

# Annual Report 2013

あしたにプラスを八十二  
*82<sup>nd</sup>*  
Anniversary

# Corporate Outline

Equity  
(Consolidated)

**563 billions of yen**

Total Assets  
(Consolidated)

**7,254 billions of yen**

Loans and Bills Discounted  
(Consolidated)

**4,316 billions of yen**

Deposits  
(Consolidated)

**5,808 billions of yen**

Number of Employees

**3,242**

Total Capital Ratio

**17.88% (BIS standards)**

Network

**155 Domestic Branches (Japan)**

**1 Overseas Branch (Hong Kong)**

**4 Representative Offices**

**(Dalian, Shanghai, Bangkok & Singapore)**

Credit Rating (Long-Term)

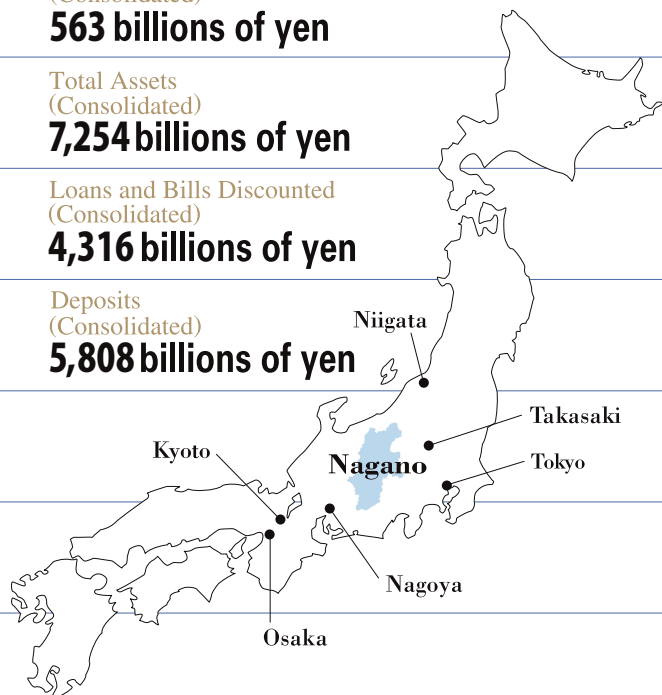
Rating and Investment Information, Inc.

**A+**

Standard & Poor's

**A**

as of March 31, 2013



The Hachijuni Bank, Ltd. is one of the leading regional banks in Japan. We are mainly based in Nagano Prefecture, which is located in the center of Japan and noted for the coexistence of beautiful nature and advanced industries.

Since its establishment in 1931 in Nagano City, Hachijuni Bank has consistently maintained sound management policies, and is now playing a leading role as one of the largest regional banks in Japan.

Branches of Hachijuni Bank can be found in Nagano, Gunma, Saitama, Niigata and Gifu prefectures, as well as in Tokyo, Osaka and Nagoya metropolitan areas. We also have an overseas branch in Hong Kong, as well as, the Dalian Representative Office, the Shanghai Representative Office, the Bangkok Representative office, the Singapore Representative Office and Hachijuni Asia Limited, a subsidiary in Hong Kong.

## CONTENTS

1	Message from the Management	9	Major Affiliated Companies
2	82nd Anniversary	9	Major Shareholders
2	Management Policies	10	Independent Auditors' Report
3	Business Performance and Financial Standings	11	Financial Section
4	Corporate Governance	11	Consolidated Balance Sheet
5	Risk Management	12	Consolidated Statement of Income
6	International Operations	12	Consolidated Statement of Comprehensive Income
7	Corporate Social Responsibilities (CSR)	13	Consolidated Statement of Changes in Equity
9	Board of Directors	14	Consolidated Statement of Cash Flows
9	Corporate Auditors	15	Notes to Consolidated Financial Statements
9	Organization		



Yoshiyuki Yamaura,  
Chairman



Shoichi Yumoto,  
President

## Message from the Management

August 2013

*We would like to begin by expressing our sincere gratitude for your patronage.*

*Since its establishment in 1931, and in tandem with the development of the regional economy, Hachijuni Bank (“the Bank”) has continued to grow and has established itself as a key financial institution within its community. This is in large part due to the long-lasting support and patronage of our shareholders, our customers, and the community, for which we are very grateful.*

*We have designed our “Annual Report 2013” to present, in an easy-to-understand format, our earnings results and the details of our businesses for the fiscal year ending March 31, 2013. We sincerely hope that you will use this report to increase your understanding of the Bank.*

*The economy of Nagano Prefecture – the Bank’s primary marketplace – has shown growing signs of a slowdown in 2012 due to decreases in exports and production. As 2013 set in, however, uncertainty over the outlook for business settled down somewhat, albeit not dramatically, as the stock and foreign exchange markets picked up markedly.*

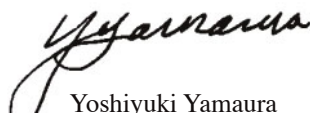
*Under circumstances characterized by continuing uncertainty, the Bank is performing its business firmly and aggressively according to its 29th Long-Term Management Plan; “Development of Customers, Our Own Revolution, Evolution of Infrastructure ~ 3 Challenges” so as to meet customer need and to realize further development of Nagano Prefecture’s economy.*

*In respect to our corporate customers, the Bank is cooperating with them more closely than ever, providing strategic solutions by leveraging on our broad network. As for individual customers, the Bank can offer them the best products and services for their respective life stages by making maximum use of our knowledge and expertise. Meanwhile, human resources development remains a critical activity, and our group continues to focus on fostering exceptional personnel capable of proactive endeavor and exhibiting outstanding problem-solving skills. Furthermore, the Bank has made notable progress in setting up a structure that promotes efficient and effective operations, positioning us to provide more convenient and sophisticated services for customers.*


*Finally, the Bank and our group are taking concrete steps to reinforce our risk management capability.*

*We celebrated our 82nd anniversary on August 1, 2013. It was an especially memorable anniversary because our name – “Hachijuni” – means “82”. We would like to express our heartfelt gratitude, to our customers and to our shareholders and to our community for the sincere support you have shown us over the years. We kindly ask for your continued support and patronage in the years to come; in exchange, we will commit ourselves to doing our utmost to live up to your expectations.*

Sincerely yours,



Yoshiyuki Yamaura  
Chairman



Shoichi Yumoto  
President

# 82nd Anniversary

On August 1st, the Bank celebrated an important milestone, the 82nd anniversary of the Bank's founding.



## Anniversary Message and Logo “Hachijuni Makes Pluses for Tomorrow”

In honor of the Bank's 82nd anniversary, we have created a new catchphrase and logo, both of which are used until March 2014, when the memorial events are held. The message “Hachijuni Makes Pluses for Tomorrow” is an expression of our commitment to our customers. We will develop into a useful bank that yields even more benefits to our customers (Pluses) while providing value-added (Pluses) products and services to help them realize a better tomorrow. The message also expresses our history that the Bank was established as a result of the merger of the Dai-Juku (19) Bank and the Rokujusan (63) Bank (19 + 63 = 82: Hachijuni).

## Memorial Events

The Bank holds the memorial events as follow to express our sincere gratitude for the past support of our shareholders, customers and our community.

- Establishment of the Hachijuni Scholarships
- Acquisition of naming rights of Togakushi forest learning house
- Rebuilding the Bank's training institute
- Holding "Hiroshima Museum of Art Collection ~Great painters of the impressionists and Picasso~"
- Holding "The Storytellers' Theater (Rakugo)"
- Holding Hachijuni Foreign Business Seminar
- Commemorative dividend
- "Memorial Thanks Campaign" for individual customers



# Management Policies

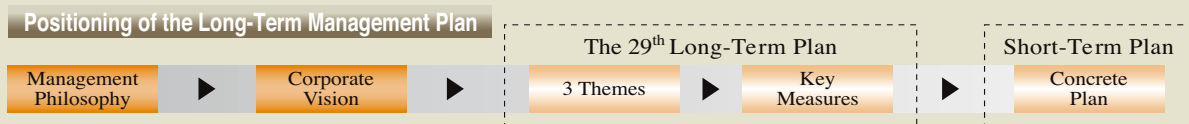
## Management Philosophy

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

## Corporate Vision: “Shining at the center of Japan” — 8 “shines”

Strong trustworthiness from the people and the region of Nagano	Entirely sound, constant & steady earning power	Agreeable correspondence to the request of our customers	Business promotion from our customers' viewpoint
High awareness of compliance	Every staff's speedy, lively & responsible action	Trustworthy, efficient & assured operational system and condition	Advanced and confident computer system

## The 29<sup>th</sup> Long-Term Management Plan (April 1, 2012 ~ March 31, 2015)



### Theme1 ~ Development of Customers ~ “Supporting customers facing tough challenges”

The economic and employment situation in Nagano Prefecture has become increasingly more severe in recent years as the decline in working age population and the relocation overseas of production bases have rapidly picked up pace. In response to these circumstances, the Bank will provide corporate customers with more services than ever while providing individual customers with integrated financial services. The Bank will actively support our customers so that we can continue to grow alongside our customers and community.

- Key Measures**
- ◆ Providing customers the best solution for their management problems
  - ◆ Becoming customers' "lifetime" bank
  - ◆ Responding to Globalization

### Theme2 ~ Our Own Revolution ~ “Becoming staff who act on their own initiative”

As customer needs have become more diversified and sophisticated, the Bank's areas of activity have also expanded, becoming more specialized and complicated. As such, the Bank is constantly challenged to identify and then resolve problems in new and innovative ways. All staff will acquire high-level skill and act on their own initiative, allowing them to respond appropriately to changes in the market environment.

- Key Measures**
- ◆ Promoting autonomous action
  - ◆ Transforming into a group in which all staff have high-level skills and learn from each other in friendly rivalry

### Theme3 ~ Evolution of Infrastructure ~ “Reinforcing infrastructure through IT”

The advancement and reinforcement of infrastructure – including various business channels, computer systems and the clerical work structure – have substantially affected customer services and business efficiency. By making maximum use of IT – mainly by upgrading our infrastructure, by centralizing clerical work and adding extra value at branches – the Bank will enhance customer convenience and business efficiency, and strengthening our competitiveness.

