

ANNUAL FINANCIAL REPORT
(CONSOLIDATED)

For the Fiscal Year Ended March 31, 2007

May 18, 2007

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 Yamaura
	(Title) President
For inquiry:	(Name) Shigetaka Shimizu
	(Title) Executive Officer & General Manager, Planning and Coordination Department
	(Phone) 026-227-1182
Date of Ordinary General Meeting of Shareholders:	June 27, 2007
Date of payment of year-end dividends	June 28, 2007
Expected date of filing annual security report	June 27, 2007
Trading Account:	Yes

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

1. Financial highlights for the fiscal year ended March 31, 2007 (from April 1, 2006 to March 31, 2007)

(1) Consolidated operating results (% represents difference from previous period)

	Operating income		Operating profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended						
March 31, 2007	208,365	12.5	39,806	(3.8)	23,237	(15.9)
March 31, 2006	185,072	5.4	41,381	(6.3)	27,639	5.7

	Net income per common share	Diluted net income per common share	Net income to shareholders' equity	Operating profit to total assets	Operating profit to operating income
	Yen	Yen	%	%	%
Fiscal year ended					
March 31, 2007	44.18	-	4.7	0.6	19.1
March 31, 2006	53.05	-	6.2	0.6	22.3

(Reference) Profit (losses) on investment to affiliates (equity method): FY ended March 31, 2007: - million,
FY ended March 31, 2006: - million

(2) Consolidated balance sheet highlights

	Total assets	Net assets	Shareholders' equity ratio	Net assets per common share	Risk adjusted capital ratio (BIS standard) Preliminary
	Millions of yen	Millions of yen	%	Yen	%
Fiscal year ended					
March 31, 2007	6,125,283	519,096	8.2	959.29	13.55
March 31, 2006	6,033,397	483,498	8.0	924.41	13.16

(Reference) Shareholders' equity

(a) as of March 31, 2007: ¥504,658 million

(b) as of March 31, 2006: ¥ - million

Note (1): Shareholders' equity ratio = [(Net assets as of year-end – Stock acquisition rights as of year-end – Minority interests as of year-end)/Total assets as of year-end] x 100

Note (2): Risk adjusted capital ratio (BIS standard) as of March 31, 2007 is calculated based on “Standards for the bank to judge whether its capital adequacy status is appropriate or not compared to the assets it is holding based on the provision of Article 14-2 of the Banking Law (the Notification of Financial Services Agency No.19 2006)”. Risk adjusted capital ratio as of March 31, 2006 was calculated under the former standards.

(3) Consolidated cash flows highlights

	Cash flows from operating activities	Cash flows from investment activities	Cash flows from financial activities	Cash and cash equivalents at year end
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2007	(22,596)	7,671	(4,074)	89,985
March 31, 2006	(65,184)	(35,094)	(369)	108,988

2. Dividends on common stock

	Dividends per share			Total dividends (Annual)	Dividends payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	Interim	Year-end	Annual			
Fiscal year ended	yen	yen	yen	Millions of yen	%	%
March 31, 2006	3.00	4.00	7.00	3,652	13.1	0.8
March 31, 2007	3.50	5.50	9.00	4,735	20.3	0.9
March 31, 2008 (Forecast)	4.00	5.00	9.00		19.9	

3. Consolidated earning projections for the fiscal year ending March 2008 (from April 1, 2007 to March 31, 2008) (% indicates changes from the previous year for "Full year" and from the previous half-year for "Half year")

	Operating income		Operating profit		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Half year	100,000	4.4	18,500	(1.6)	10,300	(11.5)	19.57
Full year	201,000	(3.5)	41,500	4.2	23,700	1.9	45.05

4. Others

- (1) Change in significant subsidiary (change of specific subsidiary causing change in scope of consolidation): None
(2) Changes in accounting principles, procedures and method of presentation concerning the preparation of consolidated financial statements (which are described as changes in significant items to prepare consolidated financial statements):

Change due to revision of accounting standards: Yes

Changes due to other reasons: None

(Note) The details are reported in Note, "Change in Significant Matters, A Basis for Preparing Consolidated Financial Statements" on Page 20.

(3) Number of common stocks issued:

Number of shares issued (including treasury shares)

(i) as of March 31, 2007: 536,303,411 (ii) as of March 31, 2006: 536,303,411

Number of treasury shares

(i) as of March 31, 2007: 10,228,574 (ii) as of March 31, 2006: 13,322,270

(Note) Regarding the number of shares used in calculating "Net income per share" (on a consolidated basis), please refer to "Per Share Information" reported on Page 32.

(Reference) Non-consolidated financial results

1. Non-consolidated financial results (from April 1, 2006 to March 31, 2007)

(1) Non-consolidated operating results (% represents difference from previous period)

	Operating income		Operating profit (loss)		Net income (loss)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended						
March 31, 2007	153,834	13.9	36,366	0.5	22,235	(16.7)
March 31, 2006	134,983	7.0	36,174	(8.8)	26,719	4.6

	Net income per common share	Diluted net income per common share
Fiscal year ended	Yen	Yen
March 31, 2007	42.25	-
March 31, 2006	51.26	-

(2) Non-consolidated balance sheet highlights

	Total assets	Net assets	Shareholders' equity ratio	Net assets per common share	Risk adjusted capital ratio (BIS standard) Preliminary
Fiscal year ended	Millions of yen	Millions of yen	%	Yen	%
March 31, 2007	6,046,318	497,772	8.2	946.20	13.45
March 31, 2006	5,965,636	477,481	8.0	912.54	12.81

(Reference) Shareholders' equity

(a) as of March 31, 2007: ¥497,772 million

(b) as of March 31, 2006: ¥ - million

Note (1): Shareholders' equity ratio = (Net assets as of year-end – Stock acquisition rights as of year-end) x 100

Note (2): Risk adjusted capital ratio (BIS standard) as of March 31, 2007 is calculated based on “Standards for the bank to judge whether its capital adequacy is appropriate or not compared to the assets it is holding based on the provision of Article 14-2 of the Banking Law (the Notification of Financial Services Agency No.19 2006)”. Risk adjusted capital ratio as of March 31, 2006 was calculated under the former standards.

2. Non-consolidated earning projections for the fiscal year ending March 31, 2008 (from April 1, 2007 to March 31, 2008)

(% indicates changes from previous period for “Full year” and from the previous half-year period for “Half year”)

	Operating income		Operating profit		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Half year	74,000	7.3	17,000	(5.4)	10,000	(9.5)	19.00
Full year	149,000	(3.1)	38,500	5.8	23,000	3.4	43.72

* The above projections were prepared based upon information available as of the date disclosing this financial data and certain presumption the Bank considers reasonable and therefore actual business result may substantially differ from this projections due to subsequent various factors.

1. BUSINESS PERFORMANCE

(1) Analysis of business performance

(a) **Business performance of the current fiscal year**

The consolidated business results are as follows:

Operating income increased ¥23,293 million from a year earlier to ¥208,365 million, while operating expenses also grew ¥24,868 million to ¥168,559 million.

As a result, operating profit decreased ¥1,575 million from the previous year to ¥39,806 million and net income declined ¥4,401 million to ¥23,237 million.

The non-consolidated business results, which account for a major portion of the consolidated results, are as follows:

Operating income was ¥153,834 million, up ¥18,851 million from a year earlier, due to increases in “other operating income” including income on sale of equity shares, etc., and interest income such as interest on loans and bills discounted, and interest and dividends on securities.

Operating expenses rose ¥18,659 million from a year earlier to ¥117,467 million due to increases in “other operating expenses” such as transfers to reserves for possible loan losses, and interest expenses including interest on deposits and interest on call money, although general and administrative expenses went down.

As a result, operating profit edged up ¥191 million from the previous fiscal year to ¥36,366 million.

Extraordinary gains declined ¥9,209 million from a year earlier to ¥395 million because “profit on unrecognized pension assets” in the amount of ¥8,251 million had been posted in extraordinary gains due to a change in accounting standards for retirement benefits in the last fiscal year. Extraordinary losses decreased ¥866 million to ¥416 million due to a decrease in impairment losses.

As a result, net income was ¥22,235 million, down ¥4,483 million from the previous fiscal year.

Business results by business segments: The banking business sector recorded an operating profit of ¥38,038 million, while the leasing business recorded an operating profit of ¥880 million and other businesses, an operating profit of ¥896 million.

(b) **Projections for the next fiscal year**

Projections of consolidated earnings for the fiscal year ending March 31, 2008: Consolidated operating profit is projected to be ¥41.5 billion, up ¥1.6 billion from a year earlier, and consolidated net income is projected to increase ¥0.4 billion to ¥23.7 billion, due mainly to a projected increase in non-consolidated earnings.

Projections of non-consolidated earnings for the fiscal year ending March 31, 2008: Operating profit and net income is projected to be ¥38.5 billion and ¥23 billion, up ¥2.1 billion and ¥0.7 billion from a year earlier, respectively.

(c) **Achievement status of the 26th Long-term Management Plan**

The Bank had made efforts to achieve the goal contained in the 26th three-year long-term management plan beginning from the fiscal year of 2004. The performance results of the fiscal year of 2006 (the last year of the three-year term) are as follows.

Goal to be achieved in fiscal year ended March 31, 2007		Result of FY ended 3/31/2007
Return on equity (ROE)	6%	4.5%
Risk adjusted capital ratio (BIS standards)	11%	(Preliminary) 13.45%
Core net business profit	¥40 billion	¥46.8 billion
Rate of core net business profit to total assets (ROA)	0.7%	0.82%
Rate of G&A expenses to core gross business profit (OHR)	59%	55.49%

The goals have been achieved except for ROE.

(2) Financial Analysis

Results of consolidated main accounts are as follows:

Outstanding balance of loans and bills discounted rose by ¥151.5 billion to ¥3,929.2 billion due to increases in consumer loans, and business fund loans to enterprises outside of the Prefecture.

Outstanding balance of securities decreased ¥36.4 billion to ¥1,636.8 billion as a result of making efforts to perform investments to secure stable profits, paying close attention to the market trend.

Outstanding balance of deposits increased ¥50.2 billion from a year earlier to ¥5,192.0 billion, owing to increases in deposits from individuals and public deposits.

Results of non-consolidated major accounts are as follows:

Outstanding balance of loans and bills discounted increased ¥149.9 billion to ¥3,986.3 billion from a year earlier.

Outstanding balance of securities decreased ¥32.0 billion to ¥1,624.1 billion.

