

ANNUAL FINANCIAL REPORT
(NON-CONSOLIDATED)

For the Fiscal Year Ended March 31, 2006

May 23, 2006

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) Yoshiyuki Yamamura
 (Title) President
 For inquiry: (Name) Akihito Fujimori
 (Title) Executive Officer & General Manager, Planning and
 Coordination Department
 (Phone) 026-227-1182
 Date of Board Meeting on the Financial Results: May 23, 2006
 Interim dividends policy: Yes
 Initiation date of dividend payment: June 30, 2006
 Date of General Shareholders Meeting: June 29, 2006
 Adoption of stock trade unit system: Yes (One trade unit: 1,000 shares)

1. Financial highlights for the fiscal year ended March 31, 2006 (from April 1, 2005 to March 31, 2006)

(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	%
Fiscal year ended 3/31/2006	134,983	7.0	36,174	(8.8)	26,719	4.6
Fiscal year ended 3/31/2005	126,120	(0.1)	39,680	15.3	25,525	15.1

	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
Fiscal year ended 3/31/2006	51.26	-	6.1	73.2	5,151,482
Fiscal year ended 3/31/2005	49.05	48.54	6.6	68.5	5,101,943

Note:

- Average number of shares issued and outstanding:
For the year ended March 31, 2006: 520,238,913
For the year ended March 31, 2005: 519,393,732
- Change in accounting method: Yes
- 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
	Yen	Interim period	Fiscal year end			
Fiscal year ended 3/31/2006	7.00	3.00	4.00	3,652	13.6	0.7
Fiscal year ended 3/31/2005	6.50	2.50	4.00	3,371	13.2	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	%
Fiscal year ended 3/31/2006	5,965,636	477,481	8.0	912.54	12.81
Fiscal year ended 3/31/2005	5,816,714	395,737	6.8	763.43	11.94

Note:

- Number of shares outstanding as of:
 March 31, 2006: 523,189,069
 March 31, 2005: 518,305,591
- Treasury stocks outstanding as of:
 March 31, 2006: 13,114,342
 March 31, 2005: 17,997,820

2. Earning projections for the fiscal year ending March 31, 2007(form April 1, 2006 to March 31, 2007)

	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	70,000	16,500	10,000	3.50	-	-
Full year	136,000	36,000	22,000	-	3.50	7.00

Projected net income per common share (for fiscal year): ¥42.04

- * 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 SHEETS (Major accounts)

(Millions of yen)

Items	Fiscal year ended March 31, 2006 (A)	Fiscal year ended March 31, 2005 (B)	Increase/ (Decrease) (A)-(B)
(Assets)			
Cash and due from banks	190,068	321,341	(131,272)
Call loans	68,388	34,098	34,290
Receivables under resale agreement	1,009	579	429
Commercial papers and other debt purchased	46,949	45,894	1,055
Trading assets	35,544	20,792	14,752
Money held in trust	14,938	24,466	(9,527)
Securities	1,656,200	1,534,214	121,986
Loans and bills discounted	3,836,450	3,755,863	80,586
Foreign exchanges	22,644	22,626	17
Other assets	47,894	37,220	10,673
Premises and equipment	36,875	39,080	(2,205)
Customers' liabilities for acceptances & guarantees	75,462	76,637	(1,175)
Reserve for possible loan losses	(66,546)	(95,799)	29,253
Reserve for possible investment losses	(244)	(300)	55
Total assets	5,965,636	5,816,714	148,921
(Liabilities)			
Deposits	5,151,482	5,101,943	49,539
Negotiable certificate of deposits	35,030	96,191	(61,160)
Call money	18,972	21,580	(2,607)
Payables under repurchase agreement	1,009	579	429
Margin money for bond lending transactions	24,907	27,227	(2,319)
Bills sold	25,100	-	25,100
Trading liabilities	14,017	14,817	(799)
Borrowed money	600	679	(78)
Foreign exchanges	1,683	1,032	650
Other liabilities	56,710	49,676	7,033
Reserve for retirement benefit	12,395	12,414	(19)
Deferred tax liabilities	70,781	18,197	52,584
Acceptances and guarantees	75,462	76,637	(1,175)
Total liabilities	5,488,154	5,420,977	67,177
(Shareholders' equity)			
Capital stock	52,243	52,243	-
Capital surplus	29,091	28,540	550
Capital reserve	28,509	28,509	-
Other capital reserve	581	30	550
Retained earnings	254,617	231,576	23,041
Legal reserve	47,610	47,610	-
Voluntary reserve	171,985	155,859	16,125
Unappropriated income (loss) for the current term	35,021	28,105	6,915
[Net income (loss) for the current term]	[26,719]	[25,525]	[1,194]
Valuation gains on other securities	148,987	93,553	55,433
Treasury stocks	(7,457)	(10,175)	2,717
Total shareholders' equity	477,481	395,737	81,743
Total liabilities and shareholders' equity	5,965,636	5,816,714	148,921

