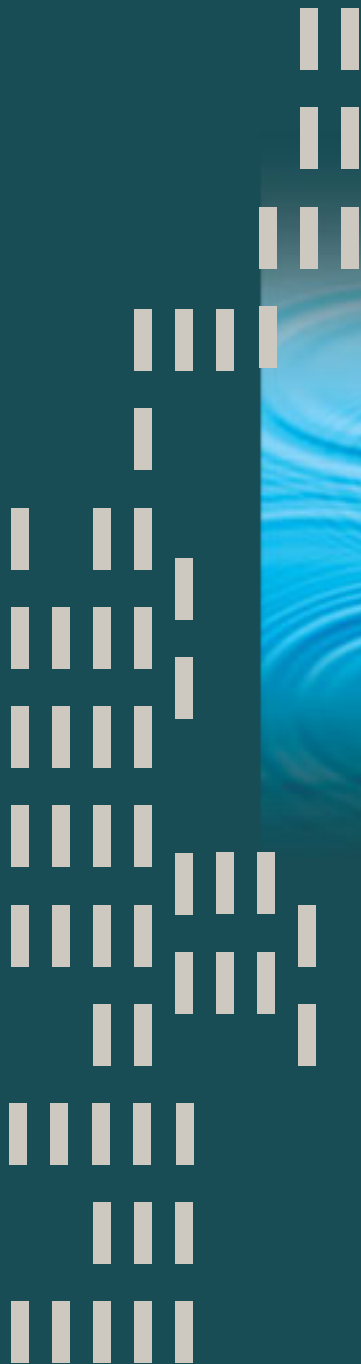


Annual Report | 2005

Year ended March 31, 2005



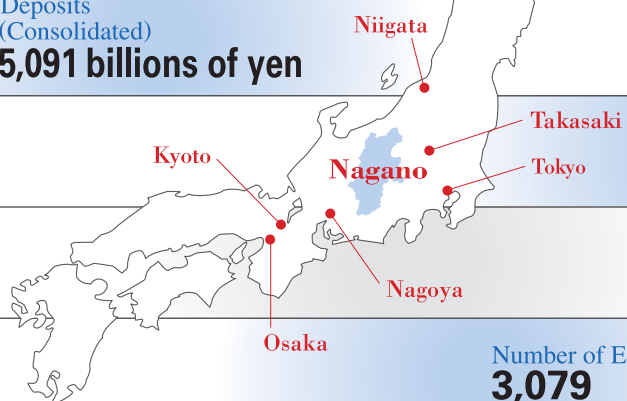
Corporate Outline

Stockholders' Equity
(Consolidated)
400 billions of yen

Total Assets
(Consolidated)
5,880 billions of yen

Loans and Bills Discounted
(Consolidated)
3,698 billions of yen

Deposits
(Consolidated)
5,091 billions of yen



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

Number of Employees
3,079

Risk Adjusted Capital Ratio
(Consolidated)
12.18% (BIS standards)

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

as of March 31, 2005



The Hachijuni Bank, Ltd. is one of the leading regional banks in Japan. We are mainly 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 Bank 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.

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Kazuyuki Narusawa, Chairman



Yoshiyuki Yamaura, President

Message from the Management

August 2005

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 2005” 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, 2005. We sincerely hope that you will use this report to increase your understanding of Hachijuni Bank.

Hachijuni Bank posted a ¥39.6 billion in operating profit for the fiscal year ended March 31, 2005, helped by increased profit on fees and commissions, reduced expenses and substantially decreased losses related to Japanese Government Bonds and others. It also marked ¥25.5 billion in net income, due to the extraordinary gains generated by reversal entry for possible loan losses and gains related to retirement benefit caused by its system change.

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 corporate group that will positively find and support to solve problems maintaining strong earning power and sound financial standings, based on our management philosophy of “stick firmly to the sound banking principles, thereby contributing to the development of the regional community”. Besides 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 change view and action and will be committed to achieving the trust and meeting the expectations of our customers, shareholders, and the community.

We kindly ask your continued support and patronage.

Sincerely yours,

Kazuyuki Narusawa
Chairman

Yoshiyuki Yamaura
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 acting on “customer-first” policy 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 and support to solve problems maintaining strong earning power and sound financial standings”

The Bank aims to become an corporate group that will positively find and support to solve customers’ problems. This implies that the Bank aims to provide services and performance result that is expected by customers, shareholders, 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

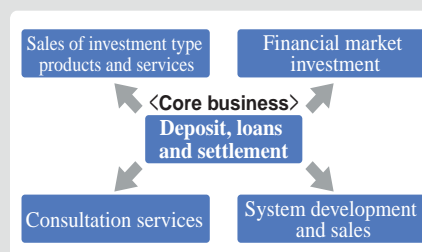
“Expand business area utilizing management resources and provide customers and the regional community with high added value”

The bank will make effort to establish a new business model capitalizing on management resources such as “Business base”, “Information”, “Network” and “System development capability”, all of which are the Bank’s strong points. To be more precise, the Bank positions primary banking businesses of “Deposit, loans and settlement” as core business, and further selected four areas to be reinforced, which are “Sales of investment type products and services”, “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

	Goals to Be Achieved by March 31, 2007	Result as of March 31, 2005
(1) ROE	6%	6.6%
(2) Capital adequacy ratio	11%	11.94%
(3) Core net business profit	¥ 40 billion	¥ 43.2 billion
(4) Core net business profit as a percentage of total assets (ROA)	0.7%	0.77%
(5) General administrative expenses as a percentage of Gross core business profit (OHR)	59%	57.7%



Reforms in three items

1. Business organizations
2. Branch outlet concept
3. Organization culture and action

Management Policy for Fiscal Year 2005

To strengthen the earning power, the Bank will try hard to boost loan balances as well as fees and commissions by strengthening business fields such as “Consultation services” and “Sales of investment type products and services”. Further, the Bank will also focus on the expansion of business operation areas and the improvement in its assets’ quality by providing support for customers’ business revitalization and reducing nonperforming loans.

To strengthen risk management capability, the Bank will take appropriate measures in response to new laws such as “The Personal Information Protection Law” and “Financial Reform Program” and will also strengthen security measures to prevent fraudulent withdrawal of deposits using forged or stolen cash cards, and to protect outside-of-branch ATM facilities. The Bank will also reinforce its system with which customers can use services of the Bank well at ease by ensuring employees’ accountability for diversified financial products and services and by improving the level of its operation services.

Business Performance and Financial Standings

Financial Highlights (Consolidated)

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
For the year:			
Total income	¥ 178,529	¥ 181,932	\$ 1,662,443
Total expenses	132,021	141,046	1,229,362
Income before income taxes and Minority interests	46,508	40,886	433,080
Net income	26,138	22,948	243,401
Net income per share	¥ 50.25	¥ 42.92	\$ 0.46
At year-end:			
Deposits	¥ 5,091,590	¥ 5,053,870	\$ 47,412,146
Loans and bills discounted	3,698,562	3,701,904	34,440,472
Securities	1,547,129	1,511,249	14,406,648
Total assets	5,880,702	5,764,782	54,760,238
Shareholders’ equity	400,391	379,591	3,728,387
Risk-adjusted Capital Ratio (BIS Standards)	12.18%	11.36%	

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 ¥107.39 to US\$1.00 on March 31, 2005.

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

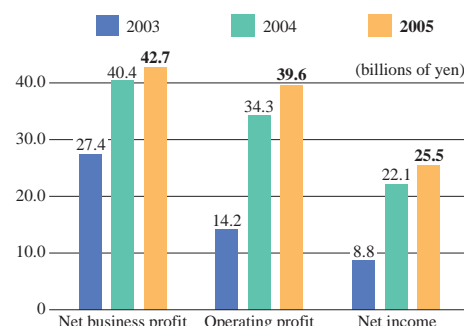
Operating profit and net income marked ¥44,186 million and ¥26,138 respectively attributing primarily to an increase in non-consolidated earnings which were helped by a decline in losses related to Japanese Government Bonds and others and reduction of general and administrative expenses.

Non-consolidated Business Results

Operating income decreased ¥134 million from a year earlier to ¥126,120 million, due to decreases in “Other business income” such as gains related to Japanese Government Bonds and others and in “Other operating income” such as profit on money in trust although interest income and fees and commissions increased.

Operating expenses declined ¥5,424 million from a year earlier to ¥86,440 million, attributing to a decrease in “Other business expenses” such as losses related to Japanese Government Bonds and others and in business expenses helped by reduction of general and administrative expenses although “Other operating expenses” including losses on sales of credit claims and losses on money in trust went up, and funding cost also increased due to rises in overseas interest rates.

