

ANNUAL FINANCIAL REPORT
(NON-CONSOLIDATED)

For the Fiscal Year Ended March 31, 2005

May 24, 2005

Company name:	The Hachijuni Bank, Ltd.	Stock Exchange Listing:	Tokyo
Code number:	8359	Location of Company:	Nagano Prefecture, Japan
(URL http://www.82bank.co.jp/)			
Representative		(Name)	Kazuyuki Narusawa
		(Title)	Director & President
For inquiry:		(Name)	Akihito Fujimori
		(Title)	Executive Officer, Planning Department
		(Phone)	026-227-1182
Date of Board Meeting on the Financial Results:			May 24, 2005
Interim dividends policy:			Yes
Initiation date of dividend payment			June 30, 2005
Date of General Shareholders Meeting:			June 29, 2005
Adoption of stock trade unit system:			Yes (One trade unit: 1,000 shares)

1. Financial highlights for the fiscal year ended March 31, 2005 (from April 1, 2004 to March 31, 2005)

(1) Operating results (Amounts and ratios presented are rounded down to the nearest unit)

	Operating income		Operating profit (loss)		Net income (loss)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the year ended 3/31/2005	126,120	(0.1)	39,680	15.3	25,525	15.1
For the year ended 3/31/2004	126,255	(6.0)	34,390	141.6	22,162	149.6

	Net income (loss) per common share	Net income per common share after adjustment of dilutive shares	Net income (loss) as a percentage of shareholders' equity	Operating expenses as a percentage of operating income	Outstanding balance of deposits
	Yen	Yen	%	%	Millions of yen
For the fiscal year ended 3/31/2005	49.05	48.54	6.6	68.5	5,101,943
For the fiscal year ended 3/31/2004	41.43	-	6.3	72.7	5,063,532

Note:

- Average number of shares issued and outstanding:
For the year ended March 31, 2005: 519,393,732
For the year ended March 31, 2004: 533,773,202
- Change in accounting method: None
- Operating expenses as a percentage of operating income = Operating expenses/Operating income x 100
- Percentages indicated in operating income, operating profit and net income are the changes from corresponding period of the previous year.

(2) Payment of dividends

	Dividends per common share for the year			Total dividends paid for the fiscal year	Dividend propensity	Dividends as a percentage of shareholders' equity
	Interim period	Fiscal year end				
	Yen	Yen	Yen	Millions of yen	%	%
For the fiscal year ended March 31, 2005	6.50	2.50	4.00	3,371	13.2	0.8
For the fiscal year ended March 31, 2004	6.00	2.50	3.50	3,171	14.4	0.8

(3) Balance sheet highlights

	Total assets	Shareholders' equity	Shareholders' equity as a percentage of total liabilities, minority interest and shareholders' equity	Shareholders' equity per common share	Risk-adjusted capital ratio (BIS standard) (Preliminary basis)
	Millions of yen	Millions of yen	%	Yen	%
For the fiscal year ended March 31, 2005	5,816,714	395,737	6.8	763.43	11.94
For the fiscal year ended March 31, 2004	5,698,132	375,511	6.5	721.57	11.20

Note:

- Number of shares outstanding as of:
 March 31, 2005: 518,305,591
 March 31, 2004: 520,338,225
- Treasury stocks outstanding as of:
 March 31, 2005: 17,997,820
 March 31, 2004: 25,965,186

2. Earning projections for the fiscal year ending March 31, 2006(form April 1, 2005 to March 31, 2006)

	Operating income	Operating profit	Net income	Dividend per common share for the year		
				Interim period	Fiscal year	
	Millions of yen	Millions of yen	Millions of yen	Yen	Yen	Yen
Half year	60,500	14,000	13,000	3.00	-	-
Full year	119,000	32,500	24,500	-	3.00	6.00

Projected net income per common share (for fiscal year): ¥47.26

* The above projections were made based upon information available at the date disclosing this financial data and a certain presumption the Bank considers reasonable and therefore actual business result may substantially change from this projections due to subsequent various factor

COMPARATIVE BALANCE SHEET (Major accounts)

(Millions of yen)