COMPARATIVE STATEMENTS OF INCOME (Major accounts)

(Millions of yen)

Items	For the year ended March 31, 2006 (A)	For the year ended March 31, 2005 (B)	Increase/ (Decrease) (A)-(B)
Operating income	134,983	126,120	8,862
Interest income	99,855	98,648	1,207
[Interest on loans and discounts]	[70,440]	[71,549]	[(1,108)]
[Interest and dividends on securities]	[24,293]	[24,488]	[(195)]
Trust fees	1	0	0
Fees and commissions	20,294	17,666	2,628
Trading income	514	572	(58)
Other business income	3,123	1,720	1,402
Other operating income	11,193	7,512	3,681
Operating expenses	98,808	86,440	12,367
Interest expenses	14,620	10,416	4,204
[Interest on deposits]	[6,975]	[3,769]	[3,206]
Fees and commissions	5,768	5,148	619
Other business expenses	1,985	1,012	973
General and administration expenses	60,810	60,699	110
Other operating expenses	15,623	9,163	6,459
Operating profit (losses)	36,174	39,680	(3,505)
Extraordinary gains	9,604	3,042	6,562
Extraordinary losses	1,282	655	627
Net income (loss) before income taxes	44,496	42,067	2,429
Corporate tax, resident tax and business tax	2,597	4,338	(1,740)
Income tax deferred	15,179	12,204	2,975
Net income (loss)	26,719	25,525	1,194
Unappropriated retained earnings brought forward	9,861	9,530	331
Retirement of treasury stock	—	5,651	(5,651)
Interim dividends	1,559	1,298	261
Unappropriated retained income (loss) for the current term	35,021	28,105	6,915

COMPARATIVE PROPOSED INCOME APPROPRIATION

(Millions of yen)

Items	For the year ended March 31, 2006 (A)	For the year ended March 31, 2005 (B)	Increase/ (Decrease) (A)-(B)
Unappropriated income of the current term	35,021	28,105	6,915
Reversal of voluntary reserve	-	51	(51)
Reversal of special account for advanced depreciation	-	51	(51)
Total	35,021	28,156	6,864
Appropriation of income	25,447	18,295	7,152
Dividends	2,092	2,073	19
Ordinary dividends	2,092	2,073	19
	(¥4.00 per share)	(¥4.00 per share)	(-)
Directors' bonuses	47	45	2
Voluntary reserve	23,307	16,176	7,130
Reserve for advanced depreciation of fixed assets	44	176	(132)
Special account for advanced depreciation	263	-	263
General reserve	23,000	16,000	7,000
Unappropriated retained earnings carried forward	9,573	9,861	(288)

SIGNIFICANT ACCOUNTING POLICIES

Item	The current fiscal year (From April 1, 2005 to March 31, 2006)
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 balance sheet on a trade date basis. Profits and losses on such trading transactions are recognized in “Trading income” or “Trading expenses” of the 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 end of the previous 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 end of the previous period and the end of the current 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) Valuation of securities comprising trust assets included in Money held in trust are performed in the same manner for those mentioned in the above 1. and 2. (1).</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. Conversion 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, 2005 to March 31, 2006)
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, based on the internal rules for self-assessment of asset quality and the loan administration section, which is independent from such business related sections, 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>

