13,923	(242,976)
Others—net	26,704	(799)	252,669
Net cash provided by (used in) operating activities	(3,476)	244,158	(32,890)
INVESTING ACTIVITIES:			
Purchases of investment securities	(631,717)	(529,971)	(5,977,077)
Proceeds from sales of investment securities	383,749	285,083	3,630,896
Proceeds from maturities of investment securities	188,643	143,427	1,784,872
Increase in money held in trust	(8,044)	(12,478)	(76,115)
Decrease in money held in trust	21,148	47,205	200,101
Purchases of premises and equipment	(28,225)	(30,624)	(267,056)
Proceeds from sales of premises and equipment	5,173	861	48,949
Purchases of shares of consolidated subsidiaries		(962)	
Net cash used in investing activities	(69,272)	(97,460)	(655,429)
FINANCING ACTIVITIES:			
Repurchases of treasury stock	(10,705)	(172)	(101,288)
Proceeds from sales of treasury stock	4		41
Dividends paid	(2,696)	(2,698)	(25,513)
Dividends paid to minority interests	(15)	(16)	(145)
Net cash used in financing activities	(13,412)	(2,886)	(126,904)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(26)	(24)	(254)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(86,187)	143,786	(815,477)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR (Note 3)	242,864	99,077	2,297,892
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 3)	¥ 156,676	¥ 242,864	$ 1,482,414

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years Ended March 31, 2004 and 2003

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 generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

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 2003 financial statements to conform to the classifications and presentations used in 2004.

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 ¥105.69 to $1, the rate of exchange at March 31, 2004. 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 2004 and 2003) (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 at market value.

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 4 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 domestic consolidated subsidiaries have a contributory funded pension plan and non-contributory unfunded retirement benefit plans together, covering substantially all of their employees.

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 income. 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 has adopted the transitional treatment in 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 Japanese Institute of Certified Public Accountants (the "JICPA"). Since the current fiscal year, in accordance with the principle provisions of the Industry Audit Committee Report No. 25, hedge accounting is applied to currency swap and foreign exchange swap transactions intended to hedge risks of borrowing and lending in different currencies by swapping the borrowing currency for the lending currency.

The Bank assesses the effectiveness of the hedge by designating currency swap and foreign exchange swap transactions executed for the purpose of offsetting foreign exchange rate risks involved in hedged items, assets and liabilities denominated in foreign currencies, as hedging instruments, and by confirming the existence of foreign currency positions of the hedging instruments corresponding to the hedge items.

This change has no impact on income and loss.

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 income, 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.

With respect to hedge accounting for interest rate risks arising from financial assets and liabilities, in the previous fiscal year, the Bank had applied the "macro hedge" accounting 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 treatment in the Industry Audit Committee Report No. 24, "Treatment of Accounting and Auditing of Application Standard for Financial Instruments in the Banking Industry" issued by the JICPA. Since the current fiscal year, the Bank has adopted deferral hedge accounting pursuant to the principle provisions of the Industry Audit Committee Report No. 24. The Bank assesses the effectiveness of the hedge by grouping the hedged items (e.g., deposits and loans) and the hedging instruments (e.g., interest swaps) by their maturities.

This change has no impact on income and loss.

With respect to derivative transactions between consolidated subsidiaries or internal transactions between trading accounts and other accounts, the Bank manages interest rate swap and currency swap transactions designated as hedging instruments in conformity with the strict hedging criteria for external mirror transactions stipulated in the Industry Audit Committee Report No. 24 and No. 25. Therefore the Bank accounts the gains and losses on these swap transactions in its earnings or deferred as assets or liabilities without elimination.