As a result, the Bank posted an operating profit of ¥39,680 million, up ¥5,289 million year-on-year, and a net income of ¥25,525 million, up ¥3,362 million year-on-year, as net extraordinary gains stood at ¥2,387 million that was almost the same as those of a year earlier.



Summary of financial standings

Results of Consolidated Main Accounts

Outstanding balance of deposits increased 37.7 billion from a year earlier to ¥5,091.5 billion, owing to an increase in deposits from corporations.

Outstanding balance of loans and bills discounted dropped 3.3 billion during the period to ¥3,698.5 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 35.8 billion to ¥1,547.1 billion making efforts to concentrate on asset management to secure stable earnings by carefully watching the market trend.

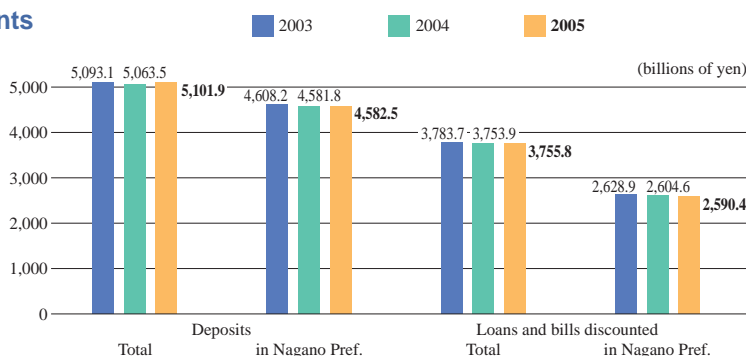
Results of Non-consolidated Main Accounts

Outstanding balance of deposits increased ¥38.4 billion during the period to ¥5,101.9 billion.

Outstanding balance of public bonds, such as Japanese Government Bonds for retail investors deposited with the Bank jumped ¥72.3 billion to ¥335.8 billion and investment trusts increased ¥42.0 billion to ¥104.2 billion.

Outstanding balance of loans and bills discounted marked ¥3,755.8 billion, little change from a year earlier.

Outstanding balance of securities increased ¥32.9 billion to ¥1,534.2 billion.



Consolidated Cash Flows

Net cash provided by operating activities was ¥99.4 billion owing to an increase in net income before income taxes and others, deposits, and negotiable certificate of deposits. Net cash used in investment activities marked ¥41.9 billion due to purchase of securities and other factors. Net cash used in financing activities was ¥4.5 billion attributing to purchase of treasury stocks and dividends payment. As a result, outstanding balance of cash and cash equivalents increased ¥52.9 billion during the period to ¥209.6 billion.

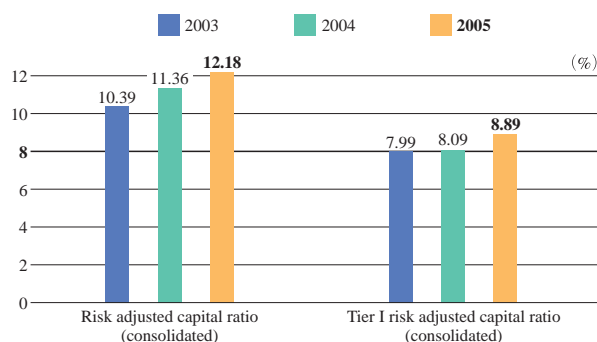
Risk Adjusted Capital Ratio (BIS standards)

Risk adjusted capital ratio (BIS standards) was 12.18% for consolidated basis and 11.94% for non-consolidated basis.

Consolidated and non-consolidated capital ratio rose by 0.82% and 0.74% respectively from the fiscal year ended March 31, 2004.

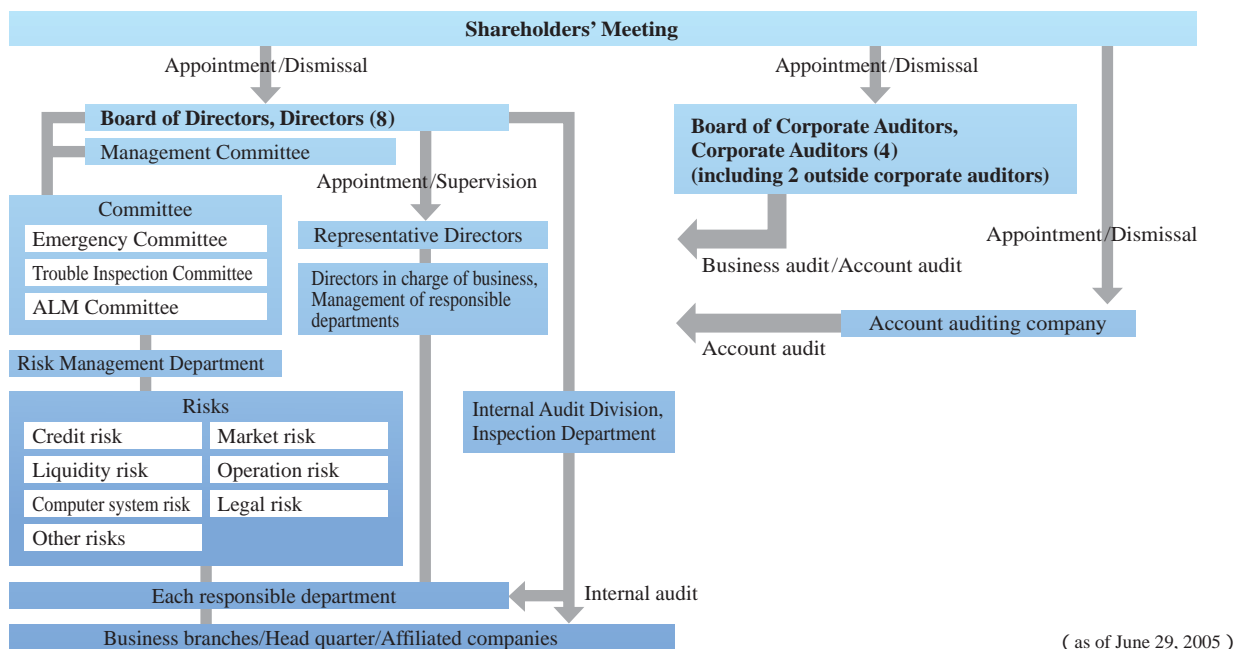
Basic Policies on Profit Sharing

The Bank puts special emphasis on the maintenance of sound management and on the improvement of its financial strength by keeping sufficient retained earnings in view of the public nature of banking businesses. It is the Bank's basic policy to attach importance on stable dividend payment comprehensively taking into consideration its earning results, business environment and other factors.



Corporate Governance

- ▶ To further increase management soundness and transparency, and to achieve fair management, the Bank is aiming to make decisions in a more accurate and prompt manner, and to reinforce its business execution and monitoring functions.
- ▶ The number of members of the Board of Directors was seventeen (17) in 1998, but it has been reduced to eight (8) by June 30, 2005, by which the efficiency of the Board has been improved. To reinforce decision-making and monitoring functions of the Board, it has expanded the ranges of matters to be resolved by and reported to the Board thereby trying to achieve fair management.
- ▶ The Bank adopts a corporate auditor system and two (2) of the four (4) auditors are outside auditors. Each auditor strictly oversees the execution of duties by directors and the status of internal control practices of the Bank.



- 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 with higher degree of importance among normal businesses.
- In addition, the Board of Directors appoints eleven (11) Executive Officers who assume duties of daily business execution under the supervision of the Board of Directors and Representative Directors.