Items	For the year ended March 31, 2005 (A)	For the year ended March 31, 2004 (B)	Increase/ (Decrease) (A)-(B)
(Assets)			
Cash and due from banks	321,341	246,124	75,216
Call loans	34,098	47,440	(13,342)
Receivables under resale agreement	579	559	20
Commercial papers and other debt purchased	45,894	37,632	8,261
Trading assets	20,792	10,592	10,199
Money held in trust	24,466	31,272	(6,805)
Securities	1,534,214	1,501,263	32,950
Loans and bills discounted	3,755,863	3,753,978	1,884
Foreign exchanges	22,626	20,571	2,055
Other assets	37,220	58,196	(20,976)
Premises and equipment	39,080	39,458	(377)
Customers' liabilities for acceptances & guarantees	76,637	78,629	(1,991)
Reserve for possible loan losses	(95,799)	(127,512)	31,713
Reserve for possible investment losses	(300)	(75)	(224)
Total assets	5,816,714	5,698,132	118,582
(Liabilities)			
Deposits	5,101,943	5,063,532	38,411
Negotiable certificate of deposits	96,191	56,377	39,813
Call money	21,580	21,503	76
Payables under repurchase agreement	579	559	20
Margin money for bond lending transactions	27,227	21,215	6,011
Trading liabilities	14,817	6,330	8,486
Borrowed money	679	763	(84)
Foreign exchanges	1,032	1,143	(110)
Other liabilities	49,676	52,011	(2,334)
Reserve for retirement benefit	12,414	14,091	(1,676)
Deferred tax liabilities	18,197	6,463	11,733
Acceptances and guarantees	76,637	78,629	(1,991)
Total liabilities	5,420,977	5,322,621	98,355
(Shareholders' equity)			
Capital stock	52,243	52,243	—
Capital surplus	28,540	28,509	30
Capital reserve	28,509	28,509	—
Other capital reserve	30	—	30
Retained earnings	231,576	214,868	16,707
Legal reserve	47,610	47,610	—
Voluntary reserve	155,859	142,729	13,130
Unappropriated income (loss) for the current term	28,105	24,529	3,576
[Net income (loss) for the current term]	[25,525]	[22,162]	[3,362]
Valuation gains on other securities	93,553	94,251	(697)
Treasury stocks	(10,175)	(14,361)	4,186
Total shareholders' equity	395,737	375,511	20,226
Total liabilities and shareholders' equity	5,816,714	5,698,132	118,582

COMPARATIVE STATEMENTS OF INCOME (Major accounts)

(Millions of yen)

Items	For the year ended March 31, 2005 (A)	For the year ended March 31, 2004 (B)	Increase/ (Decrease) (A)-(B)
Operating income	126,120	126,255	(134)
Interest income	98,648	97,458	1,189
[Interest on loans and discounts]	[71,549]	[72,524]	[(974)]
[Interest and dividends on securities]	[24,488]	[23,126]	[1,362]
Trust fees	0	0	0
Fees and commissions	17,666	16,034	1,632
Trading income	572	352	220
Other business income	1,720	3,182	(1,462)
Other operating income	7,512	9,226	(1,714)
Operating expenses	86,440	91,865	(5,424)
Interest expenses	10,416	8,726	1,689
[Interest on deposits]	[3,769]	[2,991]	[778]
Fees and commissions	5,148	4,683	465
Other business expenses	1,012	8,597	(7,585)
General and administration expenses	60,699	64,319	(3,620)
Other operating expenses	9,163	5,537	3,626
Operating profit (losses)	39,680	34,390	5,289
Extraordinary gains	3,042	3,185	(142)
Extraordinary losses	655	871	(216)
Net income (loss) before income taxes	42,067	36,704	5,363
Corporate tax, resident tax and business tax	4,338	5,987	(1,648)
Income tax deferred	12,204	8,554	3,649
Net income (loss)	25,525	22,162	3,362
Unappropriated retained earnings brought forward	9,530	3,718	5,812
Loss on disposal of treasury stock	—	0	0
Retirement of treasury stock	5,651	—	5,651
Interim dividends	1,298	1,350	(52)
Unappropriated retained income (loss) for the current term	28,105	24,529	3,576

COMPARATIVE PROPOSED INCOME APPROPRIATION

(Millions of yen)