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 income 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, 2004 and 2003, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Cash and cash equivalents	¥ 156,676	¥ 242,864	$ 1,482,414
Due from banks, excluding due from the Bank of Japan	86,523	60,847	818,657
Cash and due from banks	¥ 243,200	¥ 303,711	$ 2,301,071

4. TRADING ASSETS AND LIABILITIES

Trading assets and liabilities as of March 31, 2004 and 2003, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Trading assets:			
Trading securities	¥ 4,165	¥ 3,507	$ 39,411
Financial derivatives	6,427	5,020	60,811
Total	¥ 10,592	¥ 8,528	$ 100,222
Trading liabilities —Financial derivatives	¥ 6,330	¥ 4,951	$ 59,900

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, 2004 and 2003, were as follows:

	Millions of Yen			
March 31, 2004	Cost	Unrealiz ed Gains	Unrealiz ed Losses	Market Value
Money held in trust:				
Trading				¥ 31,272
Held-to-maturity				
March 31, 2003				
Money held in trust:				
Trading				31,014
Held-to-maturity	¥ 9,232	¥ 2	¥ 11	9,224

	Thousands of U.S. Dollars			
March 31, 2004	Cost	Unrealiz ed Gains	Unrealiz ed Losses	Market Value
Money held in trust:				
Trading				$ 295,885
Held-to-maturity				

6. SECURITIES

Securities as of March 31, 2004 and 2003, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Securities:			
National government bonds	¥ 622,585	¥ 567,087	$ 5,890,677
Local government bonds	147,791	166,899	1,398,346
Corporate bonds	201,304	202,741	1,904,669
Stocks	242,871	161,690	2,297,958
Other securities	296,697	316,072	2,807,240
Total	¥ 1,511,249	¥ 1,414,491	$ 14,298,892

The carrying amounts and aggregate market value of the securities as of March 31, 2004 and 2003, were as follows:

	Millions of Yen			
March 31, 2004	Cost	Unrealized Gains	Unrealized Losses	Market Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 95,121	¥141,855	¥ 437	¥236,540
Debt securities	911,575	13,443	1,083	923,934
Other securities	279,991	7,841	630	287,203
Held-to-maturity	19,091	450	16	19,524
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

	Thousands of U.S. Dollars			
March 31, 2004	Cost	Unrealized Gains	Unrealized Losses	Market Value
Securities classified as:				
Available-for-sale:				
Equity securities	$ 900,009	$1,342,187	$ 4,136	$2,238,060
Debt securities	8,624,989	127,194	10,254	8,741,929
Other securities	2,649,177	74,197	5,963	2,717,411
Held-to-maturity	180,636	4,261	160	184,737

Significant available-for-sale securities and held-to-maturity securities whose market value is not readily determinable as of March 31, 2004 and 2003, were as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Available-for-sale:			
Equity securities	¥ 6,330	¥ 10,325	$ 59,901
Debt securities	14,563	3,295	137,789
Held-to-maturity	23,386	25,815	221,270

Proceeds from sales of available-for-sale securities for the years ended March 31, 2004 and 2003 were ¥382,982 million ($3,623,643 thousand) and ¥282,823 million, respectively. Gross realiz ed gains and losses on these sales, computed on the moving average cost basis, were ¥4,112 million ($38,907 thousand) and ¥8,777 million ($83,049 thousand), respectively, for the year ended March 31, 2004 and ¥13,008 million and ¥5,517 million, respectively, for the year ended March 31, 2003.

The carrying values of debt securities by contractual maturities for securities classified as available-for-sale and held-to-maturities at March 31, 2004 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	¥ 114,741	¥ 551,715	¥ 232,390	¥ 72,834
Others	35,899	174,326	24,027	603
Total	¥ 150,640	¥ 726,041	¥ 256,417	¥ 73,437

	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	$ 1,085,637	$ 5,220,130	$ 2,198,790	$ 689,135
Others	339,664	1,649,412	227,341	5,707
Total	$ 1,425,302	$ 6,869,542	$ 2,426,131	$ 694,842

7. LOANS AND BILLS DISCOUNTED

Loans and bills discounted as of March 31, 2004 and 2003, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Bills discounted	¥ 65,672	¥ 77,554	$ 621,371
Loans on bills	540,905	618,457	5,117,846
Loans on deeds	2,368,689	2,278,908	22,411,669
Overdraft	726,637	755,810	6,875,174
Total	¥ 3,701,904	¥ 3,730,731	$ 35,026,062

Of total loans, loans to customers in bankruptcy which represent nonaccrual loans and were included in loans and bills discounted, amounted to ¥7,695 million ($72,815 thousand) and ¥12,397 million as of March 31, 2004 and 2003, respectively; past due loans which represent nonaccrual loans other than loans to customers in bankruptcy amounted to ¥187,602 million ($1,775,029 thousand) and ¥220,193 million as of March 31, 2004 and 2003, respectively.