Outstanding balance of deposits increased ¥52.9 billion to ¥5,204.4 billion. Outstanding balance of public bonds, such as Japanese Government Bonds for retail investors deposited with the Bank rose ¥32.3 billion to ¥411.8 billion and investment trusts jumped ¥96.1 billion to ¥285.9 billion.

Consolidated cash flows: Net cash used by operating activities was ¥22.5 billion owing to an increase in loans and bills discounted. Net cash provided by investment activities was ¥7.6 billion, helped by sale and redemption of securities and other factors. Net cash used in financing activities was ¥4.0 billion attributing to dividends payment. As a result, the outstanding balance of cash and cash equivalents declined ¥19.0 billion during the fiscal year to ¥89.9 billion

The risk adjusted capital ratio (BIS standard) (preliminary basis) was 13.55% on a consolidated basis and 13.45% on a non-consolidated basis. Consolidated and non-consolidated capital ratio rose by 0.39% and 0.64% respectively from the fiscal year ended March 31, 2006.

The total consolidated and non-consolidated outstanding balances of assets under risk management including loans to customers in bankruptcy and past due loans and others was ¥196.0 billion and ¥194.2 billion, an increase of ¥43.6 billion and ¥43.2 billion from the previous fiscal year respectively, which is the result of the deterioration of business conditions of certain customers.

(3) **Basic policies on profit distribution and dividends for the current and next fiscal year**

The Bank had made it a basic policy to attach importance to stable dividend payments, comprehensively taking into consideration its earning results, business environment, and other factors. It has decided, however, to link its dividend payment to the size of its profit focusing on business performance aiming toward enhanced profit distribution to shareholders.

[Policy regarding dividend payment in the future]

The Bank decided to set a goal to achieve the dividend ratio of approximately 20% against net income of ¥20.0 billion or lower, and if net income exceeds ¥20.0 billion mark, it will aim to add 30% of a portion of net income in excess of such amount to the foregoing 20% (lower limit of dividend per share: ¥5.0 a year)

With respect to year-end dividends for the fiscal year ended March 31, 2007, the Bank plans to pay ¥5.50 per share, an increase of ¥1.50 compared with dividends for the previous fiscal year end (which, together with the interim dividend, shall result in a total of ¥9.0, an increase of ¥2.0 from a year earlier).

With regard to dividends for the next fiscal year, the Bank plans to pay a yearly dividend of ¥9.0 based on the foregoing basic policy and the earnings projection (¥4.0 for the interim dividend, and ¥5.0 for the year end dividend).

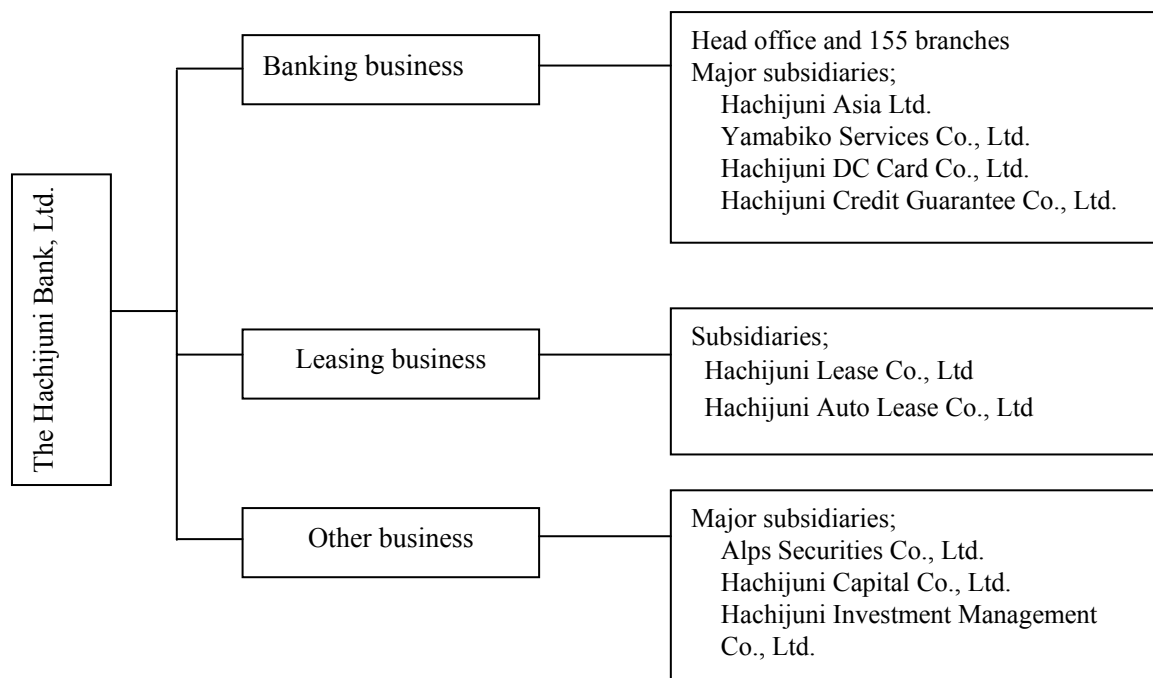
2. INFORMATION ON THE CORPORATE GROUP

(1) Contents of business

The Hachijuni group consists of the Hachijuni Bank, and its 12 consolidated subsidiaries and provides financial services including banking services as its primary services, leasing business and others.

(2) Systematic diagram of our business

(Name of major companies)



(3) Information on affiliated companies

The Bank made Alps Securities Co., Ltd. its wholly owned subsidiary during the current fiscal year through stock exchange. (This company does not come under the category of Specific Corporation stipulated in the provision of Article 19, Section 7 of the Cabinet Office Ordinance Concerning Disclosure of Company Profile.)

3. MANAGEMENT POLICIES

(1) **Basic management policies**

The Bank aims to become an institution which is able to gain customers' trust by providing convenient "customer-first" services based upon the Bank's management philosophy to "stick to sound and healthy banking principles, thereby contributing to the development of the regional communities".

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

(2) **Management indices to be achieved**

The Bank formulated the "27th Long-term Management Plan" for the coming three years from fiscal 2007 to 2009, and launched the plan in April this year. The targets to be achieved by the end of the final fiscal year of the three-year term are as follows.

Target level (Financial targets) for the fiscal year ending March 31, 2010		
Profitability	Gross business profit	¥110 billion
	Core net business profit	¥50 billion
Efficiency	Rate of G&A expenses to core gross business profit (OHR)	55%
	Tier I ROE	7%
Soundness	Tier I risk adjusted capital adequacy ratio	10%
	Risk adjusted capital adequacy ratio	12%

(3) **Medium- and long-term management strategy**

Under the 27th Long-term Plan, the Bank will make efforts to enhance comprehensive corporate value and aim to realize sustainable growth by challenging the implementation of responses to the economic globalization and sophisticated economy, establishment of competitive edges which the Bank alone has, enhancement of management quality including reinforcement of compliance and internal control systems, and construction of an organization where all employees are able to shine brightly.

The Bank aims to be “shining” at the center of Japan as its vision (or the figure that it must be).

The main areas where efforts are to be made are as follows:

(a) Business model

- Construction of robust individual business model
- Multiple development of measures for small and medium enterprises
- Implementation of strategic ALM, and reinforcement of market investment function

(b) Human/organization culture

- Development of long-term training plan
- Formation, maintenance and enhancement of strong brand power

(c) Operational/computer system

- Realization of easy-to-use clerical services and systems for customers and employees

(4) **Issues to be addressed**

The environment surrounding financial institutions has drastically changed in various aspects, as exemplified by recent movements including the lifting of the zero-interest-rate policy, enactment of the Financial Instruments Exchange Law, and inauguration of Yucho Bank, Ltd. Customers’ needs has become more sophisticated and diversified, such as those for primary banking services, consultation services in relation to the management to improve corporate values and the investment of individual assets, advice for measures to revitalize regional economies, and others.

Meanwhile, business management of the Bank has to be performed focusing more on the protection of customers and with a higher degree of consciousness for compliance.

Declared in the management policy for the fiscal year of 2007 are “further penetration into the individual markets and thorough pursuit of businesses in the corporate markets”, “detection and prevention of troubles and errors in operations”, and “rootage of high-degree compliance consciousness and action”. The Bank will promptly get into high gear the implementation of individual and corporate business models and aggressively expand business activities. It will also try hard to prevent operational problems and errors based on the so-called PDCA (plan-do-check-action) cycle in accordance with the operational risk management policy. The Bank will act in placing importance on customers’ viewpoint more than ever in the light of the enactment of the Financial Instruments Exchange Law. In addition, the Bank will strengthen corporate governance, continue to focus on proper information disclosure, make efforts to improve internal control systems, and further enhance management transparency and reliability.

4. CONSOLIDATED FINANCIAL STATEMENTS

COMPARATIVE CONSOLIDATED BALANCE SHEETS

(Millions of yen)

Items	As of March 31, 2006 (A)	As of March 31, 2007 (B)	Increase/(Decrease) (B) - (A)
(ASSETS)			
Cash and due from banks	186,136	187,995	1,858
Call loans and bills bought	68,388	59,132	(9,255)
Receivables under resale agreement	1,009	1,047	37
Commercial paper and other debt purchased	46,949	51,973	5,023
Trading assets	35,544	40,947	5,402
Money held in trust	14,938	14,016	(922)
Securities	1,673,274	1,636,837	(36,437)
Loans and bills discounted	3,777,737	3,929,244	151,506
Foreign exchanges	22,644	27,373	4,729
Other assets	82,502	92,749	10,247
Premises and equipment	118,206	—	—
Tangible fixed assets	—	117,942	—
Building	—	14,691	—
Land	—	15,702	—
Suspense payment for construction	—	240	—
Other tangible fixed assets	—	87,308	—
Intangible fixed assets	—	12,287	—
Software	—	11,692	—
Other intangible fixed assets	—	594	—
Deferred tax assets	2,688	4,255	1,567
Customers' liabilities for acceptances and guarantees	75,462	48,238	(27,223)
Allowance for possible loan losses	(71,764)	(98,449)	(26,684)
Allowance for possible investment losses	(322)	(311)	11
Total assets	6,033,397	6,125,283	91,885
(LIABILITIES)			
Deposits	5,141,806	5,192,030	50,224
Negotiable certificates of deposits	34,330	71,607	37,276
Call money and bills sold	44,072	20,736	(23,336)
Payables under repurchase agreement	1,009	1,047	37
Margin money for bond lending transactions	24,907	25,767	859
Trading liabilities	14,017	9,573	(4,444)
Borrowed money	34,054	37,304	3,250
Foreign exchanges	1,683	996	(687)
Other liabilities	78,817	121,817	43,000
Accrued bonuses to directors and corporate auditors	—	55	55
Liability for employee retirement benefit	14,294	14,038	(256)
Reserve under special laws	—	46	46
Deferred tax liabilities	72,103	61,516	(10,586)
Negative goodwill	—	1,409	—
Acceptances and guarantees	75,462	48,238	(27,223)
Total liabilities	5,536,561	5,606,186	69,624