Risk Management

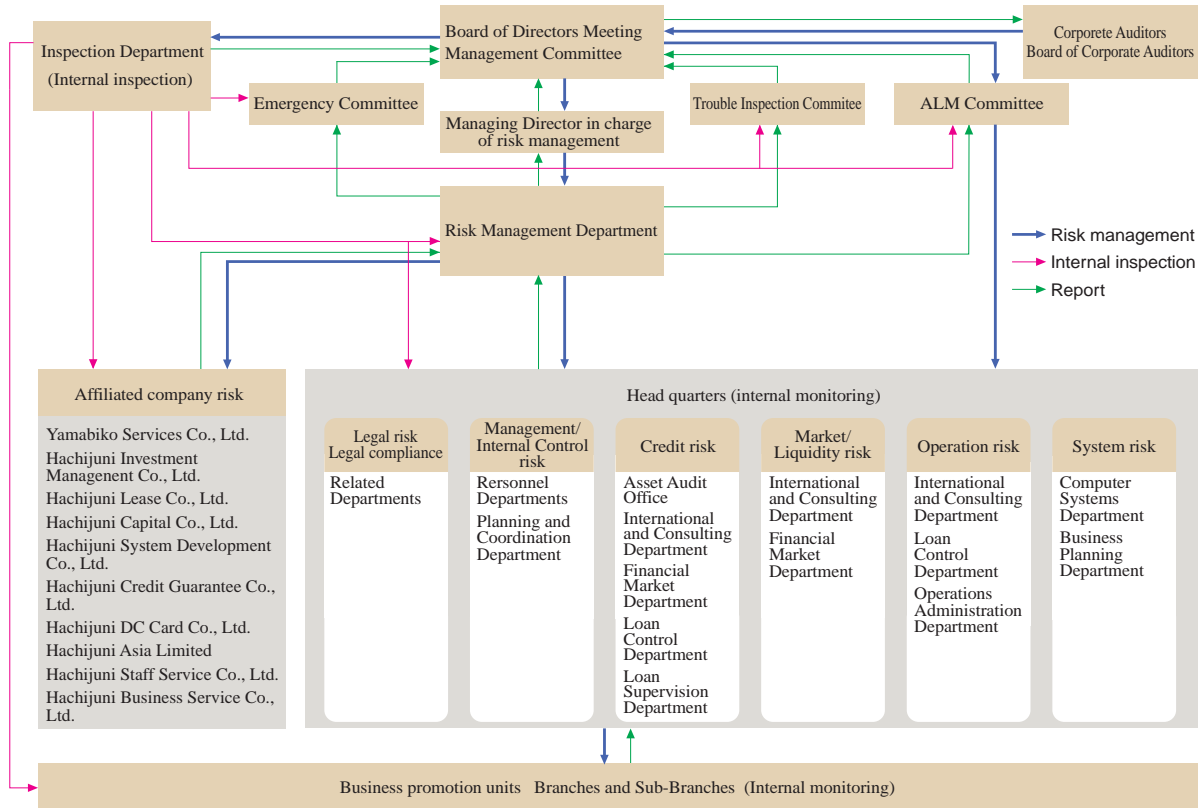
Corporate Risk Management

- ▶ Each department such as Loan Supervision Department, Financial Market Department, Operations Administration Department and other departments properly performs risk control responsibility and independently review its processes by internal check system. The Risk Management Department examines diversified risks management status of each department in an integrated fashion, and finds and controls the Bank's risk exposures. Key information relating to risk management is gathered by the Risk Management Department from each department and branch, and its information is being reflected in decision-making by executives.
- ▶ The Bank has established the ALM Committee composed mainly of executive officers to appropriately manage market, credit, and liquidity risk exposures and to effectively ensure profit by performing an appropriate distribution of required equity capital.
- ▶ In addition, the Inspection Department, as an internal audit department independent from other business departments, examines statuses of business operations and risk management practices of each department and branch, and points out matters to be corrected to them.

Credit Risk Management

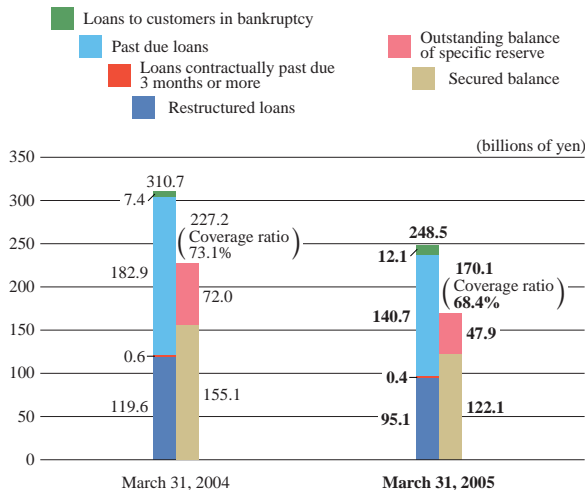
- ▶ Concerning asset management business, the Bank has further reinforced risk management functions for borrowers' credits using "new self-assessment system". In addition, the Bank performs calculation of quantified credit risk exposure and makes it reflect on pricing and portfolio management corresponding to such risk exposures.

Risk Management Organization Chart



(as of May 31, 2005)

Loans under risk management



Note : 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.

	March 31, 2004	March 31, 2005
Loans to Customers in Bankruptcy	7.4 (0.19)	12.1 (0.32)
Past Due Loans	182.9 (4.87)	140.7 (3.74)
Loans Contractually Past Due 3 months or more	0.6 (0.01)	0.4 (0.01)
Restructured Loans	119.6 (3.18)	95.1 (2.53)
Total	310.7 (8.27)	248.5 (6.61)
Outstanding Balance of loans and bills discounted	3,753.9	3,755.8

(Loans under risk management as a percentage of outstanding balance of loans and bills 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 global activities has been popular in social and economic affairs now, international operations become more familiar and important.

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.

International and Consulting Department

Nagano Main Office

178-8, Okada, Nagano-City 380-8682, Japan
Phone: (026)224-5791 Facsimile: (026)226-5077

Tokyo Office

1-22, Nihonbashi Muromachi 4-chome, Chuo-ku, Tokyo 103-0022, Japan
Phone: (03)3242-0082 Facsimile: (03)3277-0146
Telex: J23763 HATINIBK
SWIFT Address: HABK JPJT

Financial Market Department

Tokyo Office

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

Hong Kong Branch

Since its opening in May 1991, the Hong Kong Branch has been improving the financial services offered to our customers. As a result, Hachijuni Bank now handles the large foreign exchange volume 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, provides securities services such as underwriting and selling of foreign currency bonds and also provides lease services.

Suite 301-303, Three Exchange Square, 8 Connaught Place, Central, Hong Kong
Phone: 852-2845-4188
Facsimile: 852-2537-1757
Telex: 80709 HACHK HX



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.

16 Raffles Quay, #15-05 Hong Leong Building, Singapore 048581
Phone: 65-6221-1182
Facsimile: 65-6221-0556

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 waits for the Beijing Olympics. Over 200 of our customers establish 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 May 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.

8/F, HSBC Tower, 101 Yin Cheng East Rd, Pudong, Shanghai, P.C. 200120, China
Phone: 86-21-6841-1882
Facsimile: 86-21-6841-2118



Corporate Social Responsibilities (CSR)

Compliance

- ▶ Regarding compliance matters, the Bank has established the Internal Compliance Regulation, and Compliance Manual, which are positioned as a code of conduct to be observed by officers and employees.
- ▶ In addition, the Board of Directors resolves a compliance program for each fiscal year, and its implementation status is reported to the Board in every semi-annual fiscal year.

Environmental Conservation Activities



Environmental Policy

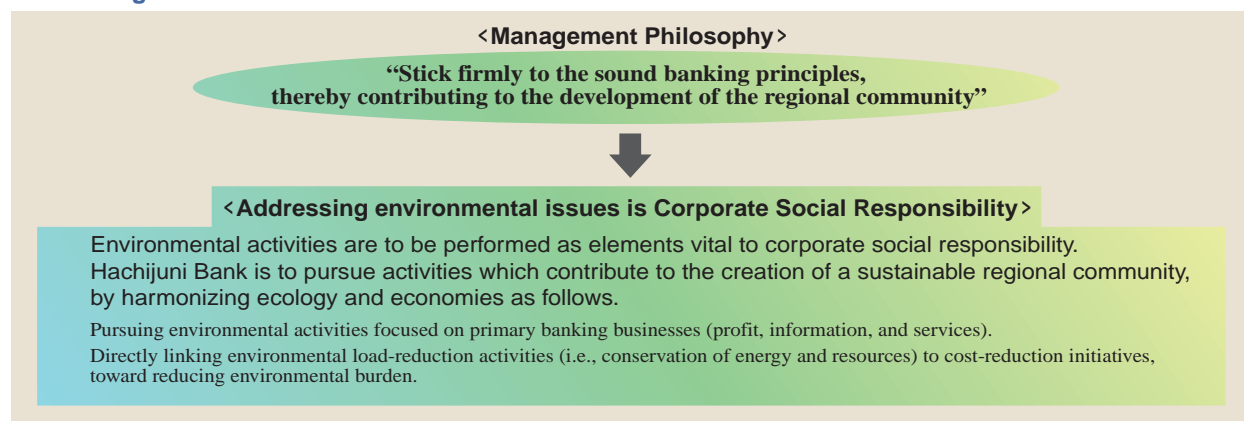
Environmental Philosophy

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.

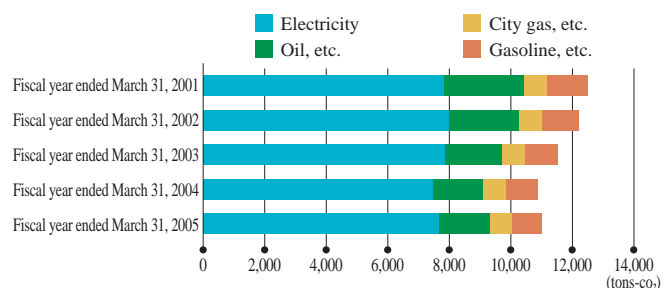
Positioning of Environmental Activities



Total Energy Consumption and Carbon Dioxide Emission

Due to unprecedented hot summer, total energy consumption and carbon dioxide emission increased 1.9 percent (or 4,762,000 mega joules) and 1.4 percent (or 149 tons) respectively on the year-on-year basis.