Items	For the year ended March 31, 2005 (A)	For the year ended March 31, 2004 (B)	Increase/ (Decrease) (A)-(B)
Unappropriated income of the current term	28,105	24,529	3,576
Reversal of voluntary reserve	51	—	51
Reversal of special account for advanced depreciation	51	—	51
Total	28,156	24,529	3,627
Appropriation of income	18,295	14,999	3,296
Dividends	2,073	1,821	252
Ordinary dividends	2,073	1,821	252
	(¥4.00 per share)	(¥3.50 per share)	(¥ 0.50 per share)
Directors' bonuses	45	47	(1)
Voluntary reserve	16,176	13,130	3,045
Reserve for advanced depreciation of fixed assets	176	5	171
Special account for advanced depreciation	—	125	(125)
General reserve	16,000	13,000	3,000
Unappropriated retained earnings carried forward	9,861	9,530	331

SIGNIFICANT ACCOUNTING POLICIES

Item	The current fiscal year (From April 1, 2004 to March 31, 2005)
1. Accounting standards for income/expenses on trading assets and liabilities	<p>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” of the consolidated balance sheet on a trade date basis. Profits and losses on such trading transactions are recognized in “Trading income” or “Trading expenses” of the consolidated statements of income on a trade date basis.</p> <p>Trading securities and monetary claims purchased for trading purposes are stated at market value at the fiscal year end. Trading related financial derivatives such as swaps, futures or options are stated at the estimated amount that would be received or paid for settlement if such transactions were terminated at the fiscal year end.</p> <p>The amount of the above trading income and expenses stated in the statement of income are the sum of interest received or paid in cash during the current period plus (i) in the case of securities and monetary claims purchased; the difference between valuation gains or losses as of the beginning of the current period and those as of the end of the current period; or (ii) in the case of trading related derivatives; the difference between the amount of gain or loss equivalents as of the beginning and end of the period for settlement if such transactions were terminated at the fiscal year end.</p>
2. Valuation standards and assessment method of securities	<p>(1) Bonds held to maturity are stated at amortized (straight-line method) cost computed by the moving-average method. Shares of subsidiaries and affiliated companies are stated at cost computed by the moving-average method. Other marketable securities are stated at the market value (costs of sales are normally calculated by moving-average method) at the fiscal year end and other non-marketable securities are stated at cost or amortized cost computed by the moving average method.</p> <p>Gains (losses) on valuation of other securities are included in shareholders’ equity, net of income taxes.</p> <p>(2) Securities managed as trust assets included in Money Held in Trust solely managed for security trading purpose are stated at the market value.</p>
3. Valuation standards and assessment method of derivative transactions	Derivative transactions for purposes other than trading are stated at market value.
4. Method of depreciation and amortization	<p>(1) Premises and equipment The amount of depreciation for the Bank’s premises and equipment are estimated using declining-balance method principally over the useful lives as follows: Buildings: 2-50 years Equipment: 2- 20 years</p> <p>(2) Software Software used by the Bank, which is included in “Other assets”, is amortized using straight-line method over the useful lives as determined by the Bank (5 years).</p>
5. Translation standard of foreign currency assets and liabilities	Foreign currency assets and liabilities (except for the shares of subsidiaries which are required to be stated by the yen amount translated at the exchange rate at the time of acquisition) of the Bank and its overseas branches are principally translated into yen equivalents at the exchange rates prevailing at the fiscal year end.