- Key Measures**
- ◆ Wide use of IT
  - ◆ Centralization of business operations

# Business Performance and Financial Standings

## Financial Highlights (Consolidated)

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
For the year:			
Total income	162,566	163,829	1,728,507
Total expenses	123,316	128,905	1,311,182
Income before income taxes and minority interests	39,249	34,923	417,324
Net income	22,151	17,359	235,524
Net income per share	¥ 43.61	¥ 33.96	\$ 0.46
At year-end:			
Deposits	5,808,637	5,656,838	61,761,166
Loans and bills discounted	4,316,284	4,180,520	45,893,510
Securities	2,274,684	1,998,865	24,185,901
Total assets	7,254,978	6,601,264	77,139,595
Equity	563,238	492,643	5,988,713
Total capital ratio : <b>Basel 3 standards</b>	17.88%	(16.84%)	

- Notes: 1. Yen figures have been rounded down to the nearest million yen.  
 2. The United States dollar amounts represent translations of Japanese yen at the exchange rate of ¥94.05 to US\$1.00 on March 31, 2013.  
 3. Net income per share is based on the weighted average number of shares of common stock outstanding during each year.  
 4. Total capital ratio of 2012 was based on Basel 2 standards.

## Summary of Business Performance

### Consolidated Business Results

Operating profit increased ¥4,594 million from the previous year to ¥39,832 million and net income increased ¥4,791 million to ¥22,151 million.

### Non-consolidated Business Results

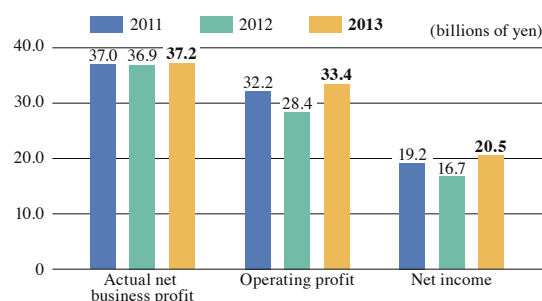
Operating income increased ¥1,447 million from a year earlier to ¥121,444 million due to increases in “other income” such as gains on money held in trust and in “other operating income” such as gains on sales of bonds despite a decrease in interest income.

Operating expenses decreased ¥3,604 million from a year earlier to ¥87,968 million due to decreases in provision for credit losses and in G&A expenses despite increases in “other operating expenses” such as losses on sales of bonds and in fees and commissions payments.

As a result, operating profit increased ¥5,051 million from the previous year to ¥33,476 million.

Extraordinary gains increased ¥54 million from a year earlier to ¥103 million and extraordinary losses increased ¥322 million to ¥681 million.

As a result, net income was ¥20,546 million, up ¥3,801 million from the previous fiscal year.



## Summary of Financial Standings

### Results of Consolidated Main Accounts

**Outstanding balance of deposits** increased ¥151.7 billion to ¥5,808.6 billion from a year earlier owing to an increase in deposits from general corporations and from individual.

**Outstanding balance of loans and bills discounted** increased ¥135.7 billion to ¥4,316.2 billion due to increases in loans for individual customers and in business fund loans for enterprises outside the Prefecture despite a decrease in demand for business fund loans inside the Prefecture.

**Outstanding balance of securities** increased ¥275.8 billion to ¥2,274.6 billion due to increases in the balance of Japanese government bonds and stocks on the back of stock prices rise.

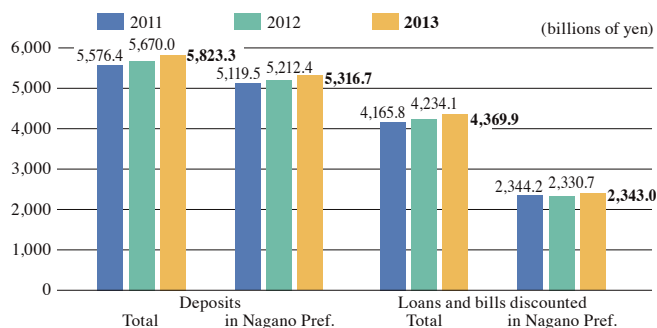
### Results of Non-Consolidated Main Accounts

**Outstanding balance of deposits** increased ¥153.3 billion from a year earlier to ¥5,823.3 billion.

**Outstanding balance of loans and bills discounted** increased ¥135.7 billion to ¥4,369.9 billion.

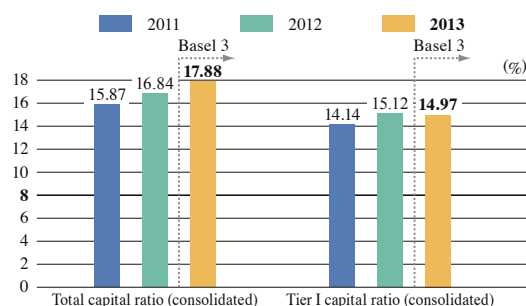
**Outstanding balance of securities** increased ¥275.4 billion to ¥2,265.6 billion.

Outstanding balance of public bonds, including Japanese government bonds for retail investors deposited with the Bank declined ¥60.7 billion to ¥291.8 billion and investment trusts increased ¥9.0 billion to ¥175.3 billion.



### Total Capital Ratio (Basel 3 standards)

Total capital ratio was based on new Basel 3 standards as a bank subject to international standards at the end of the current fiscal year. It was 17.88% on a consolidated basis and 17.15% on a non-consolidated basis.



## Basic Policies on Profit Sharing

The Bank has linked its dividend payment to the size of its profit focusing on business performance aiming toward enhanced profit distribution to shareholders.

[Policy regarding dividend payment]

The Bank has set a goal to achieve a dividend ratio of approximately 20% against net income of ¥20.0 billion or lower, and if net income exceeds the ¥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, 2013, the Bank decided to pay ¥6.5 per share - ordinary dividends of ¥4.5 and memorial dividends of ¥2.0. As a result, annual dividends were ¥10.0 in total, an increase of ¥3.0 from a year earlier.

# Corporate Governance

## Corporate Governance Principle

- ▶ The Bank defines Corporate Governance Principle as the basic policy which regulates all of the Bank's business activities, keeps the group's sustainability, enhances corporate value and carries out its social responsibility to realize the Bank's philosophy.
- ▶ Corporate Governance Principle includes basic attitudes to "customers" "shareholders" "employees" "regional community", and basic policies related to corporate governance, observation of laws, corporate ethics and disclosure of information.

## Organizational Structure

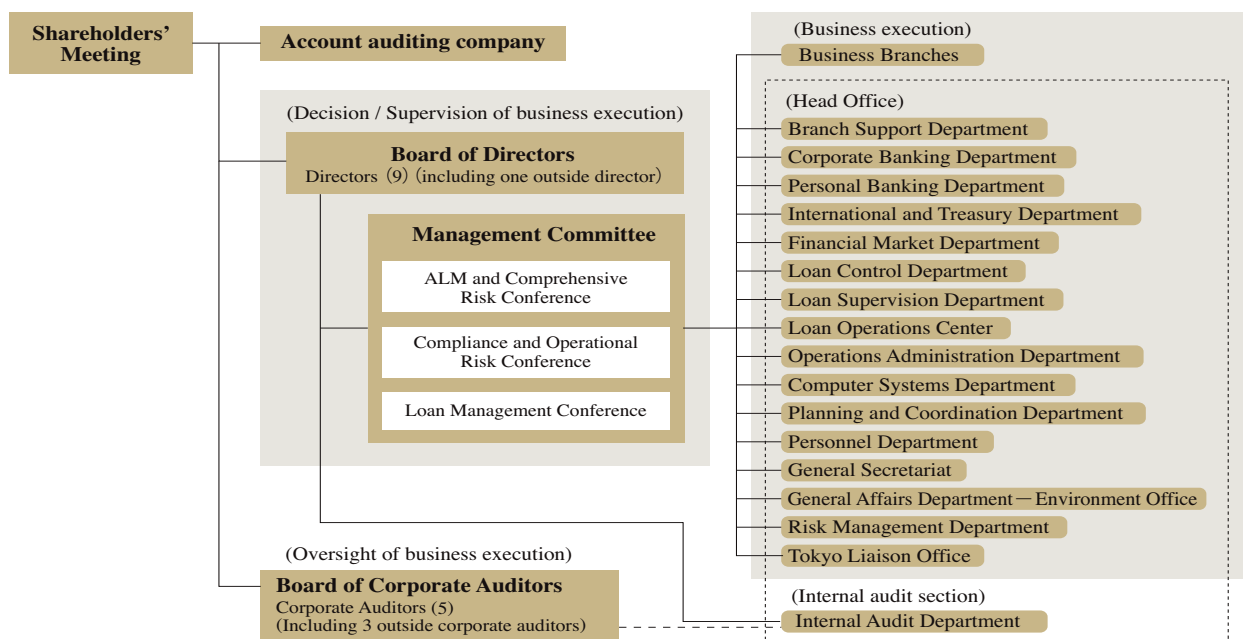
- ▶ The Bank appoints corporate auditors (establish a Board of Corporate Auditors) based on the recognition that business oversight function should be separated from business execution function. While the Board of Directors decides and implements business operations, the Board of Corporate Auditors oversees business operations.
- ▶ Furthermore, the Bank appoints both outside director and outside corporate auditors for avoiding conflict of interest with shareholders.

## Decision / Supervision of Business Execution

- ▶ The Board of Directors is held twice a month in principle. In this meeting, directors develop substantial discussions and supervise the status of business operations with one another.
- ▶ Under the Board of Directors, Management Committee is held every week in principle. The Management Committee decides and supervises daily business operations and also discusses key issues related to the Bank's management and prepares agendas to propose to the Board of Directors. There are three special conferences: ALM and Comprehensive Risk Conference, Compliance and Operational Risk Conference and Loan Management Conference.
- ▶ The Board of Directors consists of nine (9) directors (8: internal directors, 1: outside director) and the Management Committee consists of senior executives.

## Oversight of Business Execution

- ▶ The Board of Corporate Auditors is held every month in principle. It consists of five (5) corporate auditors including three (3) outside auditors. By attending the Board of Directors and providing appropriate advices, each auditor strictly oversees the execution of duties of directors. Two corporate standing auditors may attend the Management Committee and oversee the execution of business operations through inspecting each kind of matter, such as the status of internal controls and branches' audit results. They also discuss with Representative Directors once every three months in order to provide feedback on monitoring results to the top management.



• The number of directors is stipulated to be twelve or fewer in the Articles of Incorporation.

• In addition, the Board of Directors appoints eleven (11) executive officers who assume duties of daily business execution.