Of total loans, accruing loans contractually past due three months or more amounted to ¥790 million ($7,475 thousand) and ¥1,023 million as of March 31, 2004 and 2003, respectively. Loans classified as nonaccrual loans were excluded.

Of total loans, restructured loans amounted to ¥122,483 million ($1,158,898 thousand) and ¥140,155 million as of March 31, 2004 and 2003, 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, 2004 and 2003, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Assets:			
Due from foreign banks	¥ 6,529	¥ 4,167	$ 61,779
Foreign exchange bills bought	11,829	11,297	111,924
Foreign exchange bills receivable	2,212	1,418	20,934
Total	¥ 20,571	¥ 16,883	$ 194,638
Liabilities:			
Overdraft from foreign banks	¥ 2	¥ 54	$ 19
Foreign exchange bills sold	885	753	8,378
Foreign exchange bills payable	255	1,504	2,415
Total	¥ 1,142	¥ 2,312	$ 10,814

9. OTHER ASSETS

Other assets as of March 31, 2004 and 2003, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Domestic exchange settlement account	¥ 90	¥ 80	$ 856
Prepaid expenses	10,862	10,178	102,772
Accrued income	10,246	10,625	96,945
Other	72,003	51,518	681,274
Total	¥ 93,202	¥ 72,403	$ 881,849

10. PREMISES AND EQUIPMENT

Premises and equipment as of March 31, 2004 and 2003, net of accumulated depreciation of ¥196,152 million ($1,855,918 thousand) and ¥191,533 million, respectively, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Land	¥ 17,138	¥ 18,080	$ 162,161
Depreciable assets	100,023	106,629	946,382
Construction in progress	403	130	3,818
Other	1,829	2,105	17,313
Total	¥ 119,395	¥ 126,946	$ 1,129,676

As of March 31, 2004 and 2003, deferred gains for the tax purposes of ¥8,691 million ($82,236 thousand) and ¥8,747 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, 2004 and 2003, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Assets pledged—Securities	¥ 246,364	¥ 248,658	$ 2,331,009
Related liabilities:			
Deposits	¥ 35,257	¥ 42,496	$ 333,597
Call money and bills sold		5,452	
Other liabilities	21,215	9,017	200,731
Total	¥ 56,473	¥ 56,966	$ 534,328

In addition to the above, securities of ¥105,883 million ($1,001,834 thousand) and ¥109,342 million as of March 31, 2004 and 2003, 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, 2004 and 2003, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Current deposits	¥ 196,633	¥ 166,645	$ 1,860,471
Ordinary deposits	2,081,787	1,968,626	19,697,104
Savings deposits	97,297	101,069	920,592
Deposits at notice	21,187	22,716	200,468
Time deposits	2,474,072	2,618,285	23,408,768
Other deposits	182,892	207,484	1,730,458
Total	¥ 5,053,870	¥ 5,084,826	$ 47,817,864

14. BORROWED MONEY

Borrowed money as of March 31, 2004 and 2003, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Borrowings from banks and other	¥ 38,783	¥ 44,117	$ 366,955

Future lease payments to be received as collateral for borrowed money were ¥26,579 million ($251,485 thousand) and ¥33,786 million as of March 31, 2004 and 2003, respectively.

15. OTHER LIABILITIES

Other liabilities as of March 31, 2004 and 2003, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Domestic exchange settlement account	¥ 7	¥ 10	$ 73
Accrued income taxes	3,228	7,086	30,545
Accrued expenses	6,483	8,487	61,343
Unearned income	3,945	3,790	37,330
Employees' deposits		6,796	
Other	62,801	51,273	594,204
Total	¥ 76,466	¥ 77,444	$ 723,497

16. EMPLOYEE RETIREMENT BENEFITS

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

Employees whose service with the Bank or domestic consolidated subsidiaries is terminated are, under most circumstances, entitled to retirement and pension benefits determined by reference to basic rates of pay at the time of termination, length of service and conditions under which the termination occurs. If the termination is involuntary, caused by retirement at the mandatory retirenent age or caused by death, the employee is entitled to greater payment than in the case of voluntary termination.