Item	The current fiscal year (From April 1, 2004 to March 31, 2005)
6. Accounting standards for reserve	<p>(1) Reserve for possible loan losses</p> <p>A reserve for possible loan losses of the Bank is provided as detailed below, pursuant to the internal rules for charge-off and reserve standards.</p> <p>For claims to debtors who are legally bankrupt (due to bankruptcy, composition, suspension of transactions with banks by the rules of clearing houses, etc.) or virtually bankrupt, a reserve is provided based on the amount of claims, net of amounts expected to be collected through the disposal of collateral or execution of guarantees. For claims to debtors who are not virtually bankrupt at present but are likely to become bankrupt, a reserve is provided for the amount considered to be necessary based on an overall solvency assessment performed for the amount of claims net of amounts expected to be collected through disposal of collateral or execution of guarantees.</p> <p>In case of debtors under close observation and borrowers with restructured loans, if the total loans from the Bank exceed a certain amount, reserves are provided as follows: (i) if future cash flows of the principal and interest to be collected and received can be reasonably estimated, the discounted cash flow method is applied, where the reserve is determined as the difference between the book value and the present value of expected future cash flows discounted by the contractual interest rate before concession for loan conditions were granted, and (ii) if future cash flows of the principal and interest cannot be reasonably estimated, the remaining loan periods are individually calculated and the estimated loss amount for a certain future period corresponding to such remaining loan period is provided as a reserve.</p> <p>For claims to other debtors, a reserve is provided based on historical loan loss ratio computed for each loan loss result during a certain period in the past.</p> <p>All claims are being assessed for their quality by the business related sections and loan supervision sections, based on the internal rules for self-assessment of asset quality and the loan administration sections, which is independent from branches and credit supervision departments, conducts audits of their assessment, and a reserve is provided based upon such audit results.</p>
	<p>(2) Reserve for possible losses on investment</p> <p>Losses likely incur to non-marketable securities in future is estimated and the required amount based on such estimation is provided as a reserve for possible investment losses.</p>
	<p>(3) Reserve for employee retirement benefit</p> <p>Reserve for employee retirement benefit is provided for the payment of employees' retirement benefit based on estimated amounts of the actuarial retirement benefit obligation and the pension assets as of fiscal year end. Net actuarial gain (loss) is amortized as follows:</p> <p>Past service liabilities: Total amount is recognized as income or expense in the statement of income for the fiscal year of incurrence.</p> <p>Net actuarial gain (loss): Net actuarial gain (loss) is amortized using the straight-line method over a certain number of years (generally 10 years) within the employees' average remaining service period commencing from the next fiscal year of incurrence (stated as either income or expense in the statement of income).</p>
7. Lease transactions	The Bank's equipment used under finance lease agreements is accounted for

Item	The current fiscal year (From April 1, 2004 to March 31, 2005)
	as equipment leased under operating leases, except for those leases which transfer the ownership of the leased equipment to the lessee, in which case the equipment is capitalized.
8. Hedge accounting method	<p>(1) Interest rate risk hedge As for the hedge accounting for interest rate risks arising from financial assets and liabilities, the Bank applies deferred hedge accounting stipulated 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. With regard to hedging activities offsetting changes in interest rate, the Bank assesses the effectiveness of such hedge by grouping the hedged items (such as deposits and loans) and the hedging instruments (such as interest swaps) by their maturities. As for hedges to fix cash flows, the Bank assesses the effectiveness of such hedges by verifying correlation of interest fluctuation factors between the hedged items and the hedging instruments.</p> <p>Deferred hedge gains and losses resulted from the application of the past macro-hedge method based on “Tentative Treatment of Accounting and Auditing of Application Standard for Financial Instruments in the Banking Industry”(JIPCA Industry Audit Committee Report No. 15), under which the overall interest rate risks inherent to loans, deposits and other instruments are controlled on a macro-basis using derivatives are amortized as “interest income” or “interest expenses” over two years beginning from the fiscal year 2003, according to remaining maturity and notional amounts of hedging instruments designated by the “macro hedge” accounting.</p> <p>There was no deferred hedge loss based on the “macro hedge” at the end of this fiscal year.</p> <p>(2) Foreign exchange risk hedge With respect to hedge accounting for foreign exchange risks attributable to foreign-currency denominated financial assets and liabilities, the Bank applies deferred hedge accounting stipulated in “Treatment of Accounting and Auditing for Foreign Currency Transactions in Banking Industry” (JICPA Industry Audit Committee Report No. 25)</p> <p>The Bank assesses the effectiveness of such hedge by designating currency swap transactions and foreign exchange swap transactions, which are for the purpose of offsetting foreign exchange rate risks involved in these assets and liabilities, as hedging instruments, and by verifying the existence of foreign currency positions of such hedging instruments matching up to the foreign-currency-denominated assets and liabilities, the hedged items.</p> <p>(3) Internal transactions, etc. Of derivative transactions, with respect to internal transactions between trading accounts and other accounts, the Bank manages interest rate swap transactions and currency swap transactions designated as hedging instruments in conformity with the non-arbitrary and strict hedging criteria for mirror transactions with the third parties against these swap transactions stipulated in the Industry Audit Committee Report No.24 and 25. Therefore the Bank reported the gains and losses on these swap transactions in the current earnings or deferred as assets or liabilities without elimination.</p> <p>For a part of assets and liabilities, the Bank applies deferral hedge accounting, fair value hedge accounting or exceptional treatments permitted for interest rate swaps.</p>

Item	The current fiscal year (From April 1, 2004 to March 31, 2005)
9. Consumption taxes	In the accounting treatment of the Bank, the National Consumption Tax and the Local Consumption Tax are excluded from the transaction amounts.