(as of June 21, 2013)

## Remuneration

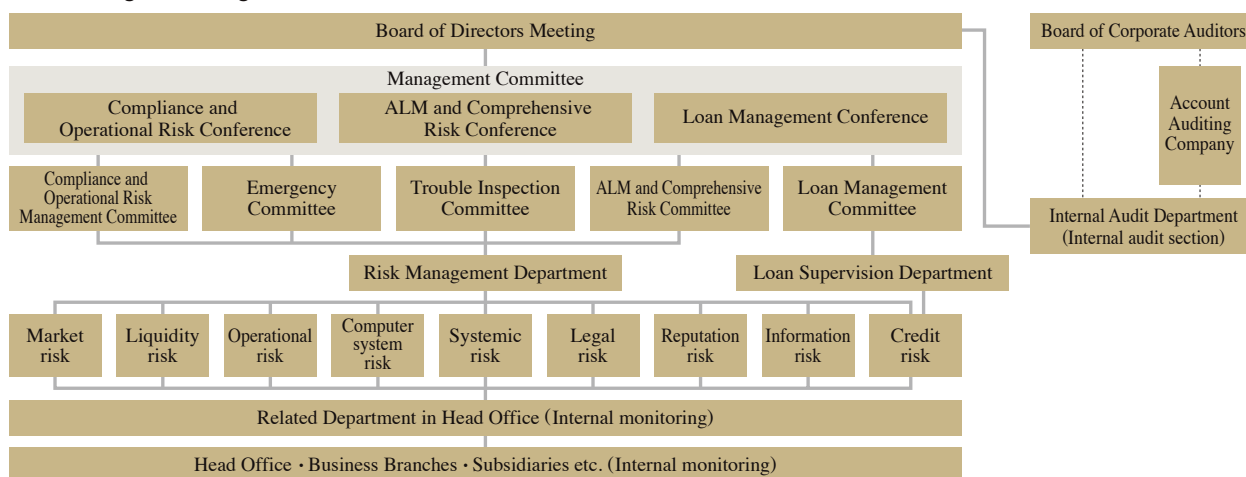
- ▶ As for directors' remuneration, the Bank introduces three types of remuneration: defined cash compensation, performance-linked compensation and stock-based compensation.
- ▶ The monthly amount of defined cash compensation is limited to be under ¥25 million. Performance-linked compensation is linked to the Bank's net income. The form of stock-based compensation is stock options (share options). The total amount of stock options is limited to be under ¥100 million in a year. The payment amount to each director is decided by a consultation of the Board of Directors.
- ▶ Corporate auditors' remuneration is defined cash compensation. The monthly amount of such remuneration is limited to be under ¥8 million and the payment amount to each auditor is decided by a consultation among corporate auditors.

# Risk Management

## Comprehensive Risk Management

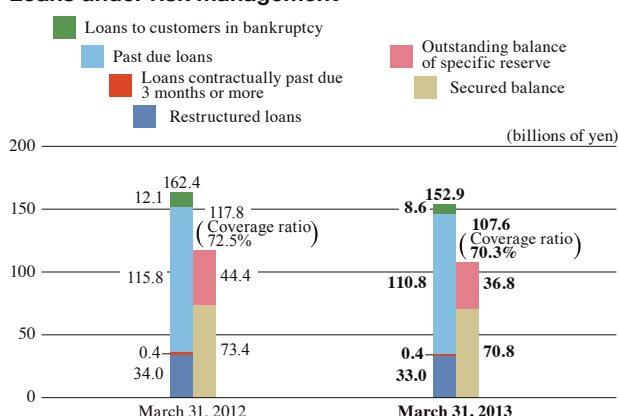
- ▶ Each department and branch properly performs risk control responsibilities and independently reviews its processes with an internal check system based on the Comprehensive Risk Management Policy. The Risk Management Department examines each department's management status for diversified risks in an integrated fashion and finds and controls the Bank's risk exposure. Key information related to risk management is gathered by the Risk Management Department from each department and branch, and this information is reflected in the decision-making process of executives.
- ▶ ALM and Comprehensive Risk Conference manages market risk, credit risk and liquidity risk. Compliance and Operational Risk Conference manages operational risk, computer system risk, legal risk and other risks. Loan Management Conference manages more diversified credit risks.

### Risk Management Organization Chart



(as of June 21, 2013)

## Loans under risk management



Note: Possible amounts of recoveries through disposition of collaterals pledged to the Bank are not included in the foregoing disclosed amounts. Therefore the disclosed amounts do not necessarily represent actual future loss amounts of the Bank.

	March 31, 2012	March 31, 2013
Loans to Customers in Bankruptcy	12.1 (0.28)	<b>8.6 (0.19)</b>
Past Due Loans	115.8 (2.73)	<b>110.8 (2.53)</b>
Loans Contractually Past Due 3 months or more	0.4 (0.00)	<b>0.4 (0.00)</b>
Restructured Loans	34.0 (0.80)	<b>33.0 (0.75)</b>
<b>Total</b>	<b>162.4 (3.83)</b>	<b>152.9 (3.50)</b>
Outstanding Balance of loans and bills discounted	4,234.1	<b>4,369.9</b>

(Loans under risk management as a percentage of outstanding balance of loans and bills discounted)

### Regarding Terminologies:

#### Loans to Customers in Bankruptcy

Of loans for which substantial doubt is judged to exist as to ultimate collectibility of either principal or interest because they are past due for a certain period or for other reasons, the loans to customers who are alleged to commence legal corporate rearrangement procedures under Company Rehabilitation Law, Bankruptcy Law, Civil Rehabilitation Law, Commercial Code of Japan and other related laws, and/or to customers whose transactions with banks are suspended by the rules of clearing house.

#### Past Due Loans

Of loans for which substantial doubt is judged to exist as to ultimate collectibility of either principal or interest because they are past due for a certain period or for other reasons, the loans to customers other than customers in bankruptcy and customers on

which the Bank granted concessions such as deferral of interest payments in order to support for their management reconstruction.

#### Loans Contractually Past Due 3 months or more

Loans, either principal or interest payment of which is contractually past due for 3 months or more, excluding loans to customers in bankruptcy and past due loans.

#### Restructured Loans

Loans to customers on which the Bank granted concessions such as reduction of the stated interest rate, deferral of interest payments, extension of maturity date, debt forgiveness and other arrangements favoring customers to support for their management reconstruction, excluding loans to customers in bankruptcy, past due loans and loans contractually past due 3 months or more.

# International Operations

Nagano Prefecture, which is the major business base for the Bank, has developed as an advanced region in Japan in terms of foreign trade and international business operations. Now there are more than 1,800 bases of our customers in other countries, primarily in Asia.

Since the launch of its foreign exchange business in January 1962, the Bank has expanded its international operations to meet the growing needs of customers who operate worldwide.

Currently, the Bank has one overseas branch in Hong Kong and four representative offices in Dalian, Shanghai, Bangkok and Singapore and one local subsidiary in Hong Kong.

In October 1991, the Bank concluded a business tie-up with Standard Chartered Bank (UK). Afterwards, the Bank has expanded business tie-ups with, Bank of China (China), Industrial and Commercial Bank of China (China), KASIKORNBANK (Thailand), Credit Agricole Corporate and Investment Bank (France), Australia and New Zealand Banking Group Limited (Australia), and PT Bank CIMB Niaga Tbk (Indonesia).

In April 2013, the Bank changed its operation structure of international business by allocating staff with high expertise in international business intensively to branches operating foreign exchange business so as to make speedy actions corresponding to customer needs. And the Bank made progress in centralization of clerical work to the specified branches, providing more suited solutions for globalization of customers.

## International and Treasury Department

### ◆ Nagano Main Office

178-8, Okada, Nagano-City 380-8682, Japan  
Phone: (026)224-6263 Facsimile: (026)226-2982

### ◆ Tokyo Office

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

## Financial Market Department

### ◆ Tokyo Office

1-22, Nihonbashi Muromachi 4-chome, Chuo-ku, Tokyo 103-0022, Japan  
Phone: (03)3277-0082 Facsimile: (03)3246-4675

## Hong Kong Branch / Hachijuni Asia Limited (HAL)

Since its opening in May 1991, the Hong Kong Branch has been expanding with offering the financial services to the customers. As a result, the Bank now handles the large foreign exchange volume due to the Hong Kong Branch. Furthermore, the Hong Kong Branch offers a wide range of services such as providing various information, supporting business expansion for its customers to extend business in China and other Asian countries. In September 2010, the Hong Kong Branch started the Renminbi-denominated transactions such as deposit, transfer and loan amid a surge of our customers' needs.

Hachijuni Asia Limited (HAL), the Bank's wholly owned subsidiary in Hong Kong, has been providing many kinds of financial services since its establishment in 1989.

Suites 1503-1504, The Hong Kong Club Building, 3A Chater Road, Central, Hong Kong  
Phone: 852-2845-4188 Facsimile: 852-2537-1757  
SWIFT address: HABKHKHH



## Singapore Representative Office / Bangkok Representative Office

Southeast Asia, together with China, has always attracted the attention of our customers as a region with strong growth potential. Currently, there are almost 500 bases of our customers in ASEAN countries.



Singapore is the distribution, financial and economic center in Southeast Asia. The Bank established its Singapore Representative Office in 1997. And in 2007, it established the Bangkok Representative Office, which is the first in Thailand among all regional banks in Japan. Both offices collect and analyze information on the rapidly changing social, financial and economic conditions in the region, and offer the latest information to local customers. In cooperation with the Bank's head office and domestic branches, both offices help customers to expand their businesses in Southeast Asia.

### ◆ Singapore Representative Office

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

### ◆ Bangkok Representative Office

Level 8, Zuellig House, 1 Silom Road, Silom, Bangrak, Bangkok 10500 Thailand  
Phone: 66-2231-8218 Facsimile: 66-2231-8121

## Shanghai Representative Office / Dalian Representative Office

Recently, China is one of countries attracting the hottest attention from all over the world. Our customers establish over 400 manufacturing and sales facilities in China, and especially their making inroads to coast area are remarkable. Since its opening in May 2002, the Shanghai Representative Office supports its customers in their making inroads to China from various aspects and tries to provide them with every kind of information from the city of Shanghai, which is the largest business city as well as a center of the economy and finance in China. In January 2008, the Bank established the Dalian Representative Office to offer careful support to customers.

### ◆ Shanghai Representative Office

8/F, Hang Seng Bank Tower, 1000 Lujiazui Ring Road, Pudong New Area, Shanghai, People's Republic of China  
Phone: 86-21-6841-1882 Facsimile: 86-21-6841-2118

### ◆ Dalian Representative Office

4F, Senmao Bldg., 147 Zhongshan Road, Xigang District, Dalian, Liaoning, 116011, People's Republic of China  
Phone: 86-411-3960-8266 Facsimile: 86-411-3960-8182





# Corporate Social Responsibilities (CSR)

## Environmental Conservation Activities

### Environmental Policy



### Environmental Philosophy

Hachijuni Bank positions environmental conservation activities as elements vital to corporate social responsibility and will contribute to the creation of a sustainable regional community through positive and constant improving the environment.