The liabilities for employee retirement benefits at March 31, 2004 and 2003, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Projected benefit obligation	¥ (61,359)	¥ (92,473)	$ (580,559)
Market value of plan assets	49,655	53,573	469,820
Projected benefit obligation in excess of plan assets	(11,703)	(38,900)	(110,738)
Unrecognized net actuarial loss	6,587	32,873	62,327
Net liability recognized	(5,116)	(6,026)	(48,411)
Prepaid pension cost	(10,759)	(10,017)	(101,801)
Liability for employee retirement benefits	¥ (15,875)	¥ (16,043)	$ (150,212)

The components of net periodic benefit costs for the years ended March 31, 2004 and 2003, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Service cost	¥ 2,392	¥ 2,623	$ 22,632
Interest cost	1,740	2,478	16,464
Expected return on plan assets	(689)	(1,338)	(6,524)
Amortization of net actuarial loss	2,631	1,378	24,894
Other cost	380	333	3,602
Gain on exemption from the future pension obligation of the governmental program	(3,049)		(28,854)
Net periodic benefit costs	¥ 3,404	¥ 5,475	$ 32,213

Assumptions used for the years ended March 31, 2004 and 2003, were as follows:

	2004	2003
Discount rate	2.5%	2.5%
Expected rate of return on plan assets	1.0%−2.0%	1.0%−3.0%
Amortization period of actuarial gain /loss	10 years	10 years

The contributory funded pension plan, established under the Japanese Welfare Pension Insurance Law, covers a substitutional portion of the governmental pension program managed by the Bank on behalf of the government and a corporate portion established at the discretion of the Bank. In accordance with the Defined Benefit Pension Plan Law enacted in April 2002, the Bank applied for an exemption from obligation to pay benefits for future employee services related to the substitutional portion which would result in the transfer of the pension obligations and related assets to the government upon approval. The Bank obtained approval for exemption from the future obligation by the Ministry of Health, Labour and Welfare on August 1, 2003 and recogniz ed a gain on exemption from the future pension obligation of the governmental program in the amount of ¥3,049 million ($28,854 thousand) for the year ended March 31, 2004. The substitutional portion of the plan assets which will be transferred to the government in the subsequent year is measured to be approximately ¥19,012 million ($179,889 thousand) as of March 31, 2004.

17. STOCKHOLDERS' EQUITY

Japanese companies are subject to the Code to which various 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 existing 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 also 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.

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 ¥151,241 million ($1,430,992 thousand) as of March 31, 2004, 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 authoriz ed 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, 2004 and 2003, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Gains on foreign exchange transactions	¥ 1,277	¥ 796	$ 12,084
Gains on sales of bonds	1,904	2,725	18,023
Other	46,490	42,771	439,880
Total	¥ 49,673	¥ 46,293	$ 469,988

19. OTHER INCOME

Other income for the years ended March 31, 2004 and 2003, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Gains on sales of stocks and other securities	¥ 2,207	¥ 10,300	$ 20,890
Gains on money held in trust	4,736	1,127	44,813
Gain on exemption from the future pension obligation of the governmental program	3,049		28,854
Other	4,320	5,587	40,882
Total	¥ 14,314	¥ 17,015	$ 135,440

20. OTHER OPERATING EXPENSES

Other operating expenses for the years ended March 31, 2004 and 2003, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Loss on sales of bonds	¥ 8,168	¥ 210	$ 77,283
Loss on redemption of bonds	212	398	2,013
Other	43,011	40,117	406,955
Total	¥ 51,392	¥ 40,726	$ 486,252

21. OTHER EXPENSES

Other expenses for the years ended March 31, 2004 and 2003, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Write-off of loans	¥ 609	¥ 200	$ 5,767
Losses on sales of stocks and other equity securities	572	5,336	5,418
Valuation loss on stocks and other equity securities	324	6,394	3,074
Loss on money held in trust	607	2,836	5,745
Loss on sales of real estate	874	671	8,272
Other	2,608	2,654	24,681
Total	¥ 5,597	¥ 18,094	$ 52,959

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 40.3% and 41.3% for the years ended March 31, 2004 and 2003, respectively.