Additional information

The current fiscal year (From April 1, 2004 to March 31, 2005)
<p>With the enactment of the “Revision of the Local Tax Law” (Law No.9, March 2003) on March 31, 2003, certain basis of enterprise taxes imposed on banks were changed to “amount of added value” and “amount of capital” effective the consolidated fiscal year beginning April 1, 2004. As a result, effective this consolidated fiscal period, the Bank included the enterprise taxes based on “amount of added value” and “amount of capital” in “Operating expenses” on the consolidated statement of income pursuant to “Practical Treatment for Presentation of External Standards Taxation portion of Enterprise Taxes in the Statement of Income” (Accounting Standards Board, Practical Report of Practical Issues No.12).</p>

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

(Non-consolidated balance sheet)

For the current fiscal year (As of March 31, 2005)	
1.	Total amount of subsidiaries' stocks totals ¥2,610 million. Subsidiaries stated herein are subsidiaries specified under the Article 2, Paragraph 8 of the Banking Law.
2.	The amount of loans to customers in bankruptcy and past due loans was ¥12,113 million and ¥140,761 million respectively. Loans to debtors in bankruptcy are loans, excluding loans written-off, to legally bankrupt debtors as defined in Article 96, paragraph 1, subparagraph 3-(a) to (e) or subparagraph 4 of Enforcement Ordinance for the Corporation Tax Law (Cabinet Order No. 97, 1965) and on which accrued interest income is not recognized as there is substantial doubt about the ultimate collectibility of either principal or interest because they are past due for a considerable period of time or for other reasons ("non-accrual loans"). Past due loans are non-accrual loans other than loans to debtors in bankruptcy and loans for which interest payments are deferred in order to assist the financial recovery of debtors in financial difficulties.
3.	The amount of loans contractually past due 3 months or more totaled ¥483million. Loans contractually past due 3 months or more are defined as loans for which principal or interest payment is delinquent for 3months or more from the next day of the contract payment date. Loans classified as loans to customers in bankruptcy or past due loans are excluded.
4.	The amount of restructured loans totaled ¥95,177million. Such restructured loans are loans on which the Bank granted concession (e.g., reduction of the stated interest rate, deferral of interest payment, extension of maturity date, reduction of the face amount or other settlement favoring debtors) to debtors in financial difficulties to assist them in their financial recovery. Loans to customers in bankruptcy, past due loans and loans contractually past due 3 months or more are excluded.
5.	Total amount of the loans to customers in bankruptcy, past due loans, loans contractually past due 3 months or more and restructured loans was ¥248,535 million. The amounts reflected in the above notes 2 to 5 represent the gross receivable amounts prior to reduction for the reserve for possible loan losses.
6.	The Bank treated Bills discounted as a financial instrument based on the Industry Audit Committee Report No.24, "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" issued by JICPA. The Bank is entitled to dispose of commercial bills or foreign exchange bills bought either by selling or re-pledging. Face value of those bills acquired totaled ¥72,622 million.
7.	Assets pledged were as follows: Assets pledged as collateral: Investment securities: ¥239,607 million Loans and bills discounted: ¥22,046 million Liabilities related to above pledged assets: Deposit: ¥75,100 million Call money: Nil Bills sold: Nil Margin money for bond lending transactions: ¥27,227million Other than the above-mentioned assets, investment securities of ¥105,350 million were deposited as collateral for exchange transactions, or instead of margin money for future trading.
8.	Contracts of overdraft facilities and loan commitment limits are the contract that the Bank lends to the customers up to the prescribed limits in response to customers' application of loan as long as there is no violation of any condition in the contracts. The unused amount within the limits relating to these contracts totaled ¥1,187,344 million. The unused amount related to contracts of which original terms expire within one year was ¥1,153,982 million.