Item	The current fiscal year (From April 1, 2005 to March 31, 2006)
	<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. Accountings for past service liabilities and net actuarial gain (loss) are 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> <p>(Change in accounting policy) When pension assets exceeded the amount of retirement benefit obligations of the corporate pension system as a result of accrual of past service liabilities caused by the amendment of the corporate pension system, The Bank had not recognized such exceeded amount (hereinafter, "unrecognized pension assets") as asset and profit in accordance with Note1-1 of "Commentary for Accounting Standard Concerning Retirement Benefit". A part of "Accounting Standard for Retirement Benefit" (issued by the Business Accounting Council on June 16, 1998) was amended effective as of March 16, 2005, by which recognition of the former unrecognized pension assets as an asset and profit was permitted. Therefore, effective from the current fiscal year, the Bank adopted "Guidelines on Implementation of Partial Amendment of [Accounting Standard for Retirement Benefit]" (Guidelines on Implementation of Business Accounting Standard No.7 issued on March 16, 2005) and reasonably classified unrecognized pension assets to past service liabilities and net actuarial gains (losses) and made them target items for expense deduction. As a result, "Prepaid pension expenses" increased ¥8,251 million in the current fiscal year and "Income before income taxes and others" also increased by the same amount.</p>
7. Lease transactions	The Bank's equipment used under finance lease agreements is accounted for 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.

Item	The current fiscal year (From April 1, 2005 to March 31, 2006)
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>(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). 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. For a part of assets and liabilities, the Bank applies deferral hedge accounting, or exceptional treatments permitted for interest rate swaps.</p>
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.

Change in Accounting Policy

The current fiscal year (From April 1, 2005 to March 31, 2006)
<p>(Accounting standards for impairment of fixed assets) Effective from this fiscal year, the Bank applied “Accounting Standards for Impairment of Fixed Assets” (“Opinion Concerning Establishment of Accounting Standards for Impairment of Fixed Assets” issued by the Business Accounting Council on August 9, 2002) and “Guidelines on Implementation of Accounting Standard for Impairment of Fixed Assets” (Guidelines on Implementation of Business Accounting Standard No.6, issued on October 31, 2003). As a result, net income before income taxes decreased by ¥896 million.</p> <p>In the banking industry, fixed assets are stated at cost less accumulated depreciation amount pursuant to the Enforcement Ordinance of the Banking Law (MOF Ordinance No.10, 1982). Accumulated impairment loss is also deducted from the book value of each asset.</p>

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

(Non-consolidated balance sheets)

The current fiscal year (As of March 31, 2006)	
1.	<p>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.</p>
2.	<p>The amount of loans to customers in bankruptcy and past due loans was ¥2,692 million and ¥102,537 million respectively.</p> <p>Loans to debtors in bankruptcy are loans 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 are included in loans 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 (excluding loans written-off, "non-accrual loans").</p> <p>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.</p>
3.	<p>The amount of loans contractually past due 3 months or more totaled ¥477million.</p> <p>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.</p>
4.	<p>The amount of restructured loans totaled ¥45,222million.</p> <p>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.</p>
5.	<p>Total amount of the loans to customers in bankruptcy, past due loans, loans contractually past due 3 months or more and restructured loans was ¥150,930 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.</p>
6.	<p>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 ¥70,399 million.</p>
7.	<p>Assets pledged were as follows:</p> <p style="padding-left: 20px;">Assets pledged as collateral:</p> <p style="padding-left: 40px;">Investment securities: ¥226,287 million</p> <p style="padding-left: 20px;">Liabilities related to above pledged assets:</p> <p style="padding-left: 40px;">Deposit: ¥39,158 million Call money: Nil Bills sold: ¥25,100 million Margin money for bond lending transactions: ¥24,907million</p> <p>Other than the above-mentioned assets, investment securities of ¥158,462 million were deposited as collateral for exchange transactions, or instead of margin money for future trading.</p>
8.	<p>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 ¥1,127,857 million. The unused amount related to contracts of which original terms expire within one year was ¥1,093,965 million.</p> <p>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</p>

The current fiscal year (As of March 31, 2006)
<p>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.</p> <p>9. Gains (losses) or unrealized gains (losses) related to hedge accounting were included in Loss on deferral hedge as a net amount of deferral gains (losses). Gross deferral losses on hedge and gross deferral gains on hedge before offsetting were ¥4,229 million and ¥2,874 million respectively.</p> <p>10. Accumulated depreciation on premises and equipment totaled ¥58,948million.</p> <p>11. Advanced depreciation on premises and equipment totaled ¥8,682million. (Booked in this term was nil.)</p> <p>12. Total number of stocks the Bank is authorized to issue: Common stock: 1,962,153 thousand shares</p> <p>Total number of stocks issued: Common stock: 536,303 thousand shares</p> <p>Net equities increased by applying market value as provided in Article 124, Paragraph 3 of the former Commercial Code Enforcement Regulation was ¥150,967 million.</p> <p>13. Treasury stocks held by the Bank: Common stock: 13,114 thousand shares</p> <p>15. Total amount of money claims due from directors and auditors: ¥1 million</p>