Carbon Dioxide Emissions by Type of Energy



Results of Environment Accounting for the Fiscal Year 2004

- ▶ **Environment conservation cost** ... Little change from the previous fiscal year.
- ▶ **Economic effect** ... Income generated by environment related loans substantially increased ¥142 million year on year. This is because fund demands accompanied by customers' environment improvement projects, responses to environment regulations, entries into environment businesses and acquisition of ISO certification increased and the number of customers using "Eco-merit" (low-emission car loan) almost doubled as quality of its loan improved. Income generated by both EB contracts and ISO consultation services was stable although they edged down from the previous fiscal year. The amount of cost reduction considerably decreased year-on-year due to the adverse effect of severely hot weather in last summer.
- ▶ **Effect of environment conservation** ... Whereas carbon dioxide emission caused by total energy consumption, use of water, and disposal of wastes for the Bank's business activities increased 141 tons on the year-on-year basis due to bad weather and other factors, customers decreased their carbon dioxide emission substantially by 14,121 tons attributing to contribution made by the Bank's core businesses. As a result, a deduction of 14,300 tons in carbon dioxide emission was achieved in total comparing with the previous fiscal year.

- **In total** ... It has been 6 years since the Bank received ISO14001 certification. Environment burden has been trending downward helped by the effect of energy and resource saving efforts made within the Bank on one hand, and contribution made through the Bank's core businesses to customers' environment improvement has expanded on the other. These efforts resulted in the reduction of carbon dioxide emission and the increase in income. The Bank will continue to focus on such environment activities in the years to come.

Environment conservation cost

(millions of yen)

Classification	FY2003	FY2004
Within business area (resources recycling cost)	29	33
Administrative activity cost	66	63
Personal expenses	51	50
Disclosure of environment information and advertisement	11	8
Maintenance control of environment management system	3	4
Monitoring of environment burden	1	1
Social activity cost (*1)	16	16
Total	111	112

Economic effect by environment conservation activities

(millions of yen)

Item	FY2003	FY2004
Income	158	288
Income from environment related loans	59	201
Income from EB contracts	84	76
Income from ISO14001 consultation	15	11
Cost saved (*2)	139	35
Total	297	323

*1 Donation to Nagano Environment Conservation Associations
*2 The amount of reduction in utilities expenses, supplies expenses and expenses for disposing of wastes helped by energy and resources savings efforts (Stated by simple comparison with the previous fiscal year)

Effect of environment conservation (Reduction of carbon dioxide emission)

(Ton-CO₂)

Classification	FY 2003	FY 2004
CO ₂ emission reduced by Bank's internal efforts (by simple comparison from a year earlier)	735	141
CO ₂ emission reduced by customers through contribution of the Bank's core businesses	5,573	14,121
CO ₂ emission reduced by "Environment Activities by the Household" (estimate)	240	320
Total	6,548	14,300

ISO14001 Certification

- The Bank received ISO14001 certification for its head office in March 1999, the first of all regional banks in Japan to do so. It expanded of this certification to all domestic branches in March 2002. It expanded additionally to one Group company in 2004, and a total of 178 offices (151 branches, 7 regional centers, 15 headquarters, and 5 Group companies) and a little over 5000 employees are involved in this effort.

Contribution to the Region and Society

- 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.
- The Bank established "Nagano Economic Research Institute" in March 1984 as a think-tank to contribute to the advancement and development of the regional community in response to its highly sophisticated needs.
- The Bank also established "Hachijuni Culture Foundation" in 1985 to contribute to the development of the regional community in the areas of its arts and culture.

Adoption of SRI Related Fund

- 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 2004 for the fifth consecutive year as the only Japanese bank to be selected.

Board of Directors

Kazuyuki Narusawa
Chairman

Naoaki Yoshizawa
Deputy President

Sadayuki Koide
Managing Director

Yoshio Horigome
Managing Director

Yoshiyuki Yamaura
President

Tadashige Maeyama
Managing Director

Kazushige Sekizaki
Managing Director

Takashi Sarashina
Director
(President of Hachijuni DC Card Co., Ltd.)

Corporate Auditors

Teruhiko Ozawa
Corporate Standing Auditor

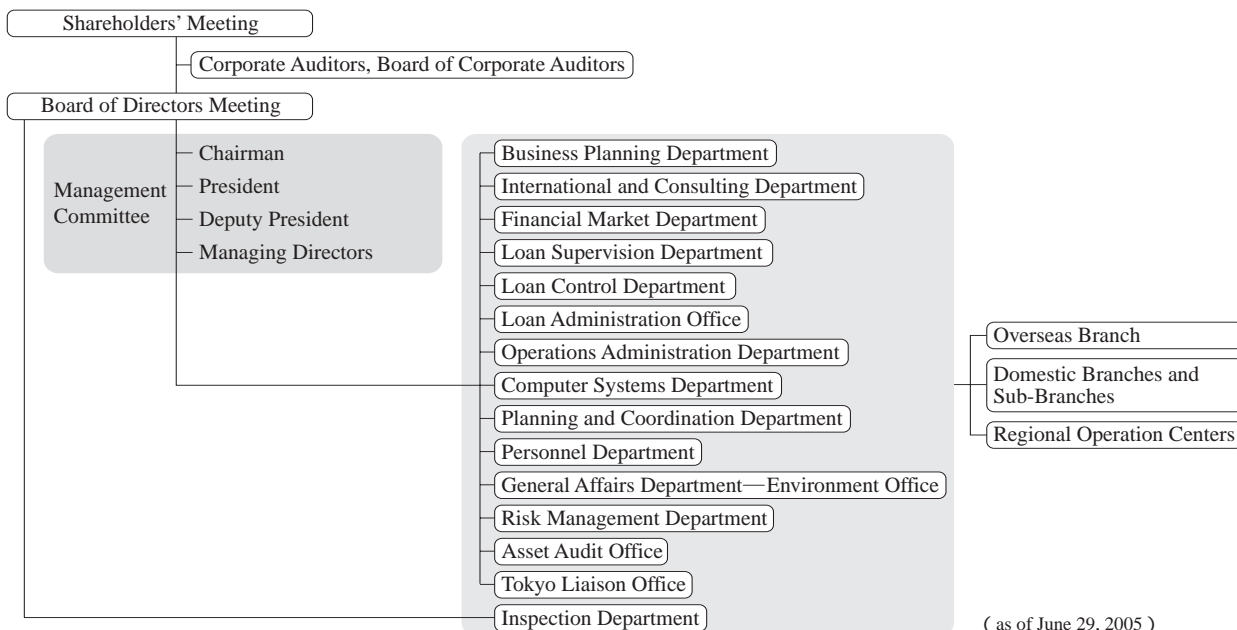
Kensuke Kosaka
Corporate Auditor

Kazumichi Hanyu
Corporate Standing Auditor

Asakazu Horii
Corporate Auditor

(as of June 30, 2005)

Organization



(as of June 29, 2005)

Major Affiliated Companies

The Hachijuni Bank, Ltd.	Companies Supporting the Bank's operations	Date of establishment	Line of business
		<ul style="list-style-type: none"> Hachijuni Business Service Co., Ltd. Hachijuni Staff Service Co., Ltd. 	<ul style="list-style-type: none"> ● August 1981 ● September 1986
	Companies operating banking-related business		
	<ul style="list-style-type: none"> Hachijuni Lease Co., Ltd. Hachijuni DC Card Co., Ltd. Hachijuni Credit Guarantee Co., Ltd. Hachijuni System Development Co., Ltd. Hachijuni Capital Co., Ltd. Hachijuni Investment Management Co., Ltd. Yamabiko Services Co., Ltd. 	<ul style="list-style-type: none"> ● June 1974 ● August 1982 ● December 1983 ● December 1983 ● September 1984 ● May 1986 ● August 2000 	<ul style="list-style-type: none"> ● Leasing ● Credit card business ● Guarantee to consumer loan ● Development of computer systems ● Venture capital for high-tech companies ● Investment advisory services ● Credit collection and management
	Overseas Subsidiary (Hong Kong)		
	Hachijuni Asia Limited	● January 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.	25,564	4.76%	Shin-Etsu Chemical Co., Ltd.	11,830	2.20%
Japan Trustee Services Bank, Ltd. (Trust Account)	22,769	4.24%	The Tokio Marine and Fire Insurance Co., Ltd.	11,098	2.06%
Meiji Yasuda Life Insurance Company	16,417	3.06%	Showa Shoji Co., Ltd.	9,561	1.78%
The Master Trust Bank of Japan, Ltd. (Trust Account)	14,749	2.75%	The Dai-ichi Mutual Life Insurance Company	8,618	1.60%
Nippon Life Insurance Company	13,114	2.44%	Nissay Dowa General Insurance Co., Ltd.	8,241	1.53%

(as of March 31, 2005)

Independent Auditors' Report

Deloitte.