Items	As of March 31, 2006 (A)	As of March 31, 2007 (B)	Increase/(Decrease) (B) - (A)
(MINORITY INTERESTS)			
Minority interests	13,336	—	—
(EQUITY)			
Common stock	52,243	—	—
Capital surplus	29,091	—	—
Retained earnings	260,278	—	—
Unrealized gain on available-for-sale securities	149,593	—	—
Foreign currency translation adjustment	(151)	—	—
Treasury stock	(7,556)	—	—
Total shareholders' equity	483,498	—	—
Total liabilities, minority interests and shareholders' equity	6,033,397		
(NET ASSETS)			
Common stock	—	52,243	—
Capital surplus	—	30,258	—
Retained earnings	—	279,361	—
Treasury stock	—	(5,880)	—
Total shareholders' equity	—	355,982	—
Unrealized gain on available-for-sale securities	—	150,790	—
Deferred loss on derivatives under hedge accounting	—	(1,984)	—
Foreign currency translation adjustment	—	(129)	—
Total valuation & conversion gains (losses)	—	148,676	—
Minority interest	—	14,438	—
Total net assets	—	519,096	—
Total liabilities and net assets	—	6,125,283	—

COMPARATIVE CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

Items	For the year ended March 31, 2006 (A)	For the year ended March 31, 2007 (B)	Increase/ (Decrease) (B) - (A)
Operating income	185,072	208,365	23,293
Interest income	100,389	107,153	6,763
Interest on loans and discounts	70,755	74,800	4,044
Interest and dividends on securities	24,597	26,569	1,972
Interest on call loans and bills bought	444	428	(16)
Interest on receivables under resale agreement	0	0	0
Interest on deposits	614	941	327
Other interest received	3,978	4,414	436
Trust fees	1	1	0
Fees and commissions	23,898	26,111	2,212
Trading income	514	1,023	509
Other business income	49,071	51,663	2,591
Other operating income	11,196	22,412	11,215
Operating expenses	143,690	168,559	24,868
Interest expenses	14,945	19,024	4,078
Interest on deposits	6,948	10,705	3,757
Interest on negotiable certificate of deposits	15	149	134
Interest on call money and bills sold	908	1,090	181
Interest on payables under repurchase agreement	0	0	0
Interest on margin money for bond lending transactions	628	845	217
Interest on borrowed money	287	336	48
Other interest paid	6,156	5,896	(260)
Fees and commissions	5,108	5,542	433
Other business expenses	43,231	45,335	2,104
General and administrative expenses	64,120	62,380	(1,739)
Other operating expenses	16,284	36,276	19,991
Provision for credit losses	2,005	31,601	29,595
Other operating expenses	14,278	4,675	(9,603)
Operating profit	41,381	39,806	(1,575)
Extraordinary gains	9,612	414	(9,198)
Gains from disposal of premises and equipment	1,290	—	—
Gains from disposal of fixed assets	—	392	—
Bad debt recovered	70	14	(55)
Other extraordinary gains	8,251	7	(8,244)
Extraordinary losses	1,912	473	(1,439)
Loss from disposal of premises and equipment	1,013	—	—
Loss from disposal of fixed assets	—	370	—
Impairment losses	896	53	(843)
Other extraordinary losses	2	49	47
Income before income taxes and minority interests	49,081	39,747	(9,334)
Income tax-current	4,271	25,479	21,208
Income tax-deferred	15,435	(10,171)	(25,606)
Minority interest	1,734	1,200	(534)
Net income	27,639	23,237	(4,401)

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

(Millions of yen)

Items	For the year ended March 31, 2006
(Capital Surplus)	
Balance of capital surplus at the beginning of the term	28,540
Increase in capital surplus	550
Net profit from disposal of treasury stock	550
Balance of capital surplus at the end of the term	29,091
(Retained Earnings)	
Balance of retained earnings at the beginning of the term	236,309
Increase in retained earnings	27,639
Net income for this term	27,639
Decrease in retained earnings	3,670
Cash dividends paid	3,625
Bonuses to directors and corporate auditors	45
Balance of retained earnings at the end of the term	260,278

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31, 2007 (From April 1, 2006 to March 31, 2007)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance as of March 31, 2006	52,243	29,091	260,278	(7,556)	334,056
Changes during current fiscal year					
Dividend from surplus (Note)			(2,230)		(2,230)
Dividend from surplus			(1,837)		(1,837)
Directors' bonuses (Note)			(87)		(87)
Net income			23,237		23,237
Acquisition of treasury stocks				(202)	(202)
Disposal of treasury stocks		67		112	179
Disposal of treasury stock by stock exchange		1,099		1,765	2,865
Changes in items other than shareholders' equity during current fiscal year (net)					
Total changes during current fiscal year	—	1,167	19,083	1,675	21,925
Balance as of March 31, 2007	52,243	30,258	279,361	(5,880)	355,982

	Valuation and conversion adjustments				Minority interest	Total net assets
	Unrealized gain on available-for-sale securities	Net deferred gains (losses) on hedging instruments, net of taxes	Foreign currency translation adjustment	Total		
Balance as of March 31, 2006	149,593	—	(151)	149,442	13,336	496,835
Changes during current fiscal year						
Dividend from surplus (Note)						(2,230)
Dividend from surplus						(1,837)
Directors' bonuses (Note)						(87)
Net income						23,237
Acquisition of treasury stocks						(202)
Disposal of treasury stocks						179
Disposal of treasury stock by stock exchange						2,865
Changes in items other than shareholders' equity during current fiscal year (net)	1,196	(1,984)	22	(766)	1,101	335
Total changes during current fiscal year	1,196	(1,984)	22	(766)	1,101	22,261
Balance as of March 31, 2007	150,790	(1,984)	(129)	148,676	14,438	519,096

(Note) These are items proposed for income appropriation resolved at the ordinary general meeting of shareholders' held in June 2006.

COMPARATIVE CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of yen)

	FY ended 3/31/2006 (A)	FY ended 3/31/ 2007(B)	Inc/(Dec) (B) - (A)
Cash flows from operating activities			
Net income (loss) before income taxes and others	49,081	39,747	(9,334)
Depreciation and amortization	31,124	34,001	2,877
Impairment losses	896	53	(843)
Amortization of negative goodwill	—	(352)	(352)
Other extraordinary losses	2	—	(2)
Increase (decrease) in reserve for possible loan losses	(29,547)	26,684	56,231
Increase (decrease) in reserve for possible investment losses	(41)	(21)	20
Increase (decrease) in reserve for employees retirement benefit	257	(366)	(623)
Interest income recognized on statement of income	(100,389)	(107,153)	(6,763)
Interest expenses recognized on statement of income	14,945	19,024	4,078
Net loss (gain) on securities	(3,105)	(17,665)	(14,559)
Net loss (gain) on money held in trust	(1,701)	534	2,236
Foreign exchange loss (gain)	22	4	(18)
Net loss (gain) on sales of premises and equipment	(277)	—	—
Net loss (gain) on sale of fixed assets	—	(21)	—
Net decrease (increase) in trading assets	(13,584)	(5,261)	8,322
Net increase (decrease) in trading liabilities	(699)	(4,721)	(4,021)
Net decrease (increase) in loans	(79,065)	(151,493)	(72,428)
Net increase (decrease) in deposits	49,707	50,186	479
Net increase (decrease) in negotiable certificate of deposits	(60,860)	37,276	98,137
Net increase (decrease) in borrowed money	(1,484)	1,750	3,234
Net decrease (increase) in call loans	(35,775)	4,194	39,970
Net increase (decrease) in call money	22,922	(23,299)	(46,221)
Net decrease (increase) in due from banks excluding from BOJ	30,449	(11,893)	(42,343)
Net increase (decrease) in margin money for bond lending transactions	(2,319)	859	3,179
Increase (decrease) in foreign exchanges (assets)	(17)	(4,729)	(4,712)
Decrease (increase) in foreign exchanges (liabilities)	650	(687)	(1,338)
Interest income (cash basis)	103,081	107,437	4,355
Interest expenses (cash basis)	(15,358)	(17,117)	(1,758)
Others	(19,017)	6,640	25,657
Sub-total	(60,106)	(16,390)	43,716
Tax and others paid	(5,077)	(6,205)	(1,128)
Net cash provided by (used in) operating activities	(65,184)	(22,596)	42,587
Cash flows from investing activities			
Purchases of investment securities	(504,137)	(369,812)	134,324
Proceeds from sales of investment securities	293,445	222,037	(71,407)
Proceeds from the maturity of investment securities	192,997	189,584	(3,412)
Increase in money held in trust	(6,997)	(8,687)	(1,689)
Decrease in money held in trust	18,222	9,078	(9,143)
Purchases of premises and equipment	(31,399)	—	—
Purchases of fixed assets	—	(38,045)	—
Proceeds from sales of premises and equipment	2,776	—	—
Proceeds from sales of fixed assets	—	3,476	—
Proceeds from acquisition of subsidiaries' stocks by exchange	—	40	40
Net cash provided by (used in) investing activities	(35,094)	7,671	42,765
Cash flows from financing activities			
Proceeds from issuance of stocks	10	—	(10)
Decrease by the purchase of treasury stocks	(160)	(193)	(33)
Proceeds from sales of treasury stocks	3,428	208	(3,220)
Dividends paid	(3,625)	(4,067)	(442)
Dividends paid to minority shareholders	(22)	(21)	1
Net cash provided by (used in) financing activities	(369)	(4,074)	(3,704)
Effect of exchange rate changes on cash and cash equivalents	(22)	(4)	18
Net increase (decrease) in cash and cash equivalents	(100,669)	(19,002)	81,666
Cash & cash equivalents at the beginning of fiscal year	209,658	108,988	(100,669)
Cash & cash equivalents at the end of fiscal year	108,988	89,985	(19,002)

(SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES)