(Statements of income)

The current fiscal year (From April 1, 2005 to March 31, 2006)
<p>1. Other extraordinary gains include profit on unrecognized pension assets for ¥8,251 million posted as a result of applying "Guidelines on Implementation Amending a part of [Accounting Standards for Retirement Benefit]" (Guidelines on Implementation of Business Accounting Standard No.7, issued on March 16, 2005).</p> <p>2. Our group reduced book values of ten (10) items of premises and equipment including branch buildings and idle properties in Nagano Prefecture and one (1) item of idle premises and equipment outside Nagano Prefecture down to their recoverable values, because total values of future cash flows before discount fell short of their book values due to declines in cash flow generated by their operations and land prices. Reduced amount was ¥896 million (Land: ¥842 million, buildings: ¥52 million, and movable assets: ¥0 million) and it was stated as "Impairment losses", which is included in "Extraordinary losses".</p> <p>Concerning facilities for business, every branch is generally designated by the Bank as the smallest unit of group for the recognition and measurement of impairment loss. In case of idle assets, individual asset is assessed as a unit of group. Each subsidiary is designated as one asset group.</p> <p>The recoverable amounts used for the measurement of such impairment loss were net sales prices. Such net sales prices were calculated based on appraisal values and assessed value of fixed assets for taxation estimated in accordance with the Real Estate Appraisal Standard.</p>

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

The current fiscal year (From April 1, 2005 to March 31, 2006)	
1. Breakdown of main causes to have incurred deferred tax assets and liabilities (millions of yen)	
Deferred tax assets	
Reserve for possible loan losses	23,480
Reserve for employee retirement benefit	7,583
Gains on valuation of other securities	7,351
Depreciation	3,277
Write-off of securities	733
Accrued business tax	201
Others	2,012
Valuation reserve	(1,491)
Total deferred tax assets	43,148
Deferred tax liabilities	
Gains on valuation of other securities	107,882
Gains on retirement benefit trust setting	4,634
Others	1,413
Total deferred tax liabilities	113,930
Net amount of deferred tax assets	70,781
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.	

SIGNIFICANT SUBSEQUENT EVENT

The current fiscal year (From April 1, 2005 to March 31, 2006)									
(Turning Alps Securities Co., Ltd into a subsidiary of Hachijuni Bank by stock swap)									
To be prepared for the future deregulation of securities businesses, and to respond to more sophisticated and diversified customers' needs, we made Alps Securities Co., Ltd. our wholly owned subsidiary effective April 1, 2006 based on stock swap agreement executed on December 26, 2005.									
The summary of the matters related to stock swap deal is as follows:									
1. Profile of Alps Securities Company, Limited									
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Company Name</th> <th style="width: 30%;">Location</th> <th style="width: 20%;">Incorporation</th> <th style="width: 20%;">Capital</th> </tr> </thead> <tbody> <tr> <td>Alps Securities Co., Ltd.</td> <td>Ueda-city, Nagano</td> <td>May 1949</td> <td>¥800 million</td> </tr> </tbody> </table>	Company Name	Location	Incorporation	Capital	Alps Securities Co., Ltd.	Ueda-city, Nagano	May 1949	¥800 million	
Company Name	Location	Incorporation	Capital						
Alps Securities Co., Ltd.	Ueda-city, Nagano	May 1949	¥800 million						
(1) Main businesses									
(A) Buying and selling of securities									
(B) To act as an intermediary, broker or agent with respect to buying and selling of securities, and to act as an intermediary, broker and agent with respect to entrustment of transactions on a securities market.									
(C) To underwrite and effect secondary distribution of securities.									
(D) To handle offering and secondary distribution of securities									
(2) Earnings (for the fiscal year ended March 31, 2006)									
Operating income: ¥2,728 million									
Operating profit : ¥1,028 million									
Net income: ¥657 million									
2. Summary of matters related to stock swap									
(1) Method of stock swap									
Alps Securities Co., Ltd. (hereinafter "the Company") has become the Bank's wholly owned subsidiary, and stocks of the Company held by its shareholders were transferred to the Bank effective April 1, 2006, and then the Bank's treasury stocks held by the Bank were allocated to shareholders of the Company, thereby they became shareholders of the Bank.									