### Action Program

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

### Three pillars

#### 1 Environmental conservation activities by the Bank's core business

(Target of FY2013) Contribution to environmental improvements by customers' activities by providing environment-friendly financial products

#### 2 Reduction of internal environmental burdens

(Target of FY2013) Achievement of the reduction in both environmental burdens and the Bank's costs through energy savings and resource conservation

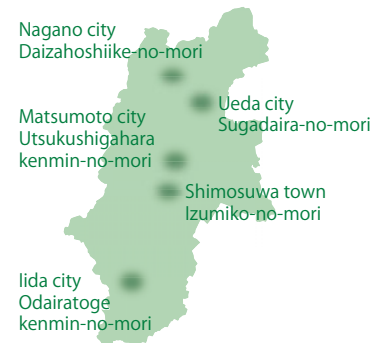
#### 3 Contribution to the regional economy and reinforcement of environmental education

(Target of FY2013) Contribution to the regional community through environmental volunteer activities

### Topics

#### "Hachijuni-no-Mori activities"

At 5 activity locations of "Hachijuni-no-Mori", the Bank continues to provide forest maintenance work. Through these activities, the Bank seeks to contribute to the local community while enhancing awareness of environmental protection among employees. In FY2012, a total of 1,028 people, including officers and employees and their families, planted, weeded and thinned trees 10 times.



#### "Memorial Volunteer"

In commemoration of its 82nd anniversary, the Bank held its 1st memorial volunteer activity in May 2013. The theme of the event was "Regeneration of a Forest: Let's Turn the Ranch Back into Forest!"



Volunteers from the Bank planted 3,000 *mizunara* (Mongolian oak trees) on an unused 8,200m<sup>2</sup> section of Jimbagata Ranch in Nakagawa village, Kami Ina-gun, Nagano Prefecture, taking the first step in the land's transformation back into forest. To protect them from deer and other wild animals, volunteers built a fence around the seedlings.

Our 2nd memorial volunteer activity is scheduled to take place in September 2013 in Kijimadaira village, Shimo Takai-gun, Nagano Prefecture.

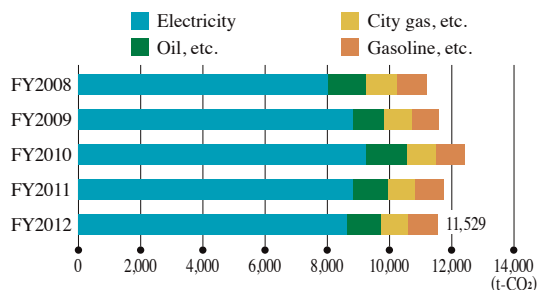
### Total Energy Consumption and Carbon Dioxide Emission

Total energy consumption and carbon dioxide emission decreased 1.7% (or 4,907 giga joules) and 1.6% (or 199 tons-CO<sub>2</sub>) respectively on the year-on-year basis.

### Environmental Accounting System

The Bank has recognized both environment conservation cost and economic effect in quantitative base by the Environmental Accounting System introduced in fiscal year 2004. Hoping the disclosure of the result will help the people's understanding of the Bank's activities, the Bank will continue to develop environmental activities more effectively.

### Carbon Dioxide Emissions by Type of Energy



## Results of Environmental Accounting for the Fiscal Year 2012

### Environmental conservation cost

(millions of yen)

Classification	FY2011	FY2012
Business area cost	28	34
Resource circulation cost	28	29
Pollution prevention cost	0	0
Global environmental conservation cost	0	5
Administrative activity cost	63	65
Personal expenses	45	47
Disclosure of environment information and advertisement	12	12
Maintenance control of environment management system	5	5
Monitoring of environment burden	1	1
Social activity cost (*1)	19	18
Total	110	117

### Economic benefit associated with environmental conservation activities

(millions of yen)

Item	FY2011	FY2012
Income	1,279	983
Income from environment related loans	1,203	948
Income from EB contracts	74	34
Income from ISO14001consultation	2	1
Cost saved (*2)	8	▲ 30
Total	1,287	953

\*1 Money of support for “Hachijuni-no-mori”, donation to Nagano Environment Conservation Associations

\*2 The amount of reduction in utilities expenses, supplies expenses and expenses for disposing of wastes helped by energy and resources savings efforts (Stated by simple comparison with the previous fiscal year)  
A negative figure means an increase from the previous fiscal year.

### Environmental conservation benefit (Reduction of carbon dioxide emission)

(t-CO<sub>2</sub>)

Classification	FY2011	FY2012
CO <sub>2</sub> emission reduced by the Bank's internal efforts (by simple comparison from a year earlier)	708	199
CO <sub>2</sub> emission reduced by customers through contribution of the Bank's core businesses	321,701	297,879
CO <sub>2</sub> emission reduced by “Environment Activities by the Household” (estimate)	2,280	2,280
Total	324,689	300,358

### ISO14001 Certification

- ▶ The Bank received ISO14001 certification for its head office in March 1999, the first of all regional banks in Japan to do so. It expanded of this certification to all domestic branches in March 2002. Total of 183 offices (155 branches, 7 regional centers, 17 headquarters, and 4 Group companies as of March 31, 2013) and nearly 5,000 employees are involved in this effort.

### Contribution to the Region and Society

- ▶ The Bank has established a “Hachijuni Volunteer Club”, and assigned a liaison for volunteer activities at each department and branch. The Bank provides support to the volunteer activities by encouraging its employees to participate in social-action programs at least once a year.
- ▶ The Bank has also introduced a “Special Holiday System to Encourage Volunteer Activities”, to support its employees' participation in programs for the promotion of social welfare, disaster aid, sports, and other causes.
- ▶ The Bank established “Nagano Economic Research Institute” in March 1984 as a think-tank to contribute to the advancement and development of the regional community in response to its highly sophisticated needs.
- ▶ The Bank also established “Hachijuni Culture Foundation” in 1985 to contribute to the development of the regional community in the areas of its arts and culture.

### Adoption of SRI Related Fund

- ▶ Due to the Bank's steady corporate activities, it has been registered as an investment target for social-responsibility investment funds, and its equity shares have been selected by a social-responsibility investment index (FTSE4Good Index).

# Board of Directors

**Yoshiyuki Yamaura**  
Chairman

**Fumiaki Magaribuchi**  
Deputy President

**Kenichi Takehana**  
Managing Director

**Teruyuki Koike**  
Managing Director

**Saburo Kusama**  
Director (Outside Director)

**Shoichi Yumoto**  
President

**Tetsuo Komatsu**  
Managing Director

**Hideyuki Ota**  
Managing Director

**Hiroshi Nakamura**  
Director

# Corporate Auditors

**Makoto Takizawa**  
Corporate Standing Auditor

**Asakazu Horii**  
Corporate Auditor

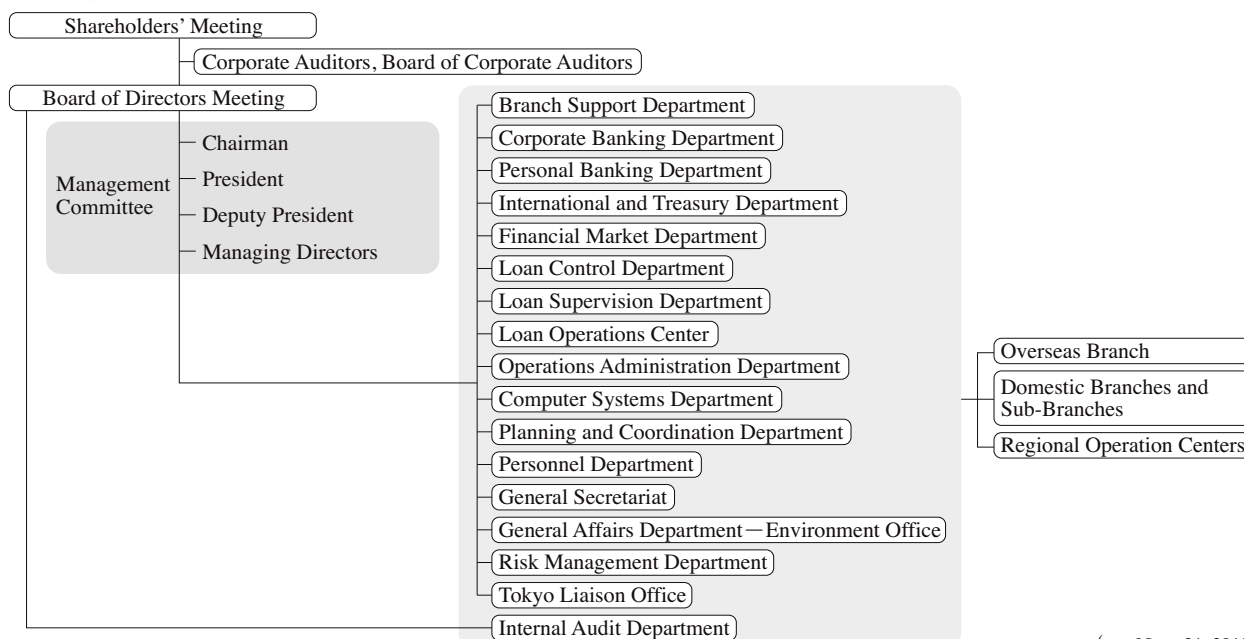
**Takeshi Kadota**  
Corporate Auditor

**Akio Saito**  
Corporate Standing Auditor

**Kenji Miyazawa**  
Corporate Auditor

(as of June 21, 2013)

# Organization



(as of June 21, 2013)

# Major Affiliated Companies

	Companies Supporting the Bank's operations		Date of establishment	Line of business
	<b>The Hachijuni Bank, Ltd.</b>	<b>Hachijuni Business Service Co., Ltd.</b>	● August 1981	● Collection and delivery of materials and cash, printing
	<b>Hachijuni Staff Service Co., Ltd.</b>	● September 1986	● Placement of temporary working staff	
	Companies Operating financial-related business			
	<b>Hachijuni Securities Co., Ltd.</b>	● May 1949	● Securities business	
	<b>Yamabiko Services Co., Ltd.</b>	● June 2000	● Credit collection and management	
	<b>Hachijuni Lease Co., Ltd.</b>	● June 1974	● Leasing	
	<b>Hachijuni DC Card Co., Ltd.</b>	● August 1982	● Credit card business	
	<b>Hachijuni Credit Guarantee Co., Ltd.</b>	● December 1983	● Guarantee to consumer loan	
	<b>Hachijuni System Development Co., Ltd.</b>	● December 1983	● Development of computer systems	
	<b>Hachijuni Capital Co., Ltd.</b>	● September 1984	● Venture capital for high-tech companies	
	<b>Hachijuni Auto Lease Co., Ltd.</b>	● October 2005	● Leasing	
	Overseas Subsidiary (Hong Kong)			
	<b>Hachijuni Asia Limited</b>	● January 1989	● Loan, trading, underwriting of bonds	

(as of June 21, 2013)