Item	Current fiscal year (From April 1, 2006 to March 31, 2007)
1. Scope of consolidation	<p>(1) Number of consolidated subsidiaries: 12 Names of consolidated subsidiaries Hachijuni Business Service Co., Ltd. Hachijuni Staff Service Co., Ltd. Hachijuni Asia Ltd. Alps Securities Co., Ltd. Yamabiko Service Co., Ltd. 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. Hachijuni Auto Lease Co., Ltd. The Bank has made Alps Securities Co., Ltd., its wholly owned subsidiary during the current fiscal year through stock exchange, and therefore it is included in consolidated subsidiaries.</p> <p>(2) Unconsolidated subsidiaries: 12 Name of the main unconsolidated subsidiary Kodama Investment Limited Private Company The total assets, operating income, net income (amount corresponding to the Bank's equity position), and retained earnings (amount corresponding to the Bank's equity position) of the unconsolidated subsidiaries have not material effect to the extent that they would interfere with the reasonable judgment of the group's financial conditions and business performance. Therefore, it is not included in the consolidated financial statements.</p>
2. Use of the equity method	<p>(1) Unconsolidated subsidiaries accounted for using the equity method: N/A</p> <p>(2) Affiliated companies accounted for using the equity method: N/A</p> <p>(3) Unconsolidated subsidiaries not accounted for using the equity method: 12 Name of the main company Kodama Investment Limited Private Company Net income (amount corresponding to the Bank's equity position) and retained earnings (amount corresponding to the Bank's equity position) of this subsidiary has no material effect on the Bank's consolidated statements even though it is not accounted for using equity method. Therefore this subsidiary is excluded from those subject to equity method.</p> <p>(4) Affiliated companies not accounted for using the equity method N/A</p>
3. Fiscal year end of the consolidated subsidiaries	<p>(1) The consolidated subsidiaries' fiscal year ends as follows. December 31: 1 March 31: 11</p> <p>(2) Consolidation is based on consolidated subsidiaries' financial statements as of each fiscal year end. Necessary adjustment has been made for significant transactions between the subsidiary's fiscal year end and March 31.</p>

Item	Current fiscal year (From April 1, 2006 to March 31, 2007)
4. Significant accounting policies	<p>(1) Accounting standards for income/expenses on trading assets and liabilities:</p> <p>Transactions for “trading purposes” for purposes of seeking 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 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> <p>(2) Securities:</p> <p>(i) Bonds held to maturity are stated at amortized cost (straight-line method) determined by the moving-average method. Stocks of unconsolidated subsidiaries not accounted for using the equity method are stated at cost determined by the moving-average method, and other securities with market values are stated at the market value (costs of sales are normally calculated by the moving-average method) at the consolidated fiscal year end and other non-marketable securities are stated at cost or amortized cost determined by the moving average method.</p> <p>Valuation gains (losses) of other securities are all directly included in Net assets, net of income taxes.</p> <p>(Change in accounting policy)</p> <p>Synthetic collateralized debt obligations (CDO) (asset backed securities using derivatives) were classified as Other securities. And its bond portion and implied derivative portion had been evaluated altogether by market values, and its valuation gains (losses) had been stated in the current consolidated income statement. In response, however, to the “Accounting Treatment for Other Compound Financial Instrument (Compound Financial Instruments Other than Those with Options to Increase Paid-in Capital)” (Business Accounting Standard Application Guideline No. 12 issued on March 30, 2006) publicly announced, the Bank adopted such application guideline commencing with the current consolidated fiscal year. So such synthetic CDOs are stated at amortized cost with book value as of March 31, 2006 to be acquired cost, and valuation gains (losses) (net of deferred tax liabilities) are included in Net assets. With this treatment, Valuation gains on other securities decreased ¥62 million, Deferred tax liabilities decreased ¥42 million, and Net income before taxes increased ¥104 million comparing with those computed by the former treatment.</p> <p>(ii) Securities comprising trust assets included in Money held in trust are stated in the same way for those mentioned in the above (1) and (2) (i).</p>

Item	Current fiscal year (From April 1, 2006 to March 31, 2007)
	<p>(3) Derivative transactions: Derivative transactions for purposes other than trading are stated at market value.</p> <p>(4) Method of depreciation and amortization</p> <p>(i) Fixed assets The amount of depreciation for the Bank's fixed assets is estimated using declining-balance method principally over the useful lives as follows: Buildings: 2 -50 years Equipment: 2 - 20 years Consolidated subsidiaries depreciate lease assets (lender side assets) using the straight-line method over the lease term based on the residual value of assets at the end of the lease term, and other tangible fixed assets primarily using the declining-balance method.</p> <p>(ii) Intangible assets Intangible fixed assets are amortized using the straight-line method. Capitalized software for their internal use is amortized using straight-line method over the useful lives as determined by the Bank and its consolidated subsidiaries (5 years).</p>

Item	Current fiscal year (From April 1, 2006 to March 31, 2007)
	<p data-bbox="560 226 1197 255">(5) Booking standards for reserve for possible loan losses</p> <p data-bbox="608 275 1426 333">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 data-bbox="608 353 1426 667">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 data-bbox="608 687 1426 1061">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 data-bbox="608 1081 1426 1178">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 data-bbox="608 1198 1426 1352">All claims are being assessed for their quality by business related sections in charge of claims, based on the internal rules for self-assessment of asset quality and the loan administration section, which is independent from such related sections, conducts audits of their assessment, and a reserve is provided based upon such audit results.</p> <p data-bbox="608 1373 1426 1469">Reserve amount for consolidated subsidiaries are provided as deemed necessary in accordance with the internal rules for charge-off and reserve standards prescribed by the Bank</p> <p data-bbox="560 1489 1031 1518">(6) Reserve for possible investment losses</p> <p data-bbox="608 1538 1426 1626">Losses likely incur to non-marketable securities in future is estimated and the required amount based on such estimate is provided as a reserve for possible investment losses.</p>

Item	Current fiscal year (From April 1, 2006 to March 31, 2007)
	<p>(7) Reserve for executive bonuses</p> <p>Reserve for executive bonuses is provided for payment of bonuses to executives in the amount of estimated bonuses, which are attributable to the current consolidated fiscal year.</p> <p>(Change in accounting principle)</p> <p>Bonuses to executives were formerly recorded as a decrease in unappropriated profits when they were paid at the time of profit appropriation. However, in accordance with “Accounting Standard for Bonuses to Directors” (the Accounting Standard Board of Japan (ASBJ) Statement No.4 issued on November 29, 2005) which was decided to be applied from business year ending after the enactment of the Company Act, the Bank decided to treat bonuses to executives as an expense item beginning from the current fiscal year, and therefore, the amount of estimated bonuses, which are attributable to the current consolidated fiscal year is stated as reserve for executive bonuses. As a result, General and administrative expenses increased ¥55 million and Net income before taxes decreased the same amount.</p>
	<p>(8) Reserve for employee retirement benefit</p> <p>Reserve for employee retirement benefit is provided for payment of employees’ retirement benefit based on estimated amounts of the actuarial retirement benefit obligation and the pension assets as of fiscal year end. Actuarial differences is amortized as follows:</p> <p>Actuarial differences:</p> <p>Actuarial differences 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>(9) Reserve under Special Law</p> <p>Reserve under special law represents liability reserve for securities transactions in the amount of ¥46 million, and is stated as follows.</p> <p>Liability reserve for securities transactions:</p> <p>The Bank states in the consolidated balance sheet the amount calculated in accordance with provisions specified in Article 51 of the Securities Exchange Law and Article 35 of Cabinet Ordinance Concerning Securities Companies to cover possible losses from contingent events related to securities futures transactions.</p>
	<p>(10) Translation standard of foreign currency assets and liabilities</p> <p>Foreign currency assets and liabilities of the Bank and its overseas branches are principally translated into yen equivalents at the exchange rates prevailing at consolidated fiscal year end.</p> <p>Consolidated subsidiaries’ assets and liabilities in foreign currency are translated into the yen equivalent at the exchange rate of the fiscal year end.</p>
	<p>(11) Equipment used under finance lease agreement</p> <p>The Bank’s and its domestic subsidiaries’ 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.</p>

Item	Current fiscal year (From April 1, 2006 to March 31, 2007)
	<p>(12) Significant hedge accounting method</p> <p>(i) Interest rate risk hedge</p> <p>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>(ii) Foreign exchange risk hedge</p> <p>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>(iii) Transactions between consolidated subsidiaries, etc.</p> <p>With respect to derivative transactions between consolidated subsidiaries or 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, or exceptional treatments permitted for interest rate swaps.</p> <p>Domestic consolidated subsidiaries apply exceptional treatments permitted for interest rate swaps.</p>
5. Evaluation of assets and liabilities of consolidated subsidiaries	Assets and liabilities of consolidated subsidiaries are evaluated using full market value method.
6. Amortization of negative goodwill	Negative goodwill is amortized using the straight-line method over five (5) years.
7. Annual consolidated statement of cash flows	The cash stated in the annual consolidated statement of cash flows are cash and deposits due from the Bank of Japan, which are included in the “Cash and due from banks”, an account of the annual consolidated balance sheet.

Change in Significant Matters, A Basis for Preparing Consolidated Financial Statements

Current fiscal year (From April 1, 2006 to March 31, 2007)
<p>(Accounting Standards for Presentation of Net Assets in the Balance Sheet)</p> <p>Commencing with the current consolidated fiscal year, the Bank adopted “Accounting Standards for Presentation of Net Assets in the Balance Sheet” (the Accounting Standard Board of Japan (ASBJ) Statement No. 5 issued on December 9, 2005) and “Guidance on Accounting Standard for Presentation of Net Assets on the Balance Sheet” (ASBJ Guidance No. 8, issued on December 9, 2005).</p> <p>The amount corresponding to the former “Shareholders’ equity” at March 31, 2007 was ¥506,643 million.</p> <p>Net assets in the current consolidated fiscal year balance sheet were presented in accordance with the revised Regulations Concerning Interim Financial Statements and Banking Law Enforcement Regulations.</p>
<p>(Practical Solution on Investors’ Accounting for Investment Partnerships)</p> <p>In response to the “Practical Solution on Application of Control Criteria and Influence Criteria to Investment Partnerships” (Practical Response Report No.20 issued on September 8, 2006) effective from the fiscal year ending on or after the public announcement, the Bank adopted this Practical Solution commencing with the current fiscal year. The impact by this on the balance sheet is immaterial.</p>
<p>(Accounting Standards for Business Combinations and Divestitures)</p> <p>“Opinion Concerning Establishment of Accounting Standards for Business Combinations,” issued by Business Accounting Council on October 31, 2003, “Accounting Standards for Business Divestiture” (ASBJ Statement No.7, issued on December 27, 2005), and “Guidance on Accounting Standards for Business Combinations and Accounting Standards for Business Divestitures” (ASBJ Guidance No.10, issued on December 27, 2005) became applicable from the fiscal year beginning on April 1, 2006. Commencing with the current consolidated fiscal year, the Bank adopted the new accounting standards.</p>