Since many of these commitments expire without being drawn down, the unused amount does not necessarily affect future cash flows of the Bank. Most of these contracts have conditions that the Bank can refuse customers' allocation of loan or decrease the contract limits with proper reasons (e.g., changes in financial conditions, deterioration in customers' creditworthiness). At the inception of contracts, the Bank obtains real estate, securities, etc. as collaterals if considered to be necessary. Subsequently the Bank perform periodic review of the customers' business results based on internal rules and take necessary measures to reconsider conditions in contracts and/or require additional collaterals and guarantees.

9. Gains (losses) or unrealized gains (losses) related to hedge accounting were included in Other Liabilities as a net amount of deferral gains (losses). Gross deferral losses on hedge and gross deferral gains on hedge before offsetting were ¥2,475 million and ¥2,123 million respectively.
10. Accumulated depreciation on premises and equipment totaled ¥56,903million.
11. Advanced depreciation on premises and equipment totaled ¥8,686 million.
(Booked in this term was nil.)
12. Total number of stocks the Bank is authorized to issue:
Common stock: 1,962,153 thousand shares

Total number of stocks issued:
Common stock: 536,303 thousand shares
13. Net equities increased by ¥95,093 million by applying market value as provided in Article 124, Paragraph 3 of the Commercial Code Enforcement Regulation.
14. Treasury stocks held by the Bank:
Common stock: 17,997 thousand shares
15. Total amount of money claims due from directors and auditors: ¥1 million

(Statements of income)

For the current fiscal year
(From April 1, 2004 to March 31, 2005)

1. Other extraordinary gains include the amount of disposal of past service liabilities (reduction of liabilities) incurred as a result of the amendment of retirement benefit system for ¥1,575 million and reversal of reserves for possible loan losses for ¥369 million.

LEASE TRANSACTIONS

Report of lease transactions is omitted, since periodic securities report is disclosed via EDINET.

SECURITIES (related to equity shares of subsidiaries and affiliated companies)

Marketable equity shares of subsidiaries and affiliated companies

Not applicable both for the current and previous fiscal year.

TAX EFFECT ACCOUNTING

For the current fiscal year (From April 1, 2004 to March 31, 2005)	
1. Breakdown of main causes to have incurred deferred tax assets and liabilities (millions of yen)	
Deferred tax assets	
Reserve for possible loan losses	35,957
Reserve for employee retirement benefit	12,784
Depreciation	3,177
Gains on valuation of other securities	956
Write-off of securities	758
Accrued business tax	254
Others	1,798
Valuation reserve	(1,177)
Total deferred tax assets	54,509
Deferred tax liabilities	
Gains on valuation of other securities	64,083
Gains on retirement benefit trust setting	7,746
Others	877
Total deferred tax liabilities	72,706
Net amount of deferred tax assets	18,197
2. The statement of difference between the effective statutory tax rate and corporate tax rate after applying tax effect accounting is omitted, as the difference is not more than 5/100 of the effective statutory tax rate.	

(Per share data)

For the current fiscal year (From April 1, 2004 to March 31, 2005)	
Shareholders' equity per common share	¥763.43
Net income per common share	¥49.05
Net income per common share after adjustment of dilutive shares	¥48.54

(Note) The basis for calculation of net income per common share after adjustment of dilutive shares and Net income per common share of the current fiscal year is as follows.

		For the current fiscal year (From April 1, 2004 to March 31, 2005)
Net income per common stock		
Net income for the current term	¥ Million	25,525
Amount not reverting to common shareholders	¥ Million	45
(Bonuses paid to directors by income appropriation)	¥ Million	45
Net income related to common stock	¥ Million	25,479
Average number of common shares	Thousands of share	519,393

		For the current fiscal year (From April 1, 2004 to March 31, 2005)
Net income per common share after adjustment of dilutive shares		
Net income adjustment for the current term	¥ Million	—
(Interest paid net of tax equivalent)	¥ Million	—
Increased number of common stock	Thousands	5,481
Common stock preemptive right	s of share	5,481
Summary of dilutive shares not included in the calculation of net income per share after adjustment of dilutive shares due to the absence of dilution effect.		—

Above-mentioned common stock preemptive right is based on the stock option system described in the provision of the old Commercial Code, Article 210, Paragraph 2, Sub-paragraph 2.