# Major Shareholders

Name	Number of shares in thousands	%	Name	Number of shares in thousands	%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	20,364	3.90	Aioi Nissay Dowa Insurance Co., Ltd.	11,441	2.19
Nippon Life Insurance Company	17,000	3.26	Showa Shoji Co., Ltd.	10,001	1.91
Meiji Yasuda Life Insurance Company	16,417	3.15	Tokio Marine & Nichido Fire Insurance Co., Ltd.	9,598	1.84
Japan Trustee Services Bank, Ltd. (Trust Account)	12,483	2.39	The Master Trust Bank of Japan, Ltd. (Trust Account)	9,267	1.77
Shin-Etsu Chemical Co., Ltd.	11,830	2.27	Shimizu Corporation	7,983	1.53

(as of March 31, 2013)

# Independent Auditors' Report

## Deloitte.

Deloitte Touche Tohmatsu LLC  
MS Shibaura Building  
4-13-23, Shibaura  
Minato-ku, Tokyo 108-8530  
Japan  
Tel: +81 (3) 3457 7321  
Fax: +81 (3) 3457 1694  
www.deloitte.com/jp

### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The Hachijuni Bank, Ltd.:

We have audited the accompanying consolidated balance sheet of The Hachijuni Bank, Ltd. and its consolidated subsidiaries as of March 31, 2013, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

#### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Hachijuni Bank, Ltd. and its consolidated subsidiaries as of March 31, 2013, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

#### Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

*Deloitte Touche Tohmatsu LLC*

June 14, 2013

Member of  
Deloitte Touche Tohmatsu Limited

# Financial Section

## Consolidated Balance Sheet March 31, 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
<b>ASSETS:</b>			
Cash and due from banks (Notes 3 and 24)	¥ 346,224	¥ 140,780	\$ 3,681,284
Call loans and bills bought	22,572		240,000
Monetary claims bought	46,405	54,624	493,413
Trading assets (Notes 4 and 25)	39,379	26,842	418,712
Money held in trust (Note 5)	29,735	21,359	316,165
Securities (Notes 6, 11 and 24)	2,274,684	1,998,865	24,185,901
Loans and bills discounted (Notes 7, 24 and 26)	4,316,284	4,180,520	45,893,510
Foreign exchanges (Note 8)	22,945	39,028	243,966
Lease receivables and investments in leases (Note 22)	56,535	58,405	601,123
Other assets (Note 11)	89,111	78,706	947,486
Property, plant and equipment—net (Note 9)	35,431	35,167	376,732
Intangible assets—net (Note 9)	4,817	4,906	51,218
Deferred tax assets (Note 21)	3,422	2,826	36,389
Customers' liabilities for acceptances and guarantees (Note 10)	43,185	45,494	459,181
Allowance for credit losses	(75,755)	(86,031)	(805,484)
Allowance for investment losses		(230)	(6)
<b>TOTAL</b>	<b>¥ 7,254,978</b>	<b>¥ 6,601,264</b>	<b>\$ 77,139,595</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES:</b>			
Deposits (Notes 11, 12 and 24)	¥ 5,808,637	¥ 5,656,838	\$ 61,761,166
Negotiable certificates of deposit (Note 24)	372,257	68,251	3,958,079
Call money and bills sold	29,501	55,221	313,680
Payables under securities lending transactions (Notes 11 and 24)	97,707	44,914	1,038,887
Trading liabilities (Notes 4 and 25)	6,774	8,172	72,027
Borrowed money (Notes 13 and 24)	161,496	93,958	1,717,130
Foreign exchanges (Note 8)	2,476	2,518	26,336
Other liabilities	112,995	107,366	1,201,437
Liability for employee retirement benefits (Note 14)	14,920	15,021	158,640
Provision for reimbursement of deposits	603	561	6,419
Provision for contingent losses	1,187	789	12,626
Reserve under special laws	7	8	75
Deferred tax liabilities (Note 21)	39,989	9,504	425,192
Acceptances and guarantees (Note 10)	43,185	45,494	459,181
<b>Total liabilities</b>	<b>6,691,740</b>	<b>6,108,621</b>	<b>71,150,881</b>
<b>EQUITY (Notes 15 and 29):</b>			
Common stock—authorized, 2,000,000 thousand shares; issued, 521,103 thousand shares in 2013 and 2012	52,243	52,243	555,483
Capital surplus	29,674	29,674	315,513
Stock acquisition rights (Note 16)	204	144	2,172
Retained earnings	346,651	328,316	3,685,816
Treasury stock—at cost, 14,922 thousand shares in 2013 and 10,079 thousand shares in 2012	(7,209)	(5,199)	(76,658)
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	134,197	73,202	1,426,876
Deferred loss on hedges	(15,330)	(5,916)	(163,001)
Foreign currency translation adjustments	(824)	(1,016)	(8,768)
<b>Total</b>	<b>539,605</b>	<b>471,448</b>	<b>5,737,433</b>
Minority interests	23,632	21,195	251,280
<b>Total equity</b>	<b>563,238</b>	<b>492,643</b>	<b>5,988,713</b>
<b>TOTAL</b>	<b>¥ 7,254,978</b>	<b>¥ 6,601,264</b>	<b>\$ 77,139,595</b>

See notes to consolidated financial statements.

## Consolidated Statement of Income

Year Ended March 31, 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
<b>INCOME:</b>			
Interest income:			
Interest on loans and discounts	¥ 61,140	¥ 64,213	\$ 650,081
Interest and dividends on securities	26,151	24,721	278,058
Other interest income	837	1,322	8,907
Fees and commissions	20,683	20,335	219,917
Trading income	1,215	708	12,923
Other operating income (Note 17)	44,643	45,490	474,681
Other income (Note 18)	7,894	7,037	83,937
<b>Total income</b>	<b>162,566</b>	<b>163,829</b>	<b>1,728,507</b>
<b>EXPENSES:</b>			
Interest expenses:			
Interest on deposits	2,786	3,855	29,630
Interest on borrowings and rediscounts	587	432	6,248
Other interest expenses	4,816	4,273	51,208
Fees and commission payments	5,824	5,575	61,925
Other operating expenses (Note 19)	33,189	34,620	352,895
General and administrative expenses	65,200	66,558	693,250
Provision for credit losses	299	6,803	3,181
Other expenses (Note 20)	10,612	6,786	112,841
<b>Total expenses</b>	<b>123,316</b>	<b>128,905</b>	<b>1,311,182</b>
<b>INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS</b>	<b>39,249</b>	<b>34,923</b>	<b>417,324</b>
<b>INCOME TAXES (Note 21):</b>			
Current	12,465	10,221	132,544
Deferred	2,251	4,186	23,944
<b>Total income taxes</b>	<b>14,717</b>	<b>14,407</b>	<b>156,489</b>
<b>NET INCOME BEFORE MINORITY INTERESTS</b>	<b>24,531</b>	<b>20,515</b>	<b>260,835</b>
<b>MINORITY INTERESTS IN NET INCOME</b>	<b>2,380</b>	<b>3,156</b>	<b>25,310</b>
<b>NET INCOME</b>	<b>¥ 22,151</b>	<b>¥ 17,359</b>	<b>\$ 235,524</b>
	Yen		U.S. Dollars
<b>PER SHARE OF COMMON STOCK (Note 28):</b>			
Basic net income	¥ 43.61	¥ 33.96	\$ 0.46
Diluted net income	43.57	33.94	0.46
Cash dividends applicable to the year	7.50	8.00	0.07

See notes to consolidated financial statements.

## Consolidated Statement of Comprehensive Income

Year Ended March 31, 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
<b>NET INCOME BEFORE MINORITY INTERESTS</b>	<b>¥ 24,531</b>	<b>¥ 20,515</b>	<b>\$ 260,835</b>
<b>OTHER COMPREHENSIVE INCOME (Note 27):</b>			
Valuation difference on available-for-sale securities	61,069	19,635	649,334
Deferred losses on hedges	(9,413)	(8,377)	(100,092)
Foreign currency translation adjustments	192	(84)	2,044
<b>Total other comprehensive income</b>	<b>51,848</b>	<b>11,173</b>	<b>551,286</b>
<b>COMPREHENSIVE INCOME</b>	<b>¥ 76,380</b>	<b>¥ 31,689</b>	<b>\$ 812,121</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :</b>			
Owners of the parent	¥ 73,924	¥ 28,504	\$ 786,013
Minority interests	2,455	3,184	26,108

See notes to consolidated financial statements.

## Consolidated Statement of Changes in Equity

Year Ended March 31, 2013

	Thousands		Millions of Yen									
			Accumulated Other Comprehensive Income									
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Valuation Difference on Available-for-Sale Securities	Deferred Loss on Hedges	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2011												
Net income					17,359					17,359		
Cash dividends, ¥8.00 per share					(4,088)					(4,088)		
Purchases of treasury stock (112 thousand shares)					(50)					(50)		
Net loss from disposals of treasury stock (159 thousand shares)					(1)	82	19,607			80	19,607	
Net increase in valuation difference on available-for-sale securities							19,607			(84)	19,607	
Net change in foreign currency translation adjustments								(8,377)		(84)	(8,388)	3,163
Net change during the period				(10)								(5,225)
BALANCE, MARCH 31, 2012	521,103	¥ 52,243	¥ 29,674	¥ 144	¥ 328,316	¥ (5,199)	¥ 73,202	¥ (5,916)	¥ (1,016)	¥ 471,448	¥ 21,195	¥ 492,643
Net income					22,151					22,151		
Cash dividends, ¥7.50 per share					(3,815)					(3,815)		
Purchases of treasury stock (4,849 thousand shares)					(2,014)					(2,014)		
Net loss from disposals of treasury stock (6 thousand shares)					3		60,994			2	60,994	
Net increase in valuation difference on available-for-sale securities							60,994			192	60,994	
Net change in foreign currency translation adjustments				60				(9,413)		192	(9,353)	2,437
Net change during the period												(6,916)
BALANCE, MARCH 31, 2013	521,103	¥ 52,243	¥ 29,674	¥ 204	¥ 346,651	¥ (7,209)	¥ 134,197	¥ (15,330)	¥ (824)	¥ 539,605	¥ 23,632	¥ 563,238
Thousands of U.S. Dollars (Note 1)												
Accumulated Other Comprehensive Income												
BALANCE, MARCH 31, 2012												
Net income					235,524					235,524		
Cash dividends, \$0.07 per share					(40,571)					(40,571)		
Purchases of treasury stock (4,849 thousand shares)					(7)					(21,415)		
Net loss from disposals of treasury stock (6 thousand shares)					36		648,537			29	648,537	
Net increase in valuation difference on available-for-sale securities							648,537			2,044	648,537	
Net change in foreign currency translation adjustments				639				(100,092)		2,044	(99,453)	25,912
Net change during the period												(73,540)
BALANCE, MARCH 31, 2013	\$ 555,483	\$ 315,513	\$ 2,172	\$ 3,685,816	\$ (76,658)	\$ 1,426,876	\$ (163,001)	\$ (8,768)	\$ 5,737,433	\$ 251,280	\$ 5,988,713	

See notes to consolidated financial statements.