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 deferred tax assets and liabilities which will realiz e on or after April 1, 2004 are measured at the effective tax rate of 40.28% as of March 31, 2003 and 2004.

The tax effects of significant temporary differences which resulted in net deferred tax assets and liabilities as of March 31, 2004 and 2003, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Deferred tax assets:			
Allowance for possible loan losses	¥ 49,529	¥ 57,711	$ 468,625
Liability for employee retirement benefits	14,036	13,926	132,809
Unrealized losses on available-for-sale securities	864	4,514	8,181
Valuation loss on stocks and other equity securities	1,126	1,410	10,661
Premises and equipment	3,717	3,801	35,173
Tax loss carryforwards	278	647	2,633
Others	2,453	2,565	23,217
Less valuation allowance	(2,222)	(2,414)	(21,026)
Total	69,784	82,163	660,276
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	65,550	40,718	620,217
Gain on contribution of securities to employee retirement benefit trust	7,746	7,744	73,296
Others	703	425	6,657
Total	74,001	48,889	700,171
Net deferred tax assets (liabilities)	¥ (4,216)	¥ 33,274	$ (39,894)

The difference between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the years ended March 31, 2004 and 2003, is immaterial.

23. LEASES

a. Lessee

The Bank and consolidated subsidiaries had leased equipments till the middle of the year ended March 31, 2003, and, since then, they have not leased equipment or other assets.

Lease payments under finance leases for the year ended March 31, 2003, amounted to ¥140 million.

Pro forma information of leased property such as depreciation expense, interest expense of finance leases that do not transfer ownership of the leased property to the lessee on an " as if capitaliz ed" basis for the years ended March 31, 2004 and 2003, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Depreciation expenses		¥ 129	
Interest expense		1	

Depreciation expenses and interest expense, which are not reflected in the accompanying consolidated statements of income, 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, 2004 and 2003, were ¥34,406 million ($325,546 thousand) and ¥34,691 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, 2004 and 2003, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Acquisition cost	¥ 165,623	¥ 166,279	$ 1,567,068
Accumulated depreciation	81,181	78,909	768,111
Net book value	¥ 84,441	¥ 87,369	$ 798,957

Receivables under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Due within one year	¥ 27,336	¥ 27,474	$ 258,651
Due after one year	60,735	64,114	574,660
Total	¥ 88,072	¥ 91,588	$ 833,311

Depreciation expenses under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Depreciation expenses	¥ 29,661	¥ 30,335	$ 280,645

The minimum rental commitments under noncancelable operating leases as of March 31, 2004 and 2003, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Due within one year	¥ 1,532	¥ 1,321	$ 14,502
Due after one year	1,503	2,145	14,227
Total	¥ 3,036	¥ 3,466	$ 28,729

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 ¥22,708 million ($214,859 thousand) as of March 31, 2004.

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 analyz es 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 authoriz ed 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 monthly.

The Bank had the following derivatives contracts outstanding at March 31, 2004:

	Millions of Yen		
	Contract or Notional Amount	Market Value	Unrealiz ed Gain/ Loss
Interest Rate-related Transactions			
Over-the-counter—Interest rate swap:			
Receipt fixed—payments floating	¥ 3,300	¥ 22	¥ 22
Receipt floating—payments fixed	3,300	1	1
Currency-related Transactions			
Over-the-counter—Currency swap	36,398	71	71
Over-the-counter—Currency future:			
Buying	47,427	2,635	2,635
Selling	42,390	(1,871)	(1,871)
Over-the-counter—Currency option:			
Selling	13,459	(197)	49
Buying	13,459	197	(12)