Change in Presentation Method

Current fiscal year (From April 1, 2006 to March 31, 2007)
<p>The appendix form of “Banking Law Enforcement Regulation” (Ministry of Finance Ordinance No.10, 1982) was revised by the “Cabinet Office Ordinance to Amend Part of Detailed Enforcement Regulation on Mutual Loan Business Law (Cabinet Office Ordinance No.60, April 28, 2006) and became applicable from the fiscal year beginning on April 1, 2006. Accordingly, presentation of account items was changed commencing with the current fiscal year as follows.</p> <p>(Consolidated balance sheet)</p> <ol style="list-style-type: none"> (1) Gains (losses) or unrealized gains (losses) related to hedge accounting which had been included in “Other assets” on a net basis were presented as “Gains (losses) on deferred hedge” in valuation and conversion adjustments, net of tax effect on a net basis. (2) “Minority interests” which had been presented below liabilities section were presented in Net assets. (3) “Premises and equipment” were separately presented as “Tangible assets”, “Intangible assets”, and “Other assets”. (4) Software which had been included in “Other assets” was included in “Intangible assets”. <p>(Consolidated statement of cash flows)</p> <p>In accordance with reclassification of account item “Premises and equipment” in the consolidated fiscal year balance sheet to “Tangible assets” and “Intangible assets”, “Gains (losses) on disposal of premises and equipment” were presented as “Gains (losses) on disposal of fixed assets”.</p> <p>In addition, “Purchases of premises and equipment” and “Proceeds from sales of premises and equipment” were presented as “Purchases of fixed assets” and “Proceeds from sales of fixed assets” respectively.</p>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Consolidated balance sheet)

Current fiscal year
(as of March 31, 2007)

1. Securities include investment in capital of unconsolidated subsidiary for ¥3.0 million and in equity fund for ¥9,011 million.
2. The amount of loans to customers in bankruptcy and past due loans was ¥11,616 million and ¥128,099 million respectively.

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”).

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 ¥168 million.

Loans contractually past due 3 months or more are defined as loans for which principal or interest payment is delinquent for 3 months 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 ¥56,191 million.

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 were ¥196,075 million. The amounts reflected in the above notes 2 to 5 represent the gross receivable amounts prior to the 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 pledging (including re-pledging). Face value of those bills acquired totaled ¥73,231 million.
7. Of participation loans, participated loan principal amount treated and presented in the current consolidated fiscal year balance sheet as loans to original debtors in accordance with Report No.3 issued on June 1, 1995 by Accounting System Council of JICPA was ¥66,469million.
8. Assets pledged were as follows:

Assets pledged as collateral:
Cash: ¥2.0 million
Investment securities: ¥230,405 million
Loans & discounted: ¥25,000 million

Liabilities related to above pledged assets:
Deposit: ¥14,378 million
Call money and bills sold: No outstanding balance as of the current fiscal year end
Margin money for bond lending transactions: ¥25,767million

Other than the above-mentioned assets, investment securities of ¥109,065 million were deposited as collateral for exchange transactions, or instead of margin money for future trading.

Margin money for future trading in the amount of ¥1.0 million and ¥1,250 million for security deposit are included in Other Assets.
9. 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

Current fiscal year
(as of March 31, 2007)

violation of any condition in the contracts. The unused amount within the limits relating to these contracts totaled ¥1,318,506 million. The unused amount related to contracts of which original terms expire within one year was ¥1,113,363 million.

Since many of these commitments expire without being drawn down, the unused amount does not necessarily affect future cash flows of the Bank and its consolidated subsidiaries. Most of these contracts have conditions that the Bank and its consolidated subsidiaries can refuse customers' application 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 and its consolidated subsidiaries obtain real estate, securities, etc. as collaterals if considered necessary. Subsequently the Bank and its consolidated subsidiaries 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.

10. Accumulated depreciation on tangible fixed assets totaled ¥204,384 million.
11. Accumulated advanced depreciation on tangible fixed assets totals ¥8,681 million.
(Advanced depreciation for this fiscal year: Nil)
12. As collateral for borrowed money, lease contract assets for unexpired lease term of ¥23,160 million are pledged.
13. The amount guaranteed by the Bank to privately-placed corporate bonds (Article 2, Section 3 of Securities Exchange Law) included in Securities was ¥27,295 million.

(Change in accounting policy)

The appendix forms of the "Banking Law Enforcement Regulations (Ministry of Finance Ordinance No.10, 1982)" have been revised by the "Cabinet Office Ordinance to Amend Part of Enforcement Regulation of Banking Laws, etc." (Cabinet Office Ordinance No. 38, April 17, 2007) and became applicable from fiscal year beginning on or after April 1, 2006. In accordance with this revision, Acceptances and guarantees and Customer's liabilities for acceptances and guarantees are offset beginning from the current fiscal year. As a result, both Acceptances and guarantees and Customer's liabilities for acceptances and guarantees decreased ¥27,295 million respectively as compared with those stated under the former method.

(Consolidated statements of income)

Current fiscal year
(From April 1, 2006 to March 31, 2007)

1. Transfer to reserve for possible loan losses amounting to ¥31,601 million is included in Other operating expenses.

(Consolidated statement of changes in net assets)

Current fiscal year (From April 1, 2006 to March 31, 2007)						
1. Matters related to types and total number of stocks issued and types and total number of treasury stocks. (Thousand shares)						
	As of March 31, 2006	Increase	Decrease	As of March 31, 2007	Ref.	
Outstanding stock						
Common stock	536,303	-	-	536,303		
Treasury stock						
Common stock	13,322	253	3,346	10,228	(Note)	
(Note) Changes in treasury stock were caused mainly by acquisition responding to request-to-buy of stocks short of trading unit (thousand shares), and disposal and exchange of stocks short of trading unit.						
2. Matters related to dividends						
(Resolution)	Type of stock	Dividend (Millions of yen)	Dividend per share (Yen)	Dividend record date	Effective date	
Ordinary general meeting of shareholders on June 29, 2006	Common stock	2,092	4.00	March 31, 2006	June 29, 2006	
Board of directors on November 22, 2006	Common stock	1,841	3.50	September 30, 2006	December 11, 2006	
(Note) Dividend from surplus of ¥2,230 million stated in the Consolidated Statement of Changes in Net Assets includes dividend paid by the Bank plus dividends amounting to ¥141 million paid by Alps Securities Co., Ltd., on the base date of March 31, 2006.						
Of dividends of which payment base date falls within the current fiscal year, dividends of which effective date is any day after the end of the current fiscal year is as shown below. Resolution is expected to be adopted as follows.						
(Resolution)	Type of stock	Dividend (Millions of yen)	Source of dividend	Dividend per share (yen)	Record date	Effective date
Ordinary general meeting of shareholders on June 27, 2007	Common stock	2,893	Capital surplus	5.50	March 31, 2007	June 28, 2007

(Consolidated statements of cash flows)

Current fiscal year (From April 1, 2006 to March 31, 2007)	
1. The reconciliation of the Cash and due from banks in Consolidated Balance Sheet to the Cash and cash equivalents at the end of the current fiscal year is as follows:	
	(Millions of yen)
As of March 31, 2007	
Cash and due from banks	187,996
Due from banks (excluding BOJ)	(98,009)
Cash and cash equivalents	<u>89,985</u>
2. Breakdown of assets and liabilities of a company that has newly become a consolidated subsidiary: Breakdown of assets and liabilities of Alps Securities Co., Ltd. at the time the consolidation started is as follows.	
	(Millions of yen)
Assets	18,526
Liabilities	13,775
Negative goodwill	1,771
(Book value before the stock exchange)	80
Acquisition price of new consolidated company	2,897
Cash and cash equivalents	40
Amount transferred from parent company	2,897
Net: Income from acquisition of new consolidated company	<u>40</u>

SEGMENT INFORMATION

1. Business Segment Information

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

(Millions of yen)

	Banking business	Leasing business	Other business	Total	(Elimination)	Consolidated
I Operating income & profit						
Operating income						
(1) Operating income from customers	139,962	44,720	388	185,072	-	185,072
(2) Internal operating income among segments	517	714	71	1,303	(1,303)	-
Total	140,480	45,435	460	186,375	(1,303)	185,072
Operating expenses	101,916	42,734	337	144,987	(1,296)	143,690
Operating profit (loss)	38,563	2,701	123	41,388	(6)	41,381
II Assets, Depreciation, Impairment losses & Capital expenditure						
Assets	5,988,593	96,313	8,033	6,092,941	(59,543)	6,033,397
Depreciation	4,569	26,554	0	31,124	-	31,124
Impairment losses	896	-	-	896	-	896
Capital expenditure	3,986	29,009	-	32,995	-	32,995

Current fiscal year (From April 1, 2006 to March 31, 2007)

(Millions of yen)

	Banking business	Leasing business	Other business	Total	(Elimination)	Consolidated
I Operating income & profit						
Operating income						
(1) Operating income from customers	159,138	46,471	2,755	208,365	-	208,365
(2) Internal operating income among segments	684	819	76	1,580	(1,580)	-
Total	159,822	47,290	2,832	209,945	(1,580)	208,365
Operating expenses	121,784	46,409	1,936	170,130	(1,571)	168,559
Operating profit (loss)	38,038	880	896	39,815	(9)	39,806
II Assets, Depreciation, Impairment losses & Capital expenditure						
Assets	6,069,897	97,591	18,339	6,185,827	(60,544)	6,125,283
Depreciation	4,035	29,941	25	34,001	-	34,001
Impairment losses	47	1	4	53	-	53
Capital expenditure	3,360	34,642	42	38,045	-	38,045

Note:

- Operating income and profit are shown in place of sales and operating profit of ordinary companies.
- Main lines of businesses in each business are as follows:
 - Banking business.....banking, credit card business
 - Leasing business.....leasing business
 - Other business.....venture capital, investment management business, and securities business (This is included beginning the current fiscal year as Alps Securities Company Limited was made a consolidated subsidiary.)
- Capital expenditure includes system related investment.

2. Segment information by geographic area

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

3. Operating income from overseas operations

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

LEASE TRANSACTIONS

Disclosure of lease transactions is omitted, since the degree of necessity to disclose is not considered significant.