**Consolidated Statement of Cash Flows**  
**Year Ended March 31, 2013**

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
<b>OPERATING ACTIVITIES:</b>			
Income before income taxes and minority interests	¥ 39,249	¥ 34,923	\$ 417,324
Income taxes paid	(11,855)	(6,135)	(126,057)
Depreciation and amortization	5,567	5,610	59,192
Impairment losses	530	154	5,643
Decrease in allowance for credit losses	(10,278)	(678)	(109,285)
Interest income	(88,129)	(90,257)	(937,047)
Interest expense	8,190	8,561	87,087
Interest received	89,080	90,460	947,159
Interest paid	(9,273)	(10,178)	(98,602)
Net increase in loans and bills discounted	(135,753)	(68,632)	(1,443,419)
Net increase in borrowed money	67,537	78,520	718,103
Net increase in deposits	151,443	94,575	1,610,241
Net (increase) decrease in call loans and bills bought	(14,352)	2,188	(152,606)
Net (decrease) increase in call money and bills sold	(25,720)	44,795	(273,473)
Net decrease in due from banks, excluding due from the Bank of Japan	9,678	5,933	102,911
Others—net	314,815	62,835	3,347,322
Net cash provided by operating activities	390,730	252,677	4,154,495
<b>INVESTING ACTIVITIES:</b>			
Purchases of investment securities	(767,570)	(788,003)	(8,161,299)
Proceeds from sales of investment securities	380,415	280,111	4,044,825
Proceeds from maturities of investment securities	233,586	216,858	2,483,640
Payments for increase in money held in trust	(33,884)	(25,854)	(360,282)
Proceeds from decrease in money held in trust	23,791	11,037	252,967
Purchases of fixed assets	(6,266)	(5,214)	(66,624)
Proceeds from sales of fixed assets	119	426	1,267
Net cash used in investing activities	(169,807)	(310,638)	(1,805,505)
<b>FINANCING ACTIVITIES:</b>			
Payments to acquire treasury stock	(2,014)	(50)	(21,415)
Proceeds from sales of treasury stock	2	10	29
Dividends paid	(3,815)	(4,088)	(40,571)
Dividends paid to minority interests	(18)	(21)	(195)
Net cash used in financing activities	(5,845)	(4,149)	(62,152)
<b>FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS</b>			
	33	(4)	353
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	¥ 215,110	¥ (62,115)	\$ 2,287,190
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR (Note 3)</b>	121,301	183,416	1,289,752
<b>CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR (Note 3)</b>	¥ 336,411	¥ 121,301	\$ 3,576,943

See notes to consolidated financial statements.



# Notes to Consolidated Financial Statements

## Year Ended March 31, 2013

### 1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and the Enforcement Regulation for the Banking Law, and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards ("IFRS").

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2012 consolidated financial statements to conform to the classifications used in 2013.

All Japanese yen figures in the consolidated financial statements have been rounded down to the nearest million yen. Accordingly, the total of each account may not be equal to the combined total of the individual items.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which The Hachijuni Bank, Ltd. (the "Bank") is incorporated and operates. The translations of Japanese yen amounts into U.S. Dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥94.05 to \$1, the rate of exchange at March 31, 2013. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. Dollars at that or any other rate.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**a Consolidation** – The consolidated financial statements as of March 31, 2013, include the accounts of the Bank and its 11 significant subsidiaries (together, the "Group").

Under the control or influence concept, those companies in which the Bank, directly or indirectly, is able to exercise control over their operations are fully consolidated.

Investments in the 9 (11 in 2012) unconsolidated subsidiaries are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

**b Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements** – In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force (PITF) No.18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements." PITF No. 18 prescribes (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements; (2) financial statements prepared by foreign subsidiaries in accordance with either IFRS or the generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process; (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss on pensions that has been directly recorded in equity; (c) expensing capitalized development costs of R&D; (d) cancellation of fair value model accounting for property, plant and equipment and investment properties and incorporation of cost model accounting; and (e) exclusion of minority interests from net income, if contained in net income.

**c Cash Equivalents** – For the purpose of reporting of cash flows, "Cash and cash equivalents" consists of "Cash" and "Due from the Bank of Japan."

**d Trading Assets and Liabilities** – Transactions for trading purposes (for purposes of seeking to capture gains arising from short-term changes in interest rates, currency exchange rates or market prices of securities and other market-related indices or from gaps among markets) are included in "Trading assets" and "Trading liabilities" on a trade-date basis.

Trading securities and monetary claims bought for trading purposes are stated at fair value at the consolidated balance sheet date. Trading-related financial derivatives, such as swaps, futures, and options are stated at amounts that would be received or paid for settlement if such transactions were terminated at the consolidated balance sheet date.

Trading income includes interest received and paid during the fiscal year and unrealized gains and losses resulting from the change in the value of securities, monetary claims bought, and derivatives between the consolidated balance sheet dates.

**e Securities** – Securities other than investments in unconsolidated subsidiaries and affiliates are classified into three categories, based principally on the Group's intent, as follows: (a) trading securities are securities held in anticipation of gains arising from short-term changes in market value and/or held for resale to customers and are carried at fair value with corresponding unrealized gains and losses recorded in income; (b) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are stated at amortized cost computed using straight-line method; and (c) securities not classified as held-to-maturity debt securities, other than trading securities, are classified as available-for-sale securities. Marketable available-for-sale securities are stated at fair value with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. Available-for-sale securities for which a fair value is not reliably determined are stated at cost computed using the moving-average method.

In addition, investments in unconsolidated subsidiaries that are not accounted for by the equity method are carried at cost determined by the moving-average method.

Individual securities are written down when a decline in fair value below the cost of such securities is deemed to be other than temporary.

**f Securities in Money Held in Trust** – Securities included in "Money held in trust" are stated at fair value.

**g Property, Plant and Equipment** – Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation for buildings and equipment of the Group is computed under the declining-balance method at rates based on the estimated useful lives, which are principally from 2 to 50 years for buildings and from 2 to 20 years for equipment.

Effective April 1, 2012, the Group applied the depreciation method based on the revised Corporation Tax Act to property, plant and equipment, excluding buildings, acquired on after April 1, 2012, in accordance with the amendment of the Corporation Tax Act. The effect of this application on the consolidated financial statements for the fiscal year ended March 31, 2013, was immaterial.

**h Software** – Capitalized software for internal use is depreciated using the straight-line method over its estimated useful life (principally five years).

**i Long-Lived Assets** – The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group.

The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

- j Allowance for Credit Losses** – An allowance for credit losses is determined based on a credit assessment made by management at each consolidated balance sheet date. A key element relating to policies and discipline used in determining the allowance for credit losses is the credit classification and the related borrower categorization process. The categorization is based on conditions that may affect the ability of borrowers to service their debt, taking into consideration current financial information, historical payment experience, credit documentation, public information, analyses of relevant industry segments and current trends. In determining the appropriate level of the allowance, the Group evaluates the probable loss by category of loan based on its type and characteristics.
- The Bank performs a credit assessment of its loan asset quality. The quality of all loans is assessed by branches and the credit supervisory division with a subsequent audit by the asset review and the credit inspection division in accordance with the Bank's policies and discipline.
- Under the policies and discipline, all loans are classified into five categories which are: "normal"; "caution, including substandard"; "possible bankrupt"; "virtual bankrupt"; and "legal bankrupt."
- The allowance for credit losses is calculated based on the past loss ratio for normal and caution categories, and on the fair value of the collateral and other factors of solvency including value of future cash flows for possible bankrupt, virtual bankrupt, and legal bankrupt categories.
- The Bank applied the "discounted cash flow method" (the "DCF method") in calculating the loan loss reserve amounts for most of the claims against obligors categorized as possible bankrupt or substandard under the self-assessment guidelines, and when total loan amounts exceed a certain amount. Under the DCF method, the loan loss allowance is determined as the difference between (a) relevant estimated cash flows discounted by the original contractual interest rate and (b) the book value of the claim.
- The consolidated subsidiaries provide an "Allowance for credit losses" at the amount deemed necessary to cover such losses, principally based on past experience and management's assessment of the loan portfolio.
- k Allowance for Investment Losses** – An allowance for investment losses is provided at an amount deemed necessary based on the estimate of possible future losses.
- l Liability for Employee Retirement Benefits** – The Bank and its domestic consolidated subsidiaries have a contributory funded pension plan and noncontributory unfunded retirement benefit plans, together covering substantially all of their employees.
- The Bank accounts for the liability for retirement benefits based on projected benefit obligations and plan assets at the consolidated balance sheet date.
- m Provision for Reimbursement of Deposits** – A provision for reimbursement of deposits, which were derecognized as liabilities under certain conditions, is provided for possible losses on future claims of withdrawal based on historical reimbursement experience.
- n Provision for Contingent Losses** – A provision for contingent losses is provided for the contribution to the National Federation of Credit Guarantee Corporations' liability sharing program and is recorded in the amount of estimated future contributions based on subrogate performance, etc.
- o Reserve under Special Laws** – A reserve under special laws is provided for contingent liabilities from brokering of securities or derivative transactions in accordance with Article 46-5 of the Financial Instruments and Exchange Act.
- p Asset Retirement Obligations** – In March 2008, the ASBJ published ASBJ Statement No.18, "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No.21, "Guidance

on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset.

The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

- q Stock Options** – In December 2005, the ASBJ issued ASBJ Statement No.8, "Accounting Standard for Stock Options," and related guidance that require companies to recognize compensation expense for employee stock options based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to nonemployees based on the fair value of either the stock option or the goods or services received. In the consolidated balance sheet, the stock option is presented as a stock acquisition right as a separate component of equity until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions.
- r Leases** – In March 2007, the ASBJ issued ASBJ Statement No.13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008.
- Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were treated as sales. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if sold" information is disclosed in the notes to the lessor's financial statements. The revised accounting standard requires that all finance leases that are deemed to transfer ownership of the leased property to the lessee be recognized as lease receivables and all finance leases that are not deemed to transfer ownership of the leased property to the lessee be recognized as investments in leases.
- The Group applied the revised accounting standard effective April 1, 2008. All other leases are accounted for as operating leases.
- s Income Taxes** – The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.
- t Foreign Currency Transactions** – Assets and liabilities denominated in foreign currencies held domestically and the accounts of the Bank's overseas branch are translated into Japanese yen generally at the exchange rates prevailing on the consolidated balance sheet date.
- u Foreign Currency Financial Statements** – The balance sheet, revenue and expense accounts of the consolidated overseas subsidiaries are translated into Japanese yen at the current exchange rates as of the consolidated balance sheet date except for equity, which is translated at the historical exchange rate.