	Thousands of U.S. Dollars		
	Contract or Notional Amount	Market Value	Unrealiz ed Gain/ Loss
Interest Rate-related Transactions			
Over-the-counter—Interest rate swap:			
Receipt fixed—payments floating	$ 31,223	$ 215	$ 215
Receipt floating—payments fixed	31,223	17	17
Currency-related Transactions			
Over-the-counter—Currency swap	344,388	676	676
Over-the-counter—Currency future:			
Buying	448,746	24,938	24,938
Selling	401,087	17,708	17,708
Over-the-counter—Currency option:			
Selling	127,351	(1,871)	470
Buying	127,351	1,872	(117)

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

	Millions of Yen		
	Contract or Notional Amount	Market Value	Unrealiz ed 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

Derivatives which qualify for hedge accounting for the years ended March 31, 2004 and 2003 and such amounts which are assigned to the associated assets and liabilities and are recorded on the balance sheets as of March 31, 2004 and 2003, 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 ¥1,251,980 million ($11,845,776 thousand) and ¥1,128,207 million as of March 31, 2004 and 2003, 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, 2004 and 2003, is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended March 31, 2004	Net Income	Weighted-average Shares	EPS	
Basic EPS—Net income available to common stockholders	¥ 22,901	535,565	¥ 42.92	$ 0.40
Year Ended March 31, 2003				
Basic EPS—Net income available to common stockholders	¥ 8,849	539,924	¥ 16.39	

Diluted net income per share is not disclosed because the Bank has no shares that have dilution effect for the years ended March 31, 2004 and 2003, respectively.

27. SUBSEQUENT EVENT

The following appropriations of retained earnings at March 31, 2004, were approved at the Bank's stockholders meeting held on June 29, 2004:

	Millions of Yen	Thousands of U.S. Dollars
Cash dividends, ¥3.50 ($0.03) per share	¥ 1,821	$ 17,231
Bonuses to directors and corporate auditors	47	444

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, 2004 and 2003, 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 income.

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

a. Ordinary Income

	Millions of Yen				
	2004				
	Banking	Leasing	Others	Eliminations/ Corporate	Consolidated
Ordinary income:					
Outside customers	¥ 129,956	¥ 46,055	¥ 1,779		¥ 177,791
Intersegment	851	850	81	¥ (1,783)	
Total	130,807	46,906	1,860	(1,783)	177,791
Ordinary expenses	95,798	45,030	1,025	(1,682)	140,172
Ordinary income	¥ 35,009	¥ 1,875	¥ 834	¥ (100)	¥ 37,619

	Thousands of U.S. Dollars				
	2004				
	Banking	Leasing	Others	Eliminations/ Corporate	Consolidated
Ordinary income:					
Outside customers	$ 1,229,597	$ 435,762	$ 16,838		$ 1,682,198
Intersegment	8,056	8,051	767	$ (16,874)	
Total	1,237,653	443,814	17,605	(16,874)	1,682,198
Ordinary expenses	906,408	426,064	9,706	(15,922)	1,326,256
Ordinary income	$ 331,245	$ 17,749	$ 7,898	$ (952)	$ 355,941

b. Assets, Depreciation and Capital Expenditures

	Millions of Yen				
	2004				
	Banking	Leasing	Others	Eliminations/ Corporate	Consolidated
Assets	¥ 5,705,467	¥ 105,589	¥ 20,944	¥ (67,219)	¥ 5,764,782
Depreciation	4,933	30,606	7		35,547
Capital expenditures	2,301	30,304			32,605

	Thousands of U.S. Dollars				
	2004				
	Banking	Leasing	Others	Eliminations/ Corporate	Consolidated
Assets	$ 53,983,037	$ 999,053	$ 198,172	$ (636,003)	$ 54,544,260
Depreciation	46,678	289,588	69		336,336
Capital expenditures	21,772	286,726	1		308,500

a. Ordinary Income

	Millions of Yen				
	2003				
	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

b. Assets, Depreciation and Capital Expenditures

	Millions of Yen				
	2003				
	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

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