TRANSACTIONS WITH RELATED PARTIES

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

N/A

Current fiscal year (From April 1, 2006 to March 31, 2007)

Executives and main individual shareholders

(Millions of yen)

Attribute	Name	Address	Capital or equity fund	Business or occupation	Voting right ratio of share holding (being held)	Relationship		Transaction	Transaction amount	Account item	Year-end balance
						Interlocking executives	Actually On Business				
Executive	Kenji Miyazawa	—	—	The Bank's auditor/legal counselor	Being held Direct 0.0%	—	—	Attorney's fee (Note1)	31	Accrued expenses	10
								Loan (Note2)	Average Balance	Loans & Bills Discounted	2

Conditions of transaction and determination policy of them

Note1: Attorney's fee is based on conditions similar to those of transactions in general.

Note2: Loan transaction is based on conditions similar to those of transactions in general.

TAX EFFECT ACCOUNTING

Previous fiscal year (From April 1, 2005 to March 31, 2006)	Current fiscal year (From April 1, 2006 to March 31, 2007)
1. Breakdown of main causes to have incurred deferred tax assets and liabilities (Millions of yen)	2. Breakdown of main causes to have incurred deferred tax assets and liabilities (Millions of yen)
Deferred tax assets	Deferred tax assets
Allowance for credit losses	Allowance for credit losses
Liability for employee retirement benefit	Liability for employee retirement benefit
Unrealized losses on available-for-sale securities	Premises and equipment
Premises and equipment	Unrealized losses on available-for-sale securities
Valuation loss on equity securities	Loss on deferred hedge
Accrued enterprise tax	Accrued enterprise tax
Others	Valuation loss on equity securities
Sub-total deferred tax assets	Others
Less valuation allowance	Sub-total deferred tax assets
Total deferred tax assets	Less valuation allowance
Deferred tax liabilities	Total deferred tax assets
Unrealized gains on available-for-sale securities	Deferred tax liabilities
Gain on contribution of securities to employee retirement benefit trust	Unrealized gains on available-for-sale securities
Others	Gain on contribution of securities to employee retirement benefit trust
Total deferred tax liabilities	Loss on deferred hedge
Net amount of deferred tax liabilities	Others
	Total deferred tax liabilities
	Net amount of deferred tax liabilities
2. The statement of difference between the effective statutory tax rate and corporate tax rate after applying tax effect accounting for companies required to file the consolidated financial statement is omitted, as the difference is not more than 5/100 of the effective statutory tax rate.	2. The statement of difference between the effective statutory tax rate and corporate tax rate after applying tax effect accounting for companies required to file the consolidated financial statement is omitted, as the difference is not more than 5/100 of the effective statutory tax rate.

SECURITIES

* In addition to "Securities" in the consolidated balance sheet, commodity securities and commercial papers included in "Trading Assets" are also presented.

1. Securities

(1) Securities for trading (Millions of yen)

Type	Period	Previous fiscal year (As of March 31, 2006)		Current fiscal year (As of March 31, 2007)	
		Book value	Net unrealized gains (losses)	Book value	Net unrealized gains (losses)
Securities for trading		21,203	0	31,001	22

(2) Bond held to maturity with market value (Millions of yen)

Type	Period	Previous fiscal year (As of March 31, 2006)				Current fiscal year (As of March 31, 2007)					
		Book value	Market value	Gains (losses) on valuation		Book value	Market value	Gains (losses) on valuation			
				Gains	Losses			Gains	Losses		
Government Bond		5,002	4,942	(60)	-	60	5,002	4,976	(26)	-	26
Others		3,590	3,622	31	42	10	834	832	(1)	0	2
Foreign bonds		3,590	3,622	31	42	10	834	832	(1)	0	2
Total		8,592	8,564	(28)	42	71	5,836	5,808	(27)	0	28

Note: 1. Market values are based on the closing market prices at the consolidated fiscal year end.

2. "Gains" and "Losses" represent breakdowns of each "Gains (losses) on valuation".

(3) Other securities with market values (Millions of yen)

Type	Period	Previous fiscal year (As of March 31, 2006)				Current fiscal year (As of March 31, 2007)					
		Acquisition cost	Book value	Gains (losses) on valuation		Acquisition value	Book value	Gains (losses) on valuation			
				Gains	Losses			Gains	Losses		
Equity shares		98,699	360,246	261,547	261,769	222	104,269	349,549	245,280	245,696	416
Bond		959,988	944,898	(15,090)	1,246	16,337	937,334	931,974	(5,359)	2,051	7,411
Government Bond		608,385	598,132	(10,252)	305	10,557	601,090	597,808	(3,281)	1,190	4,471
Municipal Bond		97,894	98,243	348	774	426	83,649	83,926	277	516	238
Corporate Bond		253,708	248,522	(5,186)	166	5,352	252,595	250,239	(2,356)	344	2,701
Others		302,102	310,092	7,990	9,717	1,727	288,225	302,964	14,739	17,070	2,331
Foreign bonds		277,562	280,082	2,520	4,228	1,707	258,192	260,171	1,979	4,135	2,155
Total		1,360,789	1,615,236	254,446	272,733	18,287	1,329,829	1,584,488	254,659	264,818	10,158

Note: 1. Book values are based on the closing market prices at the consolidated fiscal year end.

2. "Gains" and "Losses" represent breakdowns of each "Gains (losses) on valuation".

(4) Bonds held to maturity sold during the corresponding period

None

(5) Other securities sold during the corresponding period (Millions of yen)

Type	Period	Previous fiscal year (From April 1, 2005 to March 31, 2006)			Current fiscal year (From April 1, 2006 to March 31, 2007)		
		Proceeds from sale	Total gains on sale	Total losses on sale	Proceeds from sale	Total gains on sale	Total losses on sale
Other securities		293,864	5,193	2,118	236,917	20,425	2,652

(6) Main book values of non-marketable securities (Millions of yen)

	Previous fiscal year (As of March 31, 2006)	Current fiscal year (As of March 31, 2007)
Bond held to maturity Unlisted industrial bonds	6,809	3,200
Shares of subsidiaries and affiliated companies Equity funds	-	9,011
Other securities Unlisted stocks Unlisted industrial bonds	6,418 24,082	5,954 26,396

(7) Securities for which the purpose of holding was changed

None

(8) Pre-determined redemption values of other securities and bonds to be held to maturity (Millions of yen)

Type \ Period	Previous fiscal year (As of March 31, 2006)				Current fiscal year (As of March 31, 2007)			
	Due in 1 year or less	Due from 1 year to 5 years	Due from 5 years to 10 years	Due after 10 years	Due in 1 year or less	Due from 1 year to 5 years	Due from 5 years to 10 years	Due after 10 years
Bonds	143,198	416,673	312,909	101,200	44,891	542,433	269,490	109,757
Government Bond	81,741	257,119	163,073	101,200	9,291	316,318	167,443	109,757
Municipal Bond	25,749	69,169	3,324	-	17,403	54,827	11,695	-
Corporate Bond	35,707	90,384	146,512	-	18,195	171,287	90,351	-
Others	48,373	139,528	20,688	1,279	46,347	101,361	31,084	81,322
Foreign bonds	48,235	136,467	10,231	1,179	46,066	98,730	23,899	80,846
Total	191,571	556,202	333,598	102,480	91,238	643,794	300,575	191,079

2. Money held in trust

(1) Money held in trust for trading (Millions of yen)

Type \ Period	Previous fiscal year (As of March 31, 2006)		Current fiscal year (As of March 31, 2007)	
	Book value	Net unrealized gains (losses)	Book value	Net unrealized gains (losses)
Money held in trust for trading	14,242	2,984	10,718	1,327

(2) Money in trust for the purpose of holding to maturity

None

(3) Other money held in trust (except those for trading and held to maturity)

Type \ Period	Previous fiscal year (As of March 31, 2006)					Current fiscal year (As of March 31, 2007)				
	Acquisition cost	Book value	Gains (losses) on valuation			Acquisition cost	Book value	Gains (losses) on valuation		
			Gains	Losses	Gains			Losses		
Other money held in trust	700	695	(4)	-	4	3,299	3,298	(1)	1	2

Note: 1. Book values are based on the closing market prices at the consolidated fiscal year end.

2. "Gains" and "Losses" represent breakdowns of each "Gains (losses) on valuation".

3. Gains on valuation of other securities

Breakdown of gains on valuation of other securities included in the consolidated balance sheet is as follows:

(Millions of yen)

	Previous fiscal year (As of March 31, 2006)	Current fiscal year (As of March 31, 2007)
Gains on valuation	254,442	254,658
Other securities	254,446	254,659
Other money held in trust	(4)	(1)
Deferred tax assets (+)	7,357	4,084
Deferred tax liabilities ()	109,714	105,962
Gains on valuation of other securities (before adjustment of the amount equivalent to equity holding)	152,084	152,779
Minority interest equivalents ()	2,490	1,989
Gains on valuation on other securities	149,593	150,790

DERIVATIVE TRANSACTIONS

Disclosure of derivative transactions is omitted, since the degree of necessity to disclose is not considered significant.

RETIREMENT BENEFIT

1. Outlines of retirement benefit system adopted

The Bank and its subsidiaries adopt a defined-benefit pension plan, namely the lump sum retirement payment system and corporate pension fund system based on the Defined Benefit Corporate Pension Plan Law. The Group has Hachijuni Corporate Pension Fund in which the Bank and its nine (9) subsidiaries are participating.

Retirement benefit trust is established for the Bank's Corporate Pension Fund Program.

2. Information on retirement benefit liabilities

(Million of yen)

Classification	Previous fiscal year (As of March 31, 2006)	Current fiscal year (As of March 31, 2007)
Projected benefit obligation (A)	(53,521)	(54,593)
Fair value of plan assets (B)	68,502	64,909
Projected benefit obligation in excess of plan assets (C)=(A)+(B)	14,980	10,315
Unrecognized plan assets (D)	-	-
Unrecognized net actuarial loss (E)	(9,790)	(4,802)
Unrecognized past service liabilities (F)	-	-
Net liability recognized (G)=(C)+(D)+(E)+(F)	5,190	5,513
Prepaid pension cost (H)	19,485	19,551
Liability for employee retirement benefits (G)-(H)	(14,294)	(14,038)

Note: Some consolidated subsidiaries use simplified method to calculate retirement benefit obligations.

3. Information on retirement benefit expenses

(Millions of yen)

Classification	Previous fiscal year (As of March 31, 2006)	Current fiscal year (As of March 31, 2007)
Service cost	1,580	1,000
Interest cost	998	981
Expected return on plan assets	(727)	(916)
Recognition of prior service cost	(8,251)	-
Amortization of net actuarial loss	1,142	(408)
Expenses at transition	-	-
Others (Temporarily paid extra pension)	322	167
Net periodic benefit costs	<u>(4,934)</u>	<u>823</u>

Note: 1. Employee contribution to the Corporate Pension Fund is deducted.