**v Derivatives and Hedging Activities** – Derivatives are stated at fair value. Derivative transactions that meet hedge accounting criteria are primarily accounted for under the deferral method whereby unrealized gains and losses are deferred until maturity as deferred gain (loss) under hedge accounting in a separate component of equity.

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

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

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

With respect to derivative transactions between consolidated subsidiaries or internal transactions between trading accounts and other accounts, the Bank manages interest rate swap and currency swap transactions designated as hedging instruments in accordance with the strict hedging criteria for external mirror transactions stipulated the Industry Audit Committee Reports No.24 and No.25. Therefore, the Bank accounts for the gains and losses on these swap transactions in its earnings or defers until maturity as deferred gain (loss) under hedge accounting in a separate component of equity.

The interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not measured at fair value but the net payments or receipts under the swap agreements are recognized and included in interest expense or income.

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

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

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective years including dividends to be paid after the end of the fiscal year.

**x Accounting Changes and Error Corrections** – In December 2009, the ASBJ issued ASBJ Statement No. 24, “Accounting Standard for Accounting Changes and Error Corrections” and ASBJ Guidance No.24, “Guidance on Accounting Standard for Accounting Changes and Error Corrections.” Accounting treatments under this standard and guidance are as follows: (1) Changes in Accounting Policies—When a new accounting policy is applied with revision of accounting standards, the new policy is applied retrospectively, unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions. (2) Changes in Presentation—When the presentation of consolidated financial statements is changed, the prior-period consolidated financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates—A change in

an accounting estimate is accounted for in the period of the change if the change affects that period only and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors—When an error in the prior-period consolidated financial statements is discovered, those consolidated financial statements are restated.

## y New Accounting Pronouncements

**Accounting Standard for Retirement Benefits** – On May 17, 2012, the ASBJ issued ASBJ Statement No.26, “Accounting Standard for Retirement Benefits” and ASBJ Guidance No.25, “Guidance on Accounting Standard for Retirement Benefits.” which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and followed by partial amendments from time to time through 2009.

Major changes are as follows:

### (a) Treatment in the consolidated balance sheet

Under the current requirements, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are not recognized in the consolidated balance sheet, and the difference between retirement benefit obligations and plan assets (hereinafter, “deficit or surplus”), adjusted by such unrecognized amounts, is recognized as a liability or asset.

Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss shall be recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and the deficit or surplus shall be recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

### (b) Treatment in the consolidated statement of income and the consolidated statement of comprehensive income

The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts would be recognized in profit or loss over a certain period no longer than the expected average remaining working lives of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss shall be included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments.

### (c) Amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases

The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases.

This accounting standard and the guidance for (a) and (b) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (c) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, both with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Group expects to apply the revised accounting standard for (a) and (b) above from the end of the annual period beginning on April 1, 2013, and for (c) above from the beginning of the annual period beginning on April 1, 2014, and is in the process of measuring the effects of applying the revised accounting standard in future applicable periods.

### 3. CASH AND DUE FROM BANKS

Cash and due from banks on the consolidated balance sheet as of March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Cash and cash equivalents	¥ 336,411	¥ 121,301	\$ 3,576,943
Due from banks, excluding amounts due from the Bank of Japan	9,813	19,479	104,341
Cash and due from banks	¥ 346,224	¥ 140,780	\$ 3,681,284

### 4. TRADING ASSETS AND LIABILITIES

Trading assets and liabilities as of March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Trading assets:			
Trading securities	¥ 2,951	¥ 3,004	\$ 31,380
Derivatives of trading securities		13	
Financial derivatives	7,432	8,826	79,026
Other trading assets	28,996	14,998	308,305
Total	¥ 39,379	¥ 26,842	\$ 418,712
Trading liabilities			
—Financial derivatives	¥ 6,774	¥ 8,172	\$ 72,027

### 5. MONEY HELD IN TRUST

The aggregate fair value of money held in trust that is listed on stock exchanges or over-the-counter markets as of March 31, 2013 and 2012, is as follows:

	Fair Value		Thousands of U.S. Dollars
	2013	2012	
Money held in trust—Trading	¥ 29,735	¥ 21,359	\$ 316,165

### 6. SECURITIES

Securities as of March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Securities:			
National government bonds	¥ 1,297,824	¥ 1,111,673	\$ 13,799,304
Local government bonds	86,036	85,803	914,796
Short-term corporate bonds	499	499	5,314
Corporate bonds	250,842	268,578	2,667,114
Equity securities	233,645	196,324	2,484,270
Other securities	405,835	335,985	4,315,100
Total	¥ 2,274,684	¥ 1,998,865	\$ 24,185,901

In the following description, in addition to “Securities” in the consolidated balance sheets, also presented are beneficial interests in trust investments within the item “Monetary claims bought.”

The carrying amounts and aggregate fair value of the securities as of March 31, 2013 and 2012, are as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2013				
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 100,228	¥ 124,707	¥ 995	¥ 223,940
Debt securities	1,559,206	70,140	77	1,629,269
Other securities	385,530	14,201	980	398,751
Held-to-maturity	5,929	33	35	5,928
March 31, 2012				
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 106,110	¥ 82,295	¥ 1,888	¥ 186,517
Debt securities	1,428,074	32,756	223	1,460,607
Other securities	327,074	5,339	5,114	327,299
Held-to-maturity	5,948	34	119	5,862

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2013				
Securities classified as:				
Available-for-sale:				
Equity securities	\$ 1,065,690	\$ 1,325,968	\$ 10,581	\$ 2,381,077
Debt securities	16,578,484	745,778	821	17,323
Other securities	4,099,211	151,001	10,426	4,239,786
Held-to-maturity	63,050	357	375	63,032

Proceeds from sales of available-for-sale securities for the years ended March 31, 2013 and 2012, were ¥384,467 million (\$4,087,905 thousand) and ¥274,525 million, respectively. Gross realized gains and losses on these sales, computed on the moving-average cost basis, were ¥9,482 million (\$100,821 thousand) and ¥2,473 million (\$26,304 thousand), respectively, for the year ended March 31, 2013, and ¥5,953 million and ¥2,318 million, respectively, for the year ended March 31, 2012.

### 7. LOANS AND BILLS DISCOUNTED

Loans and bills discounted as of March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Bills discounted	¥ 22,184	¥ 24,882	\$ 235,880
Loans on bills	238,551	241,204	2,536,436
Loans on deeds	3,404,342	3,246,180	36,197,152
Overdrafts	651,206	668,253	6,924,041
Total	¥ 4,316,284	¥ 4,180,520	\$ 45,893,510

Of total loans, loans to customers in bankruptcy, which represent nonaccrual loans and which were included in loans and bills discounted, amounted to ¥8,710 million (\$92,611 thousand) and ¥12,215 million as of March 31, 2013 and 2012, respectively; past due loans which represent nonaccrual loans other than loans to customers in bankruptcy amounted to ¥111,407 million (\$1,184,561 thousand) and ¥116,483 million as of March 31, 2013 and 2012, respectively.

Of total loans, accruing loans contractually past due three months or more amounted to ¥415 million (\$4,412 thousand) and ¥417 million as of March 31, 2013 and 2012, respectively.

Of total loans, restructured loans amounted to ¥33,304 million (\$354,116 thousand) and ¥34,334 million as of March 31, 2013 and 2012, respectively. Restructured loans, designed to assist in the recovery of the financial health of debtors, were loans on which the Bank granted concessions (e.g., reduction of the stated interest rate, deferral of interest payment, extension of maturity date, reduction of the face amount). Loans classified as nonaccrual loans or accruing loans contractually past due three months or more were excluded from restructured loans.

## 8. FOREIGN EXCHANGES

Foreign exchanges as of March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
<b>Assets:</b>			
Due from foreign banks	¥ 18,130	¥ 30,551	\$ 192,772
Foreign exchange bills bought	3,094	6,331	32,902
Foreign exchange bills receivable	1,720	2,145	18,291
<b>Total</b>	<b>¥ 22,945</b>	<b>¥ 39,028</b>	<b>\$ 243,966</b>
<b>Liabilities:</b>			
Due to foreign banks	¥ 1		\$ 20
Overdrafts from foreign banks	58	¥ 64	623
Foreign exchange bills sold	879	850	9,348
Foreign exchange bills payable	1,537	1,602	16,344
<b>Total</b>	<b>¥ 2,476</b>	<b>¥ 2,518</b>	<b>\$ 26,336</b>

## 9. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Property, plant and equipment as of March 31, 2013 and 2012, net of accumulated depreciation of ¥67,859 million (\$721,523 thousand) and ¥66,220 million, respectively, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Land	¥ 15,096	¥ 15,628	\$ 160,520
Buildings	10,388	10,710	110,456
Lease assets	59	38	634
Construction in progress	9	15	95
Other tangible fixed assets	9,877	8,774	105,025
Software	4,174	4,253	44,387
Other intangible fixed assets	642	652	6,831
<b>Total</b>	<b>¥ 40,248</b>	<b>¥ 40,073</b>	<b>\$ 427,951</b>

As of March 31, 2013 and 2012, deferred gains for tax purposes of ¥8,460 million (\$89,960 thousand) and ¥8,512 million, respectively, on property, plant and equipment sold and replaced with similar assets have been deducted from the cost of newly acquired property, plant and equipment.

## 10. ACCEPTANCES AND GUARANTEES

Acceptances and guarantees include all contingent liabilities associated with the issuance of letters of credit, acceptances of bills and issuances of guarantees. The contra account included in the assets side of the consolidated balance sheet represents the Bank's potential claim against applicants.

## 11. ASSETS PLEDGED

Assets pledged as collateral as of March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
<b>Assets pledged:</b>			
Cash (other assets)	¥ 399	¥ 399	\$ 4,250
Securities	493,904	319,018	5,251,506
<b>Total</b>	<b>¥ 494,303</b>	<b>¥ 319,417</b>	<b>\$ 5,255,757</b>
<b>Related liabilities:</b>			
Deposits	¥ 14,404	¥ 12,742	\$ 153,161
Payables under securities lending transactions	97,707	44,914	1,038,887
<b>Total</b>	<b>¥ 112,112</b>	<b>¥ 57,657</b>	<b>\$ 1,192,048</b>

In addition to the above, securities of ¥74,101 million (\$787,890 thousand) and ¥114,861 million as of March 31, 2013 and 2012, respectively, and other assets amounting ¥14,120 million (\$150,138 thousand) and ¥4,103 million as of March 31, 2013 and

2012, respectively, were pledged as collateral for settlement of exchange and derivative transactions or as substitutes for futures transaction margins. Lease receivables to be received as collateral for borrowed money were ¥3,449 million (\$36,674 thousand) and ¥5,273 million as of March 31, 2013 and 2012, respectively.