The current fiscal year
(From April 1, 2005 to March 31, 2006)

(2) Stock swap ratio

In executing such stock swap deal, the Bank allocated 3,104,106 shares of treasury stocks (common stock) held by the Bank to shareholders of the Company who are listed in its final shareholder register as of the day before the stock swap in proportion of 0.98 common shares of the Bank to 1 common share of the company.

(3) Calculation basis of the stock swap ratio

The Bank and the Company separately requested the third party institutions to calculate the stock swap ratio, and both parties reached an agreement as specified above after consultation among the parties concerned based on the results of calculations. For the calculation of the stock swap ratio, the average market price method was used for the Bank, and the DCF (discount cash flow) method, comparable company comparison method, and current net worth value method were used for the Company to calculate their stock values. Both parties comprehensively considered the analysis results of those values and calculated the stock swap ratio in a certain range.

(4) Increased capital and capital surplus

Capital	No increase
Capital surplus	¥1,099 million

ANNUAL NON-CONSOLIDATED BALANCE SHEETS

(For the fiscal year ended March 31, 2006)

(Millions of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Cash and due from banks	190,068	Deposits	5,151,482
Cash	64,851	Demand deposits	204,293
Due from banks	125,217	Ordinary deposits	2,284,781
Call loans	68,388	Savings deposits	89,687
Receivables under resale agreement	1,009	Deposits at notice	15,099
Commercial papers and other debt purchased	46,949	Time deposits	2,280,687
Trading assets	35,544	Periodical deposits	44,211
Trading securities	1,205	Other deposits	232,720
Financial derivatives related to trading	14,341	Negotiable certificate of deposits	35,030
Other trading assets	19,998	Call money	18,972
Money in trust	14,938	Payables under repurchase agreement	1,009
Securities	1,656,200	Margin money for bond lending transaction	24,907
Japanese government bonds	598,032	Bills sold	25,100
Local government bonds	98,243	Trading liabilities	14,017
Corporate bonds	279,022	Financial derivatives related to trading	14,017
Equity shares	360,044	Borrowed money	600
Other securities	320,858	Borrowed money	600
Loans and bills discounted	3,836,450	Foreign exchanges	1,683
Bills discounted	56,586	Due to foreign banks (Their a/c)	0
Loans on note	453,580	Due to foreign banks (Our a/c)	1
Loans on deeds	2,583,855	Foreign currency bills sold	788
Overdrafts	742,428	Foreign currency bills payable	892
Foreign exchanges	22,644	Other liabilities	56,710
Due from foreign banks	4,410	Unsettled exchange payable	8
Foreign currency bills bought	13,813	Accrued corporate taxes	1,925
Foreign currency bills receivable	4,420	Accrued expenses	6,015
Other assets	47,894	Unearned income	3,583
Unsettled exchange receivable	117	Reserve for benefit payment	6
Prepaid expenses	19,598	Financial derivatives	8,025
Accrued income	8,820	Other liabilities	37,144
Margin money deposited for futures	34	Reserve for retirement benefit	12,395
Change in market value of securities futures contracts	71	Deferred tax liabilities	70,781
Financial derivatives	5,667	Acceptances and guarantees	75,462
Loss on deferral hedge	1,354	Total liabilities	5,488,154
Other assets	12,230	(Shareholders' equity)	
Premises and equipment	36,875	Capital stock	52,243
Bank premises and equipment	34,549	Capital surplus	29,091
Suspense payment for construction	679	Capital reserve	28,509
Security deposit	1,645	Other capital surplus	581
Customers' liabilities for acceptances and guarantees	75,462	Gain on disposal of treasury stock	581
Reserve for possible loan losses	(66,546)	Retained earnings	254,617
Reserve for possible investment losses	(244)	Legal reserve	47,610
		Voluntary reserve	171,985
		Reserve for tax on advanced depreciation	627
		Special account for advanced depreciation	258
		Reserve for retirement allowance	600
		General reserve	170,500
		Unappropriated income for the current term	35,021
		(Net income for the current term)	26,719
		Valuation gains on other securities	148,987
		Treasury stocks	(7,457)
		Total shareholders' equity	477,481
Total assets	5,965,636	Total liabilities and shareholders' equity	5,965,636

ANNUAL NON-CONSOLIDATED STATEMENTS OF INCOME

(From April 1, 2005 to March 31, 2006)

(Millions of yen)