2. Expenses for retirement benefit of the consolidated subsidiaries using simplified method are included in "Service cost" as a lump sum.

4. Information on the base for calculation of retirement benefit obligations

Classification	Previous fiscal year (As of March 31, 2006)	Current fiscal year (As of March 31, 2007)
(1) Discount rate	2.0%	The same as the left column
(2) Expected rate of return on plan assets	1.0% ~ 2.0%	The same as the left column
(3) Period distribution method of expected retirement benefit	Straight-line method is used	The same as the left column
(4) Years to dispose of past service liabilities	Stated as expense or income in total in the year of incurrence	The same as the left column
(5) Number of years for disposal of actuarial differences	Net actuarial gain (loss) amortized using the straight-line method over a certain number of years (generally 10 years) within the employees' average remaining working period commencing from the next fiscal year of incurrence is stated as either income or expense in the statement of income.	The same as the left column

STOCK OPTION, ETC.

Not applicable

BUSINESS CONSOLIDATION

Current Fiscal Year (From April 1, 2006 to March 31, 2007)	
1. Name, business description, main reasons for business consolidation, effective consolidated date, legal type of consolidation, and name and ratio of acquired voting rights regarding a company acquired	
(1) Name of a company acquired	Alps Securities Co., Ltd.
(2) Business description	(a) To buy and sell securities (b) To act as an intermediary, broker and agent with respect to buying and selling of securities, and act as an intermediary, broker and agent with respect to entrustment of transactions in the securities market (c) To underwrite and handle secondary distribution of securities (d) To handle offerings and secondary distribution of securities
(3) Main reasons for consolidation	To prepare for further deregulation of securities businesses and to meet customers' sophisticated and diversified needs.
(4) Date of consolidation	April 1, 2006
(5) Legal type of business consolidation	Exchange of stocks
(6) Name after consolidation	Alps Securities Co., Ltd.
(7) Ratio of voting rights acquired	100%
2. A period within which business results of the company acquired are included in the current consolidated fiscal year: one year (from April 1, 2006 to March 31, 2007)	
3. Acquisition cost and its breakdown: ¥2,897 million (treasury stocks: ¥2,865 million, acquisition expenses: ¥32 million)	
4. Rate of exchange by types of stocks delivered as consideration for the acquisition, its calculation method, number of shares and their values	
(1) Exchange ratio by types of stocks	Common stocks The Bank 0.98: Alps Securities Co., Ltd. 1
(2) Calculation method	Each of the Bank and Alps Securities Co., Ltd. requested third parties to calculate stock exchange ratio respectively and based on the results two parties consulted each other and agreed upon the above exchange ratio. The Bank used Market Price Average Method, and Alps Securities Co., Ltd. used Discount Cash Flow Method, Comparable Peer Company Analysis Method, and Market Net Equity Value Method to calculate stock values respectively and two parties comprehensively reviewed analysis of their calculation results and computed exchange ratio in a certain range.
(3) Number of shares delivered	3,104,106
(4) Valuation amount	¥923 per share
5. Negative goodwill generated, causes, amortization method and period	
(1) Negative goodwill amount generated	¥1,771 million
(2) Causes	By exchange of stocks
(3) Amortization method	Straight-line method
(4) Amortization period	5 years
6. Amounts of assets received and liabilities accepted on the consolidation date and their amounts (Millions of yen)	
(Millions of yen)	
Total assets	18,526
Thereof, cash and deposits	9,007
Thereof, margin trading assets	8,337
Total liabilities	13,775
Thereof, margin trading liabilities	4,802
Thereof, amount deposited	5,548

PER SHARE INFORMATION

(Yen)

	Previous fiscal year (From April 1, 2005 to March 31, 2006)	Current fiscal year (From April 1, 2006 to March 31, 2007)
Net assets per share	924.41	959.29
Net income per share	53.05	44.18

- Note 1 “Guidance on Accounting Standard for Earnings per Share” (Accounting Board of Japan (ASBJ) Guidance No.4 issued on September 25, 2002) was revised on January 31, 2006, and it became applicable from the consolidated fiscal year ending on or after the enactment date of the Company Law. Effective from this fiscal year, the Bank applied the revised Guidance and calculated net assets per share by including “Gains (losses) on deferred hedge”. As a result, net assets per share decreased ¥3.77 compared with per share figure calculated using the former method.
- 2 Net income per share after adjustment of dilutive shares is not included because there is no dilutive share.
- 3 Net assets per share are calculated based on the followings.

(Millions of yen: thousand shares)

	Previous fiscal year (From April 1, 2005 to March 31, 2006)	Current fiscal year (From April 1, 2006 to March 31, 2007)
Net income per share		
Net income	27,639	23,237
Amount not attributable to common shareholders	47	-
(Bonuses paid to executives by income appropriation)	47	-
Net income attributable to common stock	27,592	23,237
Average number of common shares	520,030	525,970

4. The base data for the calculation of net assets per share are as follows.

(Millions of yen: thousand shares)

	Previous fiscal year (As of March 31, 2006)	Current fiscal year (As of March 31, 2007)
Total Net assets		519,096
Amount to be deducted from Net assets		14,438
Minority interests thereof		14,438
Net assets as of fiscal year end attributable to common stock		504,658
Number of common stocks as of fiscal year end used for the calculation of Net assets per share		526,074

MATERIAL SUBSEQUENT EVENTS

There are no material subsequent events.

5. NON-CONSOLIDATED FINANCIAL STATEMENTS

COMPARATIVE BALANCE SHEETS

(Millions of yen)

Item	Fiscal year ended March 31, 2006 (A)	Fiscal year ended March 31, 2007 (B)	(B)-(A)
(Assets)			
Cash and due from banks	190,068	185,155	(4,913)
Cash	64,851	70,890	6,039
Due from banks	125,217	114,264	(10,952)
Call loans	68,388	59,132	(9,255)
Receivables under resale agreement	1,009	1,047	37
Commercial papers and other debt purchased	46,949	51,973	5,023
Trading assets	35,544	40,947	5,402
Commodity securities	1,205	2,018	812
Financial derivatives related to trading	14,341	9,946	(4,395)
Other trading assets	19,998	28,983	8,985
Money held in trust	14,938	14,016	(922)
Securities	1,656,200	1,624,106	(32,094)
Japanese government bonds	598,032	597,409	(623)
Local government bonds	98,243	83,926	(14,316)
Corporate bonds	279,022	279,574	551
Equity shares	360,044	353,414	(6,629)
Other securities	320,858	309,781	(11,076)
Loans and bills discounted	3,836,450	3,986,383	149,933
Bills discounted	56,586	54,778	(1,807)
Loans on note	453,580	416,647	(36,932)
Loans on deeds	2,583,855	2,720,515	136,660
Overdrafts	742,428	794,441	52,012
Foreign exchanges	22,644	27,373	4,729
Due from foreign banks	4,410	4,945	535
Foreign currency bills bought	13,813	18,453	4,639
Foreign currency bills receivable	4,420	3,975	(444)
Other assets	47,894	61,176	13,282
Unsettled exchange receivable	117	504	387
Prepaid expenses	19,598	19,725	126
Accrued income	8,820	9,480	659
Margin money deposited for futures	34	1	(32)
Change in market value for futures	71	—	(71)
Financial derivatives	5,667	4,498	(1,168)
Loss on deferral hedge	1,354	—	—
Other assets	12,230	26,965	14,735
Premises and equipment	36,875	—	—
Bank premises and equipment	34,549	—	—
Suspense payment for construction	679	—	—
Security deposit	1,645	—	—
Tangible fixed assets	—	33,862	—
Buildings	—	13,833	—
Land	—	15,332	—
Suspense payment for construction	—	27	—
Other tangible fixed assets	—	4,669	—
Intangible fixed assets	—	3,767	—
Software	—	3,192	—
Other intangible fixed assets	—	574	—
Customers' liabilities for acceptances and guarantees	75,462	48,238	(27,223)
Allowance for possible loan losses	(66,546)	(90,618)	(24,072)
Allowance for possible investment losses	(244)	(244)	0
Total Assets	5,965,636	6,046,318	80,682

(Millions of yen)

Item	Fiscal year ended March 31, 2006 (A)	Fiscal year ended March 31, 2007 (B)	(B)-(A)
(Liabilities)			
Deposits	5,151,482	5,204,437	52,955
Current deposits	204,293	222,018	17,725
Ordinary deposits	2,284,781	2,342,827	58,046
Savings deposits	89,687	82,045	(7,641)
Deposits at notice	15,099	16,555	1,455
Time deposits	2,280,687	2,298,267	17,579
Periodical deposits	44,211	42,124	(2,087)
Other deposits	232,720	200,597	(32,122)
Negotiable certificate of deposits	35,030	72,307	37,276
Call money	18,972	20,736	1,763
Payables under repurchase agreement	1,009	1,047	37
Margin money for bond lending transaction	24,907	25,767	859
Bills sold	25,100	—	(25,100)
Trading liabilities	14,017	9,573	(4,444)
Financial derivatives related to trading	14,017	9,573	(4,444)
Borrowed money	600	555	(44)
Borrowed money	600	555	(44)
Foreign exchanges	1,683	996	(687)
Due to foreign banks (Their a/c)	0	0	0
Due to foreign banks (Our a/c)	1	3	1
Foreign currency bills sold	788	754	(34)
Foreign currency bills payable	892	238	(654)
Other liabilities	56,710	92,032	35,321
Unsettled exchange payable	8	1	(6)
Accrued corporate taxes	1,925	21,209	19,284
Accrued expenses	6,015	7,934	1,918
Unearned income	3,583	3,290	(292)
Reserve for benefit payment	6	18	12
Financial derivatives	8,025	8,511	485
Other liabilities	37,144	51,065	13,921
Accrued bonuses to directors and corporate auditors	—	47	47
Liability for retirement benefit	12,395	12,476	81
Deferred tax liabilities	70,781	60,330	(10,450)
Acceptances and guarantees	75,462	48,238	(27,223)
Total liabilities	5,488,154	5,548,545	60,391

(Millions of yen)