ANNUAL NON-CONSOLIDATED BALANCE SHEET

(For the fiscal year ended March 31, 2005)

(Millions of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Cash and due from banks	321,341	Deposits	5,101,943
Cash	67,243	Demand deposits	209,662
Due from banks	254,097	Ordinary deposits	2,138,612
Call loans	34,098	Savings deposits	93,622
Receivables under resale agreement	579	Deposits at notice	20,120
Commercial papers and other debt purchased	45,894	Time deposits	2,351,908
Trading assets	20,792	Periodical deposits	46,602
Securities for trading	2,735	Other deposits	241,414
Financial derivatives related to trading	15,056	Negotiable certificate of deposits	96,191
Other trading assets	2,999	Call money	21,580
Money in trust	24,466	Payables under repurchase agreement	579
Securities	1,534,214	Margin money for bond lending transaction	27,227
Japanese government bonds	618,267	Trading liabilities	14,817
Local government bonds	128,533	Financial derivatives related to trading	14,817
Corporate bonds	219,789	Borrowed money	679
Equity shares	236,778	Borrowed money	679
Other securities	330,845	Foreign exchanges	1,032
Loans and bills discounted	3,755,863	Due to foreign banks (Their a/c)	0
Bills discounted	58,236	Foreign currency bills sold	459
Loans on note	478,713	Foreign currency bills payable	572
Loans on deeds	2,493,619	Other liabilities	49,676
Overdrafts	725,294	Unsettled exchange payable	24
Foreign exchanges	22,626	Accrued corporate taxes	2,526
Due from foreign banks	3,926	Accrued expenses	6,317
Foreign currency bills bought	14,386	Unearned income	3,766
Foreign currency bills receivable	4,313	Reserve for benefit payment	8
Other assets	37,220	Financial derivatives	5,260
Unsettled exchange receivable	83	Other liabilities	31,772
Prepaid expenses	11,210	Reserve for retirement benefit	12,414
Accrued income	9,882	Deferred tax liabilities	18,197
Margin money deposited for futures	1	Acceptances and guarantees	76,637
Financial derivatives	3,707	Total liabilities	5,420,977
Loss on deferral hedge	352	(Shareholders' equity)	
Other assets	11,982	Capital stock	52,243
Premises and equipment	39,080	Capital surplus	28,540
Bank premises and equipment	37,249	Capital reserve	28,509
Suspense payment for construction	20	Other capital surplus	30
Security deposit	1,810	Gain on disposal of treasury stock	30
Customers' liabilities for acceptances and guarantees	76,637	Retained earnings	231,576
Reserve for possible loan losses	(95,799)	Legal reserve	47,610
Reserve for possible investment losses	(300)	Voluntary reserve	155,859
		Reserve for tax on advanced depreciation	450
		Special account for advanced depreciation	309
		Reserve for retirement allowance	600
		General reserve	154,500
		Unappropriated income for the current term	28,105
		(Net income for the current term)	25,525
		Valuation gains on other securities	93,553
		Treasury stocks	(10,175)
		Total shareholders' equity	395,737
Total assets	5,816,714	Total liabilities and shareholders' equity	5,816,714

ANNUAL NON-CONSOLIDATED STATEMENTS OF INCOME

(From April 1, 2004 to March 31, 2005)

(Millions of yen)