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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. (the "Bank") and consolidated subsidiaries as of March 31, 2005 and 2004, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Bank'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, 2005 and 2004, 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.



June 29, 2005

Member of
Deloitte Touche Tohmatsu

Financial Section

Consolidated Balance Sheets

March 31, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2004	2005
ASSETS:			
Cash and due from banks (Note 3)	¥ 317,251	¥ 243,200	\$ 2,954,202
Call loans and bills bought	34,098	47,440	317,516
Receivables under resale agreement	579	559	5,400
Commercial paper and other debt purchased	45,894	37,632	427,362
Trading assets (Note 4)	20,792	10,592	193,614
Money held in trust (Note 5)	24,466	31,272	227,825
Securities (Notes 6 and 12)	1,547,129	1,511,249	14,406,648
Loans and bills discounted (Notes 7, 12 and 25)	3,698,562	3,701,904	34,440,472
Foreign exchanges (Note 8)	22,626	20,571	210,695
Other assets (Note 9)	71,188	93,202	662,899
Premises and equipment—net (Note 10)	120,106	119,395	1,118,411
Deferred tax assets (Note 22)	3,043	3,184	28,339
Customers' liabilities for acceptances and guarantees (Note 11)	76,637	78,629	713,638
Allowance for credit losses	(101,311)	(133,853)	(943,393)
Allowance for investment losses	(364)	(199)	(3,395)
TOTAL	¥ 5,880,702	¥ 5,764,782	\$ 54,760,238
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES:			
Deposits (Notes 12 and 13)	¥ 5,091,590	¥ 5,053,870	\$ 47,412,146
Negotiable certificates of deposits	95,191	54,877	886,408
Call money and bills sold	21,580	21,503	200,950
Payables under repurchase agreement	579	559	5,400
Margin money for bond lending transactions	27,227	21,215	253,536
Trading liabilities (Note 4)	14,817	6,330	137,976
Borrowed money (Note 14)	35,539	38,783	330,933
Foreign exchanges (Note 8)	1,032	1,142	9,617
Other liabilities (Notes 12 and 15)	72,220	76,466	672,510
Liability for employee retirement benefits (Note 16)	14,037	15,875	130,712
Deferred tax liabilities (Note 22)	18,983	7,400	176,772
Acceptances and guarantees (Note 11)	76,637	78,629	713,638
Total liabilities	5,469,437	5,376,656	50,930,604
MINORITY INTERESTS	10,872	8,535	101,246
SHAREHOLDERS' EQUITY (Notes 17 and 27):			
Common stock—authorized, 1,962,153 thousand shares; issued, 536,303 thousand shares in 2005 and 546,303 thousand shares in 2004	52,243	52,243	486,480
Capital surplus	28,540	28,509	265,763
Retained earnings	236,309	218,982	2,200,481
Unrealized gain on available-for-sale securities	94,015	94,696	875,459
Foreign currency translation adjustments	(443)	(380)	(4,126)
Treasury stock—18,205 thousand shares in 2005 and 26,173 thousand shares in 2004	(10,274)	(14,460)	(95,671)
Total shareholders' equity	400,391	379,591	3,728,387
TOTAL	¥ 5,880,702	¥ 5,764,782	\$ 54,760,238

See notes to consolidated financial statements.

Consolidated Statements of Income
Years Ended March 31, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	(Note 1) 2005
INCOME:			
Interest income:			
Interest on loans and discounts	¥ 71,881	¥ 72,852	\$ 669,353
Interest and dividends on securities	24,816	23,648	231,087
Other interest income	2,595	1,826	24,165
Fees and commissions	21,439	19,264	199,644
Trading income	572	352	5,335
Other operating income (Note 18)	46,353	49,673	431,632
Other income (Note 19)	10,870	14,314	101,223
Total income	178,529	181,932	1,662,443
EXPENSES:			
Interest expense:			
Interest on deposits	3,763	3,018	35,043
Interest on borrowings and rediscounts	1,260	1,159	11,738
Other interest expenses	5,785	5,105	53,874
Fees and commissions	4,520	4,036	42,095
Other operating expenses (Note 20)	42,145	51,392	392,450
General and administrative expenses	63,640	67,594	592,607
Provision for credit losses	636	3,141	5,924
Other expenses (Note 21)	10,269	5,597	95,628
Total expenses	132,021	141,046	1,229,362
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	46,508	40,886	433,080
INCOME TAXES (Note 22):			
Current	6,057	7,416	56,410
Deferred	12,091	9,008	112,596
Total income taxes	18,149	16,424	169,007
MINORITY INTERESTS IN NET INCOME	2,219	1,512	20,671
NET INCOME	¥ 26,138	¥ 22,948	\$ 243,401
	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Notes 2.q and 26):			
Basic net income	¥ 50.25	¥ 42.92	\$ 0.46
Diluted net income	49.73		0.46
Cash dividends applicable to the year	6.50	6.00	0.06

See notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

Years Ended March 31, 2005 and 2004

	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	
BALANCE, APRIL 1, 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 increase in unrealized 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)	
Net income				26,138				
Cash dividends, ¥6.00 per share				(3,113)				
Bonuses to directors and corporate auditors				(47)				
Net loss from retirement of treasury stock (274 thousand shares)	(10,000)		30	(5,651)			5,651	
Net profit from disposal of treasury stock (274 thousand shares)							154	
Net decrease in unrealized gain on available-for-sale securities					(680)			
Net decrease in foreign currency translation adjustments						(63)		
Repurchase of treasury stock—net (2,307 thousand shares)							(1,620)	
BALANCE, MARCH 31, 2005	536,303	¥ 52,243	¥ 28,540	¥ 236,309	¥ 94,015	¥ (443)	¥ (10,274)	
Thousands of U.S. Dollars (Note 1)								
BALANCE, MARCH 31, 2004		Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Foreign Currency Translation Adjustments	Treasury Stock	
Net income				243,401				
Cash dividends, \$0.05per share				(28,990)				
Bonuses to directors and corporate auditors				(437)				
Net loss from retirement of treasury stock (274 thousand shares)				(52,625)			52,625	
Net profit from disposal of treasury stock (274 thousand shares)			287				1,440	
Net decrease in unrealized gain on available-for-sale securities					(6,338)			
Net decrease in foreign currency translation adjustments						(587)		
Repurchase of treasury stock—net (2,307 thousand shares)							(15,086)	
BALANCE, MARCH 31, 2005		\$ 486,480	\$ 265,763	\$ 2,200,481	\$ 875,459	\$ (4,126)	\$ (95,671)	

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows
Years Ended March 31, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2004	2005
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 46,508	¥ 40,886	\$ 433,080
Depreciation and amortization	31,456	35,547	292,913
Decrease in allowance for credit losses	(32,542)	(16,269)	(303,026)
Interest income (accrual basis)	(99,293)	(98,327)	(924,606)
Interest expenses (accrual basis)	10,809	9,283	100,656
Interest income (cash basis)	102,022	93,343	950,021
Interest expenses (cash basis)	(10,627)	(11,524)	(98,964)
Income taxes paid	(5,678)	(11,274)	(52,879)
Net decrease in loans and bills discounted	3,329	28,826	31,000
Net decrease in borrowed money	(3,244)	(5,333)	(30,212)
Net increase (decrease) in deposits	37,794	(30,464)	351,938
Net decrease (increase) in call loans and bills bought	5,060	(26,047)	47,125
Net increase (decrease) in call money and bills sold	96	(13,147)	901
Net increase in due from banks, excluding due from the Bank of Japan	(21,071)	(25,680)	(196,211)
Others—net	34,843	26,704	324,460
Net cash provided by (used in) operating activities	99,464	(3,476)	926,198
INVESTING ACTIVITIES:			
Purchases of investment securities	(351,050)	(631,717)	(3,268,926)
Proceeds from sales of investment securities	161,033	383,749	1,499,525
Proceeds from maturities of investment securities	170,239	188,643	1,585,243
Increase in money held in trust	(7,713)	(8,044)	(71,827)
Decrease in money held in trust	16,134	21,148	150,238
Purchases of premises and equipment	(33,269)	(28,225)	(309,797)
Proceeds from sales of premises and equipment	2,721	5,173	25,340
Net cash used in investing activities	(41,904)	(69,272)	(390,204)
FINANCING ACTIVITIES:			
Repurchases of treasury stock	(1,620)	(10,705)	(15,086)
Proceeds from sales of treasury stock	185	4	1,728
Dividends paid	(3,113)	(2,696)	(28,990)
Dividends paid to minority interests	(26)	(15)	(246)
Net cash used in financing activities	(4,574)	(13,412)	(42,595)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(4)	(26)	(40)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	52,981	(86,187)	493,358
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR (Note 3)	156,676	242,864	1,458,947
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 3)	¥ 209,658	¥ 156,676	\$ 1,952,305

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years Ended March 31, 2005 and 2004

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, 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 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 2004 financial statements to conform to the classifications and presentations used in 2005.