Item	Fiscal year ended March 31, 2006 (A)	Fiscal year ended March 31, 2007 (B)	(B)-(A)
(Shareholders' equity)			
Common stock	52,243	—	—
Capital surplus	29,091	—	—
Capital reserve	28,509	—	—
Other capital surplus	581	—	—
Gain on disposal of treasury stock	581	—	—
Retained earnings	254,617	—	—
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	—	—
Special reserve	170,500	—	—
Unappropriated income for the current term	35,021	—	—
Unrealized gain on available-for-sale securities	148,987	—	—
Treasury stocks	(7,457)	—	—
Total shareholders' equity	477,481	—	—
Total liabilities and shareholders' equity	5,965,636	—	—
(Net assets)			
Common stock	—	52,243	—
Capital surplus	—	30,193	—
Capital reserve	—	29,609	—
Other capital surplus	—	584	—
Retained earnings	—	272,871	—
Legal reserve	—	47,610	—
Voluntary reserve	—	225,260	—
Reserve for tax on advanced depreciation	—	765	—
Special account for advanced depreciation	—	257	—
Reserve for retirement allowance	—	600	—
Special reserve	—	193,500	—
Retained earnings carried forward	—	30,137	—
Treasury stock	—	(5,880)	—
Total shareholders' equity	—	349,426	—
Unrealized gain on available-for-sale securities	—	150,330	—
Deferred loss on derivatives under hedge accounting	—	(1,984)	—
Total valuation & conversion gains (losses)	—	148,346	—
Total net assets	—	497,772	—
Total liabilities and net assets	—	6,046,318	—

COMPARATIVE STATEMENTS OF INCOME

(Millions of yen)

Item	Fiscal year ended March 31, 2006 (A)	Fiscal year ended March 31, 2007 (B)	(B)-(A)
Operating income	134,983	153,834	18,851
Interest income	99,855	106,115	6,259
Interest on loans and discounts	70,440	74,183	3,743
Interest and dividends on securities	24,293	26,109	1,816
Interest on call loans	444	427	(17)
Interest on receivables under resale agreement	0	0	0
Interest on bills bought	0	0	0
Interest on due from banks	763	1,138	374
Other interest received	3,913	4,255	342
Trust fees	1	1	0
Fees and commissions	20,294	21,127	832
Commissions received on exchange	7,072	6,924	(147)
Other fees and commissions	13,222	14,202	980
Trading income	514	1,013	499
Income of commodity securities	302	594	292
Income on financial derivatives related to trading	190	299	108
Other trading income	21	119	97
Other business income	3,123	4,298	1,175
Income on foreign exchange trading	1,494	1,494	0
Income on sale of Japanese government bonds and others	1,168	2,512	1,343
Income on redemption of Japanese government bonds and others	125	—	(125)
Income on financial derivatives	332	290	(42)
Other business income	1	1	0
Other operating income	11,193	21,278	10,084
Income on sale of equity shares, etc.	3,926	17,385	13,458
Income on money held in trust	3,495	1,373	(2,121)
Other operating income	3,771	2,518	(1,252)
Operating expenses	98,808	117,467	18,659
Interest expenses	14,620	18,607	3,986
Interest on deposits	6,975	10,729	3,753
Interest on negotiable certificate of deposits	15	149	134
Interest on call money	907	1,090	183
Interest on payables under repurchase agreement	0	0	0
Interest paid on margin money for bond lending transactions	628	845	217
Interest on bills sold	1	0	(1)
Interest on borrowed money	1	2	1
Interest paid on interest rate swap transactions	4,483	4,236	(246)
Other interest paid	1,606	1,552	(54)
Fees and commissions	5,768	6,226	458
Commissions paid on exchange trading	1,286	1,326	39
Other fees and commissions	4,481	4,900	418
Other business expenses	1,985	1,932	(52)
Loss on sale of Japanese government bonds and others	1,985	1,932	(52)
General and administrative expenses	60,810	58,223	(2,586)
Other operating expenses	15,623	32,476	16,853
Provision for credit loss	1,612	28,223	26,611
Charge-offs of loans and discounted	159	45	(114)
Loss on sale of stocks	150	719	568
Write-off of stocks	59	197	138
Loss on money held in trust	1,793	1,908	114
Other operating expenses	11,847	1,381	(10,466)
Operating income	36,174	36,366	191

Item	Fiscal year ended March 31, 2006 (A)	Fiscal year ended March 31, 2007 (B)	(B)-(A)
Extraordinary gains	9,604	395	(9,209)
Gains on disposal of premises and equipment	1,290	—	—
Gains on disposal of fixed assets	—	392	—
Bad debt recovered	62	2	(59)
Other extraordinary gains	8,251	—	8,251
Extraordinary losses	1,282	416	(866)
Loss on disposal of premises and equipment	386	—	—
Loss of disposal of fixed assets	—	368	—
Impairment losses	896	47	(849)
Net income before income taxes	44,496	36,345	(8,151)
Corporate tax, resident tax and business tax	2,597	23,245	20,648
Income tax deferred	15,179	(9,136)	(24,315)
Net income	26,719	22,235	(4,483)
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

(Millions of yen)

Item	Previous fiscal year (Resolved at General Meeting of Shareholders on June 29, 2006)
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
Executive 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

STATEMENT OF CHANGES IN NET ASSETS

The current fiscal year (From April 1, 2006 to March 31, 2007)

(Millions of yen)

	Shareholders' equity										
	Common stock	Capital surplus			Retained earnings						
		Capital reserve	Other capital surplus	Total	Legal reserve	Other retained earnings					Total
						Reserve for tax on advanced depreciation	Special account for advanced depreciation	Reserve for retirement allowance	Special reserve	Retained earnings carried forward	
Bal. as of 3/31/06	52,243	28,509	581	29,091	47,610	627	258	600	170,500	35,021	254,617
Changes in this FY											
Dividend from surplus (Note)										(2,092)	(2,092)
Dividend from surplus										(1,841)	(1,841)
Executive bonuses (Note)										(47)	(47)
Transfer to Reserve for tax on advanced depreciation (Note)						44				(44)	—
Transfer to Reserve for tax on advanced depreciation						109				(109)	—
Reversal from Reserve for tax on advanced depreciation						(14)				14	—
Transfer to Special account for advanced depreciation (Note)							263			(263)	—
Transfer to Special account for advanced depreciation							257			(257)	—
Reversal from Special account for advanced depreciation							(521)			521	—
Transfer to special reserve (Note)									23,000	(23,000)	—
Net income										22,235	22,235
Acquisition of treasury stocks											
Disposal of treasury stock			2	2							
Disposal of treasury stock by exchange		1,099		1,099							
Changes during of items other than shareholders' equity(net)											
Total changes during FY	—	1,099	2	1,102	—	138	(1)	—	23,000	(4,883)	18,253
Bal. as of 3/31/07	52,243	29,609	584	30,193	47,610	765	257	600	193,500	30,137	272,871

	Shareholders equity		Valuation and conversion adjustments			Total net assets
	Treasury stock	Total	Unrealized gain on available-for-sale securities	Net deferred gains (losses) on hedging instruments, net of taxes	Total	
Bal. as of 3/31/06	(7,457)	328,493	148,987	—	148,987	477,481
Changes in this FY						
Dividend from surplus (Note)		(2,092)				(2,092)
Dividend from surplus		(1,841)				(1,841)
Executive bonuses (Note)		(47)				(47)
Transfer to Reserve for tax on advanced depreciation (Note)		—				—
Transfer to Reserve for tax on advanced depreciation		—				—
Reversal from Reserve for tax on advanced depreciation		—				—
Transfer to Special account for advanced depreciation (Note)		—				—
Transfer to Special account for advanced depreciation		—				—
Reversal from Special account for advanced depreciation		—				—
Transfer to general reserve (Note)		—				—
Net income		22,235				22,235
Acquisition of treasury stocks	(193)	(193)				(193)
Disposal of treasury stock	5	7				7
Disposal of treasury stock by exchange	1,765	2,865				2,865
Changes during of items other than shareholders' equity(net)			1,343	(1,984)	(641)	(641)
Total changes during FY	1,576	20,933	1,343	(1,984)	(641)	20,291
Bal. as of 3/31/07	(5,880)	349,426	150,330	(1,984)	148,346	497,772

Note: These are profit appropriation items resolved at the ordinary general meeting of shareholders held in June, 2006.

Executives' personnel change (effective on June 27, 2007)

1. Change in directors

(1) Change in representative director

(a) 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 annual general meeting of shareholders on June 27, 2007.

Director and Deputy President: Sadayuki Koide (presently Managing Director)

(b) Retiree

The following person will retire from their offices upon the adjournment of annual general meeting of shareholders on June 27, 2007.

Director and Chairman: Kazuyuki Narusawa (He will assume a post of advisor.)

Director and Deputy President: Naoaki Yoshizawa (He will assume a post of advisor of the Bank and Representative Director and President of Hachijuni Lease Co., Ltd.)

(2) Changes in other directors

Candidates for new directors

The following persons will be elected directors at the Board of Directors meeting to be held immediately after the annual general meeting of shareholders on June 27, 2007.

Managing Director: Shigetaka Shimizu (presently Executive Officer and General Manager of Planning and Coordination Department)

Managing Director: Koichi Sato (presently Executive Officer and General Manager of Business Planning Department)

2. Change in auditor

(1) Candidate for an auditor

The following person will be elected a corporate auditor at the annual general meeting of shareholders on June 27, 2007

Corporate auditor: Takeshi Kadota (presently Representative Director and President of Kadota & Co., Ltd.)

(2) Retiree

The following person will retire from the position of a full-time corporate auditor at the annual general meeting of shareholders on June 27, 2007.

Corporate Auditor: Kensuke Kosaka

(For your reference)

1. New Executive officers

The following persons will assume the post of Executive officers on June 27, 2007.

Executive Officer: Tetsuo Komatsu (presently General Manager, Omiya Branch)

Executive Officer: Hirotohi Mizusawa (presently General Manager, Komoro Branch)

Executive Officer: Zentaro Ozawa (presently General Manager of Operations Administration Department)

Executive Officer: Fumiaki Magaribuchi (presently General Manager of Risk Management Department)

Executive Officer: Akio Kobayashi (presently General Manager of Tokyo Business Department)

2. Retiring Executive officers

The following Executive officers will retire from their posts on June 27, 2007.

Hisashi Ashida (presently Executive Officer and General Manager of Loan Supervision Department) (He will assume a post of Representative Director and President of Hachijuni Credit Guaranty Co., Ltd.)

Ken Takahashi (presently Executive Officer and General Manager of Business Department of Head Office) (He will assume a post of Representative Director and President of Hachijuni DC Card Co., Ltd.)

Masatoshi Mizumoto (presently Executive officer) (He will assume the post of administration officer.)