Items	Amount	
Operating income		126,120
Interest income	98,648	
Interest on loans and discounts	71,549	
Interest and dividends on securities	24,488	
Interest on call loans	285	
Interest on receivables under resale agreement	0	
Interest on bills bought	0	
Interest on due from banks	205	
Other interest received	2,118	
Trust fees	0	
Fees and commissions	17,666	
Commissions received on exchange	7,250	
Other fees and commissions	10,415	
Trading income	572	
Income of securities for sale	385	
Income on financial derivatives related to trading	181	
Other trading income	6	
Other business income	1,720	
Income on foreign exchange trading	1,213	
Income on sale of Japanese government bonds and others	505	
Income on redemption of Japanese government bonds	0	
Other business income	0	
Other operating income	7,512	
Income on sale of equity shares, etc.	1,164	
Income on money in trust	2,786	
Other operating income	3,561	
Operating expenses		86,440
Interest expenses	10,416	
Interest on deposits	3,769	
Interest on negotiable certificate of deposits	19	
Interest on call money	449	
Interest on payables under repurchase agreement	0	
Interest paid on margin money for bond lending transactions	455	
Interest on borrowed money	1	
Interest paid on interest rate swap transactions	4,457	
Other interest paid	1,262	
Fees and commissions	5,148	
Commissions paid on exchange trading	1,283	
Other fees and commissions	3,865	
Other business expenses	1,012	
Loss on sale of Japanese government bonds and others	875	
Loss on redemption of government bonds and others	38	
Write-offs of Japanese government bonds and others	71	
Expenses for financial derivatives	25	
General and administrative expenses	60,699	
Other operating expenses	9,163	
Charge-offs of loans and discounted	232	
Loss on sale of stocks, etc.	133	
Write-off of stocks, etc.	462	
Loss on money in trust	1,172	
Other operating expenses	7,163	
Operating income		39,680
Extraordinary gains		3,042
Gains on sale of premises and equipment	1,090	
Bad debt recovered	7	
Other extraordinary gains	1,944	
Extraordinary losses		655
Loss on sale of premises and equipment	655	
Net income before income taxes		42,067
Corporate tax, resident tax and business tax		4,338
Income tax deferred		12,204
Net income		25,525
Unappropriated retained earnings brought forward		9,530
Loss on retirement of treasury stocks		5,651
Interim dividends		1,298
Unappropriated retained income at the end of the term		28,105

PROPOSED INCOME APPROPRIATION

(For the fiscal year ended March 31, 2005)

(Millions of yen)

Item	Amount
Unappropriated retained income of this term	28,105
Reversal of voluntary reserve	51
Reversal of special account for advanced depreciation	51
Total	28,156
Appropriation of income	18,295
Dividends	2,073
Ordinary dividends (¥4.00 per common share)	2,073
Directors bonuses	45
Directors bonuses	39
Auditors bonuses	6
Voluntary reserve	16,176
Reserve for advanced depreciation of fixed assets	176
Special reserve	16,000
Unappropriated retained earnings carried forward	9,861

Officers' personnel change (effective on June 29, 2005)

1. Change in directors

(1) New appointment

The following persons will be elected as follows at the Board of Directors meeting to be held immediately after the adjournment of the regular general shareholders' meeting on June 29, 2005.

Director and Chairman: Kazuyuki Narusawa (presently Director and President)

Director and President: Yoshiyuki Yamaura (presently Senior Managing Director)

Director and Deputy President: Naoaki Yoshizawa (presently Managing Director)

(2) Retiree

The following person will retire upon the adjournment of the regular general shareholders meeting on June 29, 2005.

Kazuo Ishii (presently Director and Deputy president) (He will be appointed president of Nagano Economic Research Institute)

2. Change in directors

(1) Candidates for new directors

The following persons will be elected director at the Board of Directors meeting to be held immediately after the regular general shareholders meeting on June 29, 2005.

Managing Director: Kazushige Sekizaki (presently Executive Officer and General Manager, Ueda Branch)

Managing Director: Yoshio Horigome (presently Executive Officer and General Manager, Head Office)
(He will be appointed General Manager, Matsumoto Main Office)

(2) Change in position

The following person will retire from Managing Director at the Board of Directors meeting to be held immediately after the regular general shareholders meeting on June 29, 2005.

Director: Takashi Sarashina (presently Managing Director and General Manager of Matsumoto Main Office, and he will be appointed representative director and president of Hachijuni DC Card Co., Ltd.)

(For your reference)

(1) New Executive officers

The following persons will be elected Executive officers at the Board meeting to be held on June 29, 2005.

Executive Officer: Nobuyoshi Sakai (presently General Manager, Takada Branch)

Executive Officer: Akira Uehara (presently General Manager, Operations Administration Department)

Executive Officer: Nobuhiko Yoda (presently General Manager, Suzaka Branch)

Executive Officer: Masatoshi Mizumoto (presently General Manager, Personnel Department)

(2) Retirement of corporate officer

The following person will retire from Corporate Officer on June 29, 2005.

Yoshitaka Fuse (presently Executive Officer and General Manager, Computer Systems Department) (He will be appointed representative director and president of Hachijuni System Development Co., Ltd.)

(3) Retirement of corporate advisor

The following person will retire from corporate advisor on June 29, 2005.

Minoru Chino