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 ¥107.39 to \$1, the rate of exchange at March 31, 2005. 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

Significant accounting policies applied in the accompanying consolidated financial statements are summarized below:

a. Consolidation—The consolidated financial statements include the accounts of the Bank and its significant subsidiaries (ten in 2005 and 2004) (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 reporting 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. Changes in the fair value of trading positions are recognized currently in “Trading income” or “Trading losses,” as appropriate.

Trading securities and monetary claims purchased for trading purposes are stated at fair 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: (a) 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 (b) securities not classified as held-to-maturity debt securities, other than trading securities, are classified as available-for-sale securities. Marketable available-for-sale securities are stated at fair value with unrealized gains and losses, net of applicable taxes, reported in a separate component of shareholders’ equity. Available-for-sale securities for which a fair value is not readily determined are stated at cost computed by the moving-average method.

Individual debt and equity securities are written down to fair value with the resulting losses charged to operations when a decline in estimated fair value below the cost of such securities is other than temporary.

e. Securities in Money Held in Trust—Securities included in “Money held in trust” are stated at fair 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 under the declining-balance method at rates based on the estimated useful lives, which are principally from 2 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 estimated useful life (mostly 5 years).

h. Allowance for Credit Losses—Allowance for credit losses is determined based on a credit assessment by management at each

balance sheet date. A key element relating to policies and discipline used in determining the allowance for credit losses is the credit classification and the related borrower categorization process. The categorization is based on conditions that may affect the ability of borrowers to service their debt, taking into consideration current financial information, historical payment experience, credit documentation, public information, analyses of relevant industry segments and current trends. In determining the appropriate level of the allowance, the Group evaluates the probable loss by category of loan based on its type and characteristics.

The Bank implements a credit 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 the credit inspection division in accordance with the Bank's policies and discipline for the credit assessment of asset quality.

Under the policies and discipline, all loans are classified into five categories such as "normal," "caution, including substandard" "possible bankrupt," "virtual bankrupt" and "legal bankrupt."

Allowance for credit losses is calculated based on the past loss ratio for normal and 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 credit assessment categories.

The Bank applied the "discounted cash flow method" (hereinafter referred to as the "DCF method") in calculating the loan loss reserve amounts for most of the claims against obligors categorized as possible bankrupt or substandard. Under the DCF method, the loan loss allowance is determined as the difference between (a) relevant estimated cash flows discounted by the original contractual interest rate and (b) the book value of the claim. In cases where it is difficult to reasonably estimate future cash flow, the Bank sets aside as an allowance the product of the estimated loss ratios on the claims and either (a) the balance of the claims, in the case of claims against substandard borrowers, or (b) the unsecured, unguaranteed portion of the claims, in the case of claims against possible bankrupt borrowers.

The consolidated subsidiaries provide the "Allowance for credit 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 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**—Under Japanese accounting standards for leases, finance leases where the ownership of the property is deemed to transfer to the lessee are capitalized, while other finance leases can be accounted for as operating leases if the required as if "capitalized" information is disclosed in the notes to the consolidated financial statements. All leases entered into by the Bank and its domestic subsidiaries have been accounted for as operating leases.

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 shareholders' 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 Japanese yen generally at the exchange rates prevailing on the balance sheet date.

Currency swap and foreign exchange swap transactions are accounted for using deferral hedge accounting by fully applying Industry Audit Committee Report No.25 issued by the Japanese Institute of Certified Public Accountants (the "JICPA"). Under the deferral hedge accounting, hedged items are identified by grouping the foreign currency-denominated financial assets and liabilities by currencies and designating derivative transactions such as currency swap transactions and forward exchange contracts as hedging instruments. Hedge effectiveness is reviewed by comparing the total foreign currency position of the hedged items and hedging instruments by currency.

o. Foreign Currency Financial Statements—The balance sheet, revenue and expense accounts of the consolidated overseas subsidiary are translated into Japanese yen at the current exchange rates as of the balance sheet date except for shareholders' equity, which is translated at the historical exchange rate.

p. Derivatives and Hedging Activities—Derivatives are stated at fair value. Derivatives transactions that meet the hedge accounting criteria are primarily accounted for under a deferral method whereby unrealized gains and losses are assets or liabilities until the profits and losses on the hedged items are realized.

The hedging derivatives instruments must be highly effective in achieving offsetting changes in fair values or variable cash flows from the hedged items attributable to the risk being hedged.

The Bank adopted portfolio hedging in accordance with Industry Audit Committee Report No.24 issued by the JICPA. Under portfolio hedging, a portfolio of hedged items such as deposits or loans with common maturities is matched with a group of hedging instruments such as interest rate swaps, which offset the effect of fair value fluctuations of the hedged items by identified maturities, and are designated as a hedge of the portfolio. The effectiveness of the portfolio hedge is assessed by each group.

Deferred hedge loss and deferred hedge gains previously recorded on the balance sheet as a result of macro hedge accounting are being amortized as expenses or income over 2 years from April 1, 2003.

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 for the gains and losses on these swap transactions in its earnings or deferred as assets or liabilities without elimination.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements are recognized and included in interest expenses or income.

- q. Per Share Information**—Basic net income per share is computed by dividing net income available to common shareholders, by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

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.

- r. New Accounting Pronouncements**—In August 2002, the Business Accounting Council issued a Statement of Opinion, “Accounting for Impairment of Fixed Assets,” and in October 2003 the Accounting Standards Board of Japan (“ASB”) issued ASB Guidance No.6, “Guidance for Accounting Standard for Impairment of Fixed Assets.” These new pronouncements are effective for fiscal years beginning on or after April 1, 2005 with early adoption permitted for fiscal years ending on or after March 31, 2004.

The new accounting standard requires an entity to review its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

The Group expects to adopt these pronouncements as of April 1, 2005 and is currently in the process of assessing the effect of adoption of these pronouncements.

Management believes the adoption of these pronouncements will not have a material impact on the financial position or results of operation of the Group.

3. CASH AND DUE FROM BANKS

“Cash and due from banks” on the consolidated balance sheets as of March 31, 2005 and 2004, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Cash and cash equivalents	¥ 209,658	¥ 156,676	\$ 1,952,305
Due from banks, excluding amounts due from the Bank of Japan	107,593	86,523	1,001,896
Cash and due from banks	¥ 317,251	¥ 243,200	\$ 2,954,202

4. TRADING ASSETS AND LIABILITIES

Trading assets and liabilities as of March 31, 2005 and 2004, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Trading assets:			
Trading securities	¥ 2,735	¥ 4,165	\$ 25,474
Financial derivatives	15,056	6,427	140,205
Other trading assets	2,999		27,934
Total	¥ 20,792	¥ 10,592	\$ 193,614
Trading liabilities			
—Financial derivatives	¥ 14,817	¥ 6,330	\$ 137,976

5. MONEY HELD IN TRUST

Carrying amount and aggregate fair value of money held in trust which are listed on stock exchanges or over-the-counter markets as of March 31, 2005 and 2004, were as follows:

	Fair Value		Thousands of U.S. Dollars
	2005	2004	
Money held in trust			
—Trading	¥ 24,466	¥ 31,272	\$ 227,825

6. SECURITIES

Securities as of March 31, 2005 and 2004, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Securities:			
National government bonds	¥ 621,374	¥ 622,585	\$ 5,786,148
Local government bonds	128,533	147,791	1,196,881
Corporate bonds	220,181	201,304	2,050,300
Equity securities	241,848	242,871	2,252,057
Other securities	335,192	296,697	3,121,260
Total	¥ 1,547,129	¥ 1,511,249	\$ 14,406,648

The carrying amounts and aggregate fair value of the securities as of March 31, 2005 and 2004, were as follows:

March 31, 2005	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 94,992	¥141,622	¥ 1,129	¥235,485
Debt securities	920,895	14,889	105	935,679
Other securities	314,727	5,980	1,172	319,535
Held-to-maturity	9,039	136	45	9,130
March 31, 2004				
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, 2005	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	\$ 884,555	\$1,318,769	\$ 10,521	\$2,192,803
Debt securities	8,575,241	138,650	983	8,712,908
Other securities	2,930,698	55,689	10,916	2,975,471
Held-to-maturity	84,174	1,270	425	85,019

Significant available-for-sale securities and held-to-maturity securities whose fair value is not readily determinable as of March 31, 2005 and 2004, were as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Available-for-sale:			
Equity securities	¥ 6,363	¥ 6,330	\$ 59,254
Debt securities	17,682	14,563	164,652
Held-to-maturity	13,722	23,386	127,777

Proceeds from sales of available-for-sale securities for the years ended March 31, 2005 and 2004 were ¥157,717 million (\$1,468,639 thousand) and ¥382,982 million, respectively. Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥1,911 million (\$17,799 thousand) and ¥1,040 million (\$9,692 thousand), respectively, for the year ended March 31, 2005 and ¥4,112 million and ¥8,777 million, respectively, for the year ended March 31, 2004.