Items	Amount	
Operating income		134,983
Interest income	99,855	
Interest on loans and discounts	70,440	
Interest and dividends on securities	24,293	
Interest on call loans	444	
Interest on receivables under resale agreement	0	
Interest on bills bought	0	
Interest on due from banks	763	
Other interest received	3,913	
Trust fees	1	
Fees and commissions	20,294	
Commissions received on exchange	7,072	
Other fees and commissions	13,222	
Trading income	514	
Income of securities for sale	302	
Income on financial derivatives related to trading	190	
Other trading income	21	
Other business income	3,123	
Income on foreign exchange trading	1,494	
Income on sale of Japanese government bonds and others	1,168	
Income on redemption of Japanese government bonds	125	
Income on financial derivatives	332	
Other business income	1	
Other operating income	11,193	
Income on sale of equity shares, etc.	3,926	
Income on money in trust	3,495	
Other operating income	3,771	
Operating expenses		98,808
Interest expenses	14,620	
Interest on deposits	6,975	
Interest on negotiable certificate of deposits	15	
Interest on call money	907	
Interest on payables under repurchase agreement	0	
Interest paid on margin money for bond lending transactions	628	
Interest on bills sold	1	
Interest on borrowed money	1	
Interest paid on interest rate swap transactions	4,483	
Other interest paid	1,606	
Fees and commissions	5,768	
Commissions paid on exchange trading	1,286	
Other fees and commissions	4,481	
Other business expenses	1,985	
Loss on sale of Japanese government bonds and others	1,985	
General and administrative expenses	60,810	
Other operating expenses	15,623	
Transfer to reserve for possible loan losses	1,612	
Charge-offs of loans and discounted	159	
Loss on sale of stocks, etc.	150	
Write-off of stocks, etc.	59	
Loss on money in trust	1,793	
Other operating expenses	11,847	
Operating income		36,174
Extraordinary gains		9,604
Gains on sale of premises and equipment	1,290	
Bad debt recovered	62	
Other extraordinary gains	8,251	
Extraordinary losses		1,282
Loss on sale of premises and equipment	386	
Impairment losses	896	
Net income before income taxes		44,496
Corporate tax, resident tax and business tax		2,597
Income tax deferred		15,179
Net income		26,719
Unappropriated retained earnings brought forward		9,861
Interim dividends		1,559
Unappropriated retained income at the end of the term		35,021

PROPOSED INCOME APPROPRIATION

(For the fiscal year ended March 31, 2006)

(Millions of yen)

Item	Amount
Unappropriated retained income of this term	35,021
Appropriation of income	25,447
Dividends	2,092
Ordinary dividends (¥4.00 per common share)	2,092
Directors bonuses	47
Directors bonuses	41
Auditors bonuses	6
Voluntary reserve	23,307
Reserve for advanced depreciation of fixed assets	44
Special account for advanced depreciation	263
Special reserve	23,000
Unappropriated retained earnings carried forward	9,573

Officers' personnel change (effective on June 29, 2006)

1. Change in representative director

None

2. Change in directors

(1) New appointment

The following person 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, 2006.

Managing Director: Akihito Fujimori (presently Executive Officer and General Manager, Planning & Coordination Department)

(2) Retiree

The following person will retire from a position of director upon the adjournment of the regular general shareholders meeting on June 29, 2006.

Director: Takashi Sarashina (presently Director, and Representative Director and President of Hachijuni DC Card Co., Ltd.)

3. Change in corporate auditors

(1) Candidates for new auditors

The following persons will be elected corporate auditors at the Board of Directors meeting to be held immediately after the regular general shareholders meeting on June 29, 2006.

Full-time Corporate Auditor: Hidetoshi Ogiwara (presently Executive Officer and General Manager, Ina Branch)

Part-time Corporate Auditor: Kenji Miyazawa (Lawyer)

Mr. Kenji Miyazawa is a candidate for an outside auditor as prescribed in Article 2, Paragraph 16 of The Company Law.

(2) Retiree

The following person will retire from the position of a full-time corporate auditor at the Board of Directors meeting to be held immediately after the regular general shareholders meeting on June 29, 2006.

Full-time Corporate Auditor: Teruhiko Ozawa (He will be appointed representative director and president of Alps Securities 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, 2006.

Executive Officer: Toshiyuki Usui (presently General Manager, International & Consulting Department)

Executive Officer: Toshiaki Yajima (presently General Manager, General Affairs Department)

Executive Officer: Kazuyuki Nakajima (presently General Manager, Suzaka Branch)

Executive Officer: Makoto Takizawa (presently General Manager, Financial Market Department)