The carrying values of debt securities by contractual maturities for securities classified as available-for-sale and held-to-maturities at March 31, 2005, 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	¥ 148,359	¥ 509,806	¥ 218,964	¥ 92,957
Others	32,485	189,027	12,530	1,109
Total	¥ 180,845	¥ 698,833	¥ 231,495	¥ 94,067
	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	\$ 1,381,506	\$ 4,747,245	\$ 2,038,970	\$ 865,608
Others	302,499	1,760,192	116,683	10,330
Total	\$ 1,684,005	\$ 6,507,438	\$ 2,155,653	\$ 875,938

7. LOANS AND BILLS DISCOUNTED

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

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Bills discounted	¥ 58,236	¥ 65,672	\$ 542,287
Loans on bills	478,713	540,905	4,457,706
Loans on deeds	2,460,517	2,368,689	22,911,977
Overdraft	701,095	726,637	6,528,501
Total	¥ 3,698,562	¥ 3,701,904	\$ 34,440,472

Of total loans, loans to customers in bankruptcy which represent nonaccrual loans and were included in loans and bills discounted, amounted to ¥12,230 million (\$113,886 thousand) and ¥7,695 million as of March 31, 2005 and 2004, respectively; past due loans which represent nonaccrual loans other than loans to customers in bankruptcy amounted to ¥141,467 million (\$1,317,328 thousand) and ¥187,602 million as of March 31, 2005 and 2004, respectively.

Of total loans, accruing loans contractually past due three months or more amounted to ¥623 million (\$5,808 thousand) and ¥790 million as of March 31, 2005 and 2004, respectively. Loans classified as nonaccrual loans were excluded.

Of total loans, restructured loans amounted to ¥95,583 million (\$890,064 thousand) and ¥122,483 million as of March 31, 2005 and 2004, 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, 2005 and 2004, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Assets:			
Due from foreign banks	¥ 3,926	¥ 6,529	\$ 36,564
Foreign exchange bills bought	14,386	11,829	133,966
Foreign exchange bills receivable	4,313	2,212	40,164
Total	¥ 22,626	¥ 20,571	\$ 210,695
Liabilities:			
Overdraft from foreign banks		¥ 2	\$ 2
Foreign exchange bills sold	¥ 459	885	4,281
Foreign exchange bills payable	572	255	5,333
Total	¥ 1,032	¥ 1,142	\$ 9,617

9. OTHER ASSETS

Other assets as of March 31, 2005 and 2004, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Prepaid expenses	¥ 11,201	¥ 10,862	\$ 104,303
Accrued income	10,223	10,246	95,202
Other	49,763	72,094	463,392
Total	¥ 71,188	¥ 93,202	\$ 662,899

10. PREMISES AND EQUIPMENT

Premises and equipment as of March 31, 2005 and 2004, net of accumulated depreciation of ¥194,049 million (\$1,806,957 thousand) and ¥196,152 million, respectively, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Land	¥ 16,975	¥ 17,138	\$ 158,072
Depreciable assets	101,146	100,023	941,857
Construction in progress	77	403	725
Other	1,906	1,829	17,755
Total	¥ 120,106	¥ 119,395	\$ 1,118,411

As of March 31, 2005 and 2004, deferred gains for tax purposes of ¥8,686 million (\$80,886 thousand) and ¥8,691 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, 2005 and 2004, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Assets pledged:			
Securities	¥ 239,607	¥ 246,364	\$ 2,231,191
Loans and bills discounted	22,046		205,289
Total	¥ 261,653	¥ 246,364	\$ 2,436,480
Related liabilities:			
Deposits	¥ 75,100	¥ 35,257	\$ 699,324
Other liabilities	27,227	21,215	253,536
Total	¥ 102,327	¥ 56,473	\$ 952,860

In addition to the above, securities of ¥105,350 million (\$981,011 thousand) and ¥105,883 million as of March 31, 2005 and 2004, 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, 2005 and 2004, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Current deposits	¥ 209,610	¥ 196,633	\$ 1,951,865
Ordinary deposits	2,135,639	2,081,787	19,886,764
Savings deposits	93,622	97,297	871,797
Deposits at notice	20,120	21,187	187,359
Time deposits	2,391,182	2,474,072	22,266,343
Other deposits	241,414	182,892	2,248,016
Total	¥ 5,091,590	¥ 5,053,870	\$ 47,412,146

14. BORROWED MONEY

Borrowed money as of March 31, 2005 and 2004, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Borrowings from banks and other	¥ 35,539	¥ 38,783	\$ 330,933

Future lease payments to be received as collateral for borrowed money were ¥23,137 million (\$215,451 thousand) and ¥26,579 million as of March 31, 2005 and 2004, respectively.

15. OTHER LIABILITIES

Other liabilities as of March 31, 2005 and 2004, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Accrued income taxes	¥ 3,607	¥ 3,228	\$ 33,590
Accrued expenses	6,485	6,483	60,390
Unearned income	3,741	3,945	34,843
Other	58,386	62,809	543,686
Total	¥ 72,220	¥ 76,466	\$ 672,510

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 retirement age or caused by death, the employee is entitled to a larger payment than in the case of voluntary termination.

The liabilities for employee retirement benefits at March 31, 2005 and 2004, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Projected benefit obligation	¥ (52,627)	¥ (61,359)	\$ (490,062)
Fair value of plan assets	51,113	49,655	475,962
Projected benefit obligation in excess of plan assets	(1,514)	(11,703)	(14,099)
Unrecognized plan assets	(8,251)		(76,834)
Unrecognized net actuarial loss	6,792	6,587	63,251
Net liability recognized	(2,972)	(5,116)	(27,682)
Prepaid pension cost	(11,064)	(10,759)	(103,029)
Liability for employee retirement benefits	¥ (14,037)	¥ (15,875)	\$ (130,712)

The components of net periodic benefit costs for the years ended March 31, 2005 and 2004, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Service cost	¥ 1,682	¥ 2,392	\$ 15,667
Interest cost	1,292	1,740	12,035
Expected return on plan assets	(704)	(689)	(6,562)
Recognition of prior service cost	(1,896)		(17,663)
Amortization of net actuarial loss	1,024	2,631	9,543
Other cost	298	380	2,775
Gain on exemption from the future pension obligation of the governmental program		(3,049)	
Net periodic benefit costs	¥ 1,696	¥ 3,404	\$ 15,797

Assumptions used for the years ended March 31, 2005 and 2004, were as follows:

	2005	2004
Discount rate	2.0%	2.5%
Expected rate of return on plan assets	1.0%–2.0%	1.0%–2.0%
Amortization period of actuarial gain/loss	10 years	10 years
Prior service cost is charged to income as incurred.		

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 recognized a gain on exemption from the future pension obligation of the governmental program in the amount of ¥3,049 million for the year ended March 31, 2004. The substitutional portion of the plan assets which were transferred to the government in the subsequent year was measured to be approximately ¥19,012 million as of March 31, 2004.

17. SHAREHOLDERS' EQUITY

Japanese companies are subject to the Code.

The Code requires that all common stock are 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 shareholders without consideration as a stock split. Such issuance of shares generally does not give rise to changes within the shareholders' account.

The 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 and legal reserve 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 shareholders. 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 Code allows Japanese companies to repurchase treasury stock 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 shareholders meeting.

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. The amount of retained earnings available for dividends under the Code was ¥172,250 million (\$1,603,974 thousand) as of March 31, 2005, based on the amount recorded in the parent company's general books of account.

Dividends are approved by the shareholders 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 shareholders 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 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, 2005 and 2004 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Gains on foreign exchange transactions	¥ 1,214	¥ 1,277	\$ 11,306
Gains on sales of bonds	505	1,904	4,707
Other	44,633	46,490	415,619
Total	¥ 46,353	¥ 49,673	\$ 431,632

19. OTHER INCOME

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

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Gains on sales of equity securities	¥ 1,501	¥ 2,207	\$ 13,985
Gains on money held in trust	2,786	4,736	25,950
Gain on exemption from the future pension obligation of the governmental program		3,049	
Other	6,581	4,320	61,286
Total	¥ 10,870	¥ 14,314	\$ 101,223

20. OTHER OPERATING EXPENSES

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

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Loss on sales of bonds	¥ 875	¥ 8,168	\$ 8,152
Loss on redemption of bonds	38	212	361
Other	41,230	43,011	383,936
Total	¥ 42,145	¥ 51,392	\$ 392,450

21. OTHER EXPENSES

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

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Write-off of loans	¥ 239	¥ 609	\$ 2,233
Losses on sales of equity securities	133	572	1,242
Valuation loss on equity securities	561	324	5,224
Loss on money held in trust	1,172	607	10,916
Loss on sales of real estate	677	874	6,307
Other	7,485	2,608	69,703
Total	¥ 10,269	¥ 5,597	\$ 95,628

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% for the years ended March 31, 2005 and 2004.

The tax effects of significant temporary differences which resulted in net deferred tax assets and liabilities as of March 31, 2005 and 2004, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Deferred tax assets:			
Allowance for credit losses	¥ 37,727	¥ 49,529	\$ 351,314
Liability for employee retirement benefits	13,434	14,036	125,101
Unrealized losses on available-for-sale securities	963	864	8,973
Valuation loss on equity securities	1,128	1,126	10,508
Premises and equipment	3,812	3,717	35,499
Tax loss carryforwards	334	278	3,115
Others	2,603	2,453	24,246
Less valuation allowance	(2,039)	(2,222)	(18,995)
Total	57,965	69,784	539,764
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	65,281	65,550	607,892
Gain on contribution of securities to employee retirement benefit trust	7,746	7,746	72,135
Others	877	703	8,168
Total	73,905	74,001	688,196
Net deferred tax liabilities	¥ (15,940)	¥ (4,216)	\$ (148,432)

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, 2005 and 2004, is immaterial.

23. LEASES

Lessor

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

Lease receipts under finance leases for the years ended March 31, 2005 and 2004, were ¥34,219 million (\$318,648 thousand) and ¥34,406 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, 2005 and 2004, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Acquisition cost	¥ 166,532	¥ 165,623	\$ 1,550,727
Accumulated depreciation	82,290	81,181	766,278
Net book value	¥ 84,241	¥ 84,441	\$ 784,449

Receivables under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Due within one year	¥ 27,084	¥ 27,336	\$ 252,206
Due after one year	60,321	60,735	561,706
Total	¥ 87,406	¥ 88,072	\$ 813,912

Depreciation expenses under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Depreciation expenses	¥ 29,771	¥ 29,661	\$ 277,226

The minimum rental commitments under noncancelable operating leases as of March 31, 2005 and 2004, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Due within one year	¥ 1,190	¥ 1,532	\$ 11,087
Due after one year	1,204	1,503	11,214
Total	¥ 2,394	¥ 3,036	\$ 22,301

24. DERIVATIVES

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

Interest rate-related transactions:	Interest rate future, 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 use derivatives primarily to hedge risks for customers, to maximize the profit of its own trading account and to manage the potential risks in its own portfolio as a part of asset liability management.

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 prices 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 ¥18,316 million (\$170,562 thousand) as of March 31, 2005.

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 Risk 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 monthly.

It should be noted that the nominal contract value or notional principal amount is used in determining the value of receipts or payments of interest and as an indicator representative of the volume of transactions, but those values do not necessarily reflect such things as market risk or credit risk.

The Bank had the following derivatives contracts outstanding at March 31, 2005:

	Millions of Yen		
	Contract or Notional Amount	Fair Value	Unrealized Gain/Loss
Interest Rate-related Transactions			
Over-the-counter—Interest rate swap:			
Receipt fixed—payments floating	¥ 5,634	¥ 76	¥ 76
Receipt floating—payments fixed	5,634	(33)	(33)
Currency-related Transactions			
Over-the-counter—Currency swap	74,494	196	196
Over-the-counter—Currency future:			
Buying	26,384	(1,163)	(1,163)
Selling	28,553	1,224	1,224
Over-the-counter—Currency option:			
Selling	24,448	(1,028)	267
Buying	24,448	1,028	52

	Thousands of U.S. Dollars		
	Contract or Notional Amount	Fair Value	Unrealized Gain/Loss
Interest Rate-related Transactions			
Over-the-counter—Interest rate swap:			
Receipt fixed—payments floating	\$ 52,467	\$ 708	\$ 708
Receipt floating—payments fixed	52,467	(313)	(313)
Currency-related Transactions			
Over-the-counter—Currency swap	693,685	1,834	1,834
Over-the-counter—Currency future:			
Buying	245,685	(10,838)	(10,838)
Selling	265,890	11,399	11,399
Over-the-counter—Currency option:			
Selling	227,662	(9,578)	2,493
Buying	227,662	9,578	489

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

	Millions of Yen		
	Contract or Notional Amount	Fair Value	Unrealized 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)

Derivatives which qualify for hedge accounting for the years ended March 31, 2005 and 2004 and such amounts which are assigned to the associated assets and liabilities and are recorded on the balance sheets as of March 31, 2005 and 2004, 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

The Bank and consolidated subsidiaries issue commitments to extend credit and establishes credit lines for overdrafts to meet the financing needs of its customers. Unfunded amounts relating to these contracts totaled ¥1,342,493 million (\$12,501,104 thousand) and ¥1,251,980 million as of March 31, 2005 and 2004, respectively.

Since a large majority of these commitments expire without being drawn down upon, the unfunded amounts do not necessarily represent future cash requirements. Many of such agreements include conditions granting the Bank the right to reject the drawdown or to reduce the amount on the basis of changes in the financial circumstances of the borrower or other reasonable grounds.

In addition, the Bank obtains collateral when necessary to reduce credit risk related to these commitments.

26. NET INCOME PER SHARE

Basic net income per share ("EPS") for the years ended March 31, 2005 and 2004, is as follows:

Year Ended March 31, 2005	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income	Weighted-average Shares	EPS	
Basic EPS—Net income available to common shareholders	¥ 26,093	519,185	¥ 50.25	\$ 0.46
Effect of dilutive securities—Stock option		5,481		
Diluted EPS—Net income available to common shareholders	¥ 26,093	524,667	¥ 49.73	\$ 0.46
Year Ended March 31, 2004				
Basic EPS—Net income available to common shareholders	¥ 22,901	533,565	¥ 42.92	

Diluted EPS is not disclosed because the Bank has no shares that have dilution effect for the year ended March 31, 2004.

27. SUBSEQUENT EVENT

The following appropriations of retained earnings at March 31, 2005, were approved at the Bank's shareholders meeting held on June 29, 2005:

	Millions of Yen	Thousands of U.S. Dollars
Cash dividends, ¥4.00 (\$0.03) per share	¥ 2,073	\$ 19,305
Bonuses to directors and corporate auditors	45	421

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, 2005 and 2004, 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				
	2005				
	Banking	Leasing	Others	Eliminations/ Corporate	Consolidated
Ordinary income:					
Outside customers	¥ 130,093	¥ 44,795	¥ 641		¥ 175,530
Intersegment	613	690	75	¥ (1,379)	
Total	130,706	45,485	717	(1,379)	175,530
Ordinary expenses	89,315	42,799	603	(1,374)	131,343
Ordinary income	¥ 41,391	¥ 2,686	¥ 114	¥ (5)	¥ 44,186

	Thousands of U.S. Dollars				
	2005				
	Banking	Leasing	Others	Eliminations/ Corporate	Consolidated
Ordinary income:					
Outside customers	\$ 1,211,411	\$ 417,130	\$ 5,975		\$ 1,634,516
Intersegment	5,712	6,428	703	\$ (12,844)	
Total	1,217,123	423,558	6,679	(12,844)	1,634,516
Ordinary expenses	831,694	398,539	5,617	(12,795)	1,223,055
Ordinary income	\$ 385,429	\$ 25,019	\$ 1,061	\$ (49)	\$ 411,461

b. Assets, Depreciation and Capital Expenditures

	Millions of Yen				
	2005				
	Banking	Leasing	Others	Eliminations/ Corporate	Consolidated
Assets	¥ 5,825,471	¥ 106,853	¥ 6,916	¥ (58,540)	¥ 5,880,702
Depreciation	4,795	26,657	2		31,456
Capital expenditures	5,645	28,753	1		34,400

	Thousands of U.S. Dollars				
	2005				
	Banking	Leasing	Others	Eliminations/ Corporate	Consolidated
Assets	\$ 54,245,942	\$ 995,002	\$ 64,409	\$ (545,116)	\$ 54,760,238
Depreciation	44,656	248,230	26		292,913
Capital expenditures	52,573	267,745	17		320,336

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

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



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