Guarantee deposits on office space are included in other assets in the amount of ¥933 million (\$9,926 thousand) and ¥955 million as of March 31, 2013 and 2012, respectively.

## 12. DEPOSITS

Deposits as of March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Current deposits	¥ 213,604	¥ 200,435	\$ 2,271,183
Ordinary deposits	2,871,159	2,747,175	30,528,013
Savings deposits	63,016	64,645	670,031
Deposits at notice	18,266	10,357	194,219
Time deposits	2,505,187	2,521,584	26,636,757
Other deposits	137,403	112,639	1,460,961
<b>Total</b>	<b>¥ 5,808,637</b>	<b>¥ 5,656,838</b>	<b>\$ 61,761,166</b>

## 13. BORROWED MONEY

Borrowed money as of March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Borrowings from banks and other	¥ 161,496	¥ 93,958	\$ 1,717,130

## 14. LIABILITY FOR EMPLOYEE RETIREMENT BENEFITS

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

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

The liabilities for employee retirement benefits at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Projected benefit obligation	¥ 58,792	¥ 58,355	\$ 625,123
Fair value of plan assets	(54,555)	(47,808)	(580,073)
Projected benefit obligation in excess of plan assets	4,236	10,546	45,050
Unrecognized net actuarial loss	(6,081)	(12,345)	(64,667)
Net recognized	(1,845)	(1,798)	(19,617)
Prepaid pension cost	16,765	16,820	178,258
Liability for employee retirement benefits	¥ 14,920	¥ 15,021	\$ 158,640

The components of net periodic benefit costs for the years ended March 31, 2013 and 2012, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Service cost	¥ 1,561	¥ 1,565	\$ 16,600
Interest cost	784	982	8,344
Expected return on plan assets	(723)	(704)	(7,688)
Amortization of net actuarial loss	1,574	1,429	16,739
Other cost	173	167	1,844
<b>Net periodic benefit costs</b>	<b>¥ 3,370</b>	<b>¥ 3,440</b>	<b>\$ 35,840</b>

Assumptions used for the years ended March 31, 2013 and 2012, are as follows:

	2013	2012
Discount rate	1.5%	1.5%
Expected rate of return on plan assets	1.0%–2.0%	1.0%–2.0%
Amortization period of actuarial gain/loss	10 years	10 years

Prior service cost is charged to income as incurred.

## 15. EQUITY

The significant provisions in the Banking Law and the Companies Act of Japan (the “Companies Act”) that affect financial and accounting matters are summarized below:

### a Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders’ meeting. For companies that meet certain criteria such as (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Bank meets all the above criteria.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

### b Increases/Decreases and Transfer of Common Stock, Reserve, and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the aggregate amount of the legal reserve and additional paid-in capital equals 25% of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

### c Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

The Banking Law provides that an amount at least equal to 20% of the aggregate amount of cash dividends and certain other appropriations of retained earnings associated with cash outlays applicable to each period shall be appropriated as a legal reserve (a component of retained earnings) until the total of such reserve and additional paid-in capital equals 100% of common stock. The amount of total additional paid-in capital and legal reserve that exceeds 100% of common stock may be available for dividends upon resolution by the shareholders. In addition, the Companies Act permits the transfer of a portion of additional paid-in capital and legal reserves to common stock upon resolution by the Board of Directors.

## 16. STOCK ACQUISITION RIGHTS

The stock options outstanding as of March 31, 2013, are as follows:

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
2008 Stock Option	9 directors	105,700 shares	July 28, 2008	¥ 1 (\$0.01)	From July 29, 2008 to July 28, 2033
2009 Stock Option	8 directors	135,900 shares	July 27, 2009	¥ 1 (\$0.01)	From July 28, 2009 to July 27, 2034
2010 Stock Option	8 directors	150,000 shares	August 2, 2010	¥ 1 (\$0.01)	From August 3, 2010 to August 2, 2035
2011 Stock Option	8 directors	150,000 shares	August 8, 2011	¥ 1 (\$0.01)	From August 9, 2011 to August 8, 2036
2012 Stock Option	8 directors	150,000 shares	August 6, 2012	¥ 1 (\$0.01)	From August 7, 2012 to August 6, 2037

The stock option activity is as follows:

Year Ended March 31, 2012	2008 Stock Option	2009 Stock Option	2010 Stock Option	2011 Stock Option	2012 Stock Option
	(Shares)				
<b>Nonvested</b>					
April 1, 2011— Outstanding					
Granted	67,400	122,400	150,000		
Canceled					150,000
Vested	35,900	47,200	52,200		
March 31, 2012— Outstanding	31,500	75,200	97,800	150,000	
<b>Vested</b>					
April 1, 2011— Outstanding					
Vested	35,900	47,200	52,200		
Exercised	35,900	47,200	52,200		
Canceled					
March 31, 2012— Outstanding					
2008 Stock Option					
2009 Stock Option					
2010 Stock Option					
2011 Stock Option					
2012 Stock Option					
(Shares)					
Year Ended March 31, 2013					
<b>Nonvested</b>					
March 31, 2012— Outstanding					
Granted	31,500	75,200	97,800	150,000	
Canceled					
Vested					150,000
March 31, 2013— Outstanding	31,500	75,200	97,800	150,000	150,000
<b>Vested</b>					
March 31, 2012— Outstanding					
Vested					
Exercised					
Canceled					
March 31, 2013— Outstanding					
Exercise price					
	¥1 (\$ 0.01)	¥1 (\$ 0.01)	¥1 (\$ 0.01)	¥1 (\$ 0.01)	¥1 (\$ 0.01)
Average stock price at exercise					
Fair value price at grant date					
	¥617 (\$ 7.42)	¥512 (\$ 6.15)	¥452 (\$ 5.43)	¥374 (\$ 4.55)	¥410 (\$ 4.35)

The Assumptions Used to Measure Fair Value of 2013 Stock Option Grant

Estimate method: Black-Scholes option-pricing model

Volatility of stock price: 23.54%

Estimated remaining outstanding period: One year and six months

Estimated dividend: ¥7 per share

Interest rate with risk free: 0.093%

## 17. OTHER OPERATING INCOME

Other operating income for the years ended March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Gains on foreign exchange transactions	¥ 539	¥ 915	\$ 5,735
Gains on sales of bonds	8,163	5,154	86,802
Income on lease transaction and installment receivables	34,879	38,307	370,858
Other	1,061	1,113	11,286
<b>Total</b>	<b>¥ 44,643</b>	<b>¥ 45,490</b>	<b>\$ 474,681</b>

## 18. OTHER INCOME

Other income for the years ended March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Gains on sales of equity securities	¥ 1,661	¥ 799	\$ 17,664
Gains on money held in trust	3,751	1,989	39,891
Other	2,481	4,248	26,381
<b>Total</b>	<b>¥ 7,894</b>	<b>¥ 7,037</b>	<b>\$ 83,937</b>

## 19. OTHER OPERATING EXPENSES

Other operating expenses for the years ended March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Loss on sales of bonds	¥ 2,681	¥ 1,048	\$ 28,507
Cost of lease transaction and installment receivables	30,448	33,426	323,744
Other	60	145	643
<b>Total</b>	<b>¥ 33,189</b>	<b>¥ 34,620</b>	<b>\$ 352,895</b>

## 20. OTHER EXPENSES

Other expenses for the years ended March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Write-off of loans	¥ 26	¥ 35	\$ 284
Losses on sales of equity securities	842	1,638	8,956
Valuation losses on equity securities	1,263	87	13,435
Loss on money held in trust	5,468	2,096	58,146
Loss on sales of real estate	156	208	1,661
Impairment losses	530	154	5,643
Other	2,324	2,565	24,713
<b>Total</b>	<b>¥ 10,612</b>	<b>¥ 6,786</b>	<b>\$ 112,841</b>

## 21. INCOME TAXES

The Bank and its domestic consolidated subsidiaries are subject to Japanese national and local income taxes that, in the aggregate, resulted in normal effective statutory tax rates of approximately 37.63% and 40.28% for the years ended March 31, 2013 and 2012, respectively.

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities as of March 31, 2013 and 2012, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
<b>Deferred tax assets:</b>			
Allowance for credit losses	¥ 19,882	¥ 22,701	\$ 211,406
Liability for employee retirement benefits	5,888	5,661	62,609
Valuation difference on available-for-sale securities	717	2,487	7,628
Deferred losses on hedges	8,772	4,012	93,270
Valuation losses on equity securities	2,070	1,862	22,013
Depreciation	3,621	3,244	38,510
Accrued enterprise tax	585	490	6,225
Others	4,468	4,360	47,508
Less—valuation allowance	(4,932)	(4,179)	(52,440)
<b>Total deferred tax assets</b>	<b>41,074</b>	<b>40,641</b>	<b>436,733</b>
<b>Deferred tax liabilities:</b>			
Valuation difference on available-for-sale securities	73,015	42,023	776,349
Gain on contribution of securities to employee retirement benefit trust	2,612	2,612	27,781
Deferred gains on hedges	426	791	4,532
Others	1,586	1,892	16,872
<b>Total deferred tax liabilities</b>	<b>77,641</b>	<b>47,320</b>	<b>825,536</b>
<b>Net deferred tax liabilities</b>	<b>¥ (36,566)</b>	<b>¥ (6,678)</b>	<b>\$ (388,803)</b>

Reconciliation is not presented for the years ended March 31, 2013 and 2012, because the difference was immaterial (less than 5% of the normal statutory tax rate).

## 22. LEASES

### Lessor

The net investments in leases are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Gross lease receivables	¥ 56,416	¥ 64,792	\$ 599,855
Estimated residual values	4,364	1,992	46,406
Estimated maintenance cost	(1,280)	(3,019)	(13,616)
Unearned interest income	(4,835)	(6,367)	(51,414)
<b>Investments in leases</b>	<b>¥ 54,664</b>	<b>¥ 57,397</b>	<b>\$ 581,231</b>

Maturities of lease receivables for finance leases that are deemed to transfer ownership of the leased property to the lessee are as follows:

March 31	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Due in 1 year or less	¥ 528	¥ 282	\$ 5,621
Due from 1 to 2 years	484	272	5,151
Due from 2 to 3 years	358	238	3,806
Due from 3 to 4 years	290	127	3,086
Due from 4 to 5 years	178	87	1,899
Due after 5 years	85	51	905
<b>Total</b>	<b>¥ 1,925</b>	<b>¥ 1,059</b>	<b>\$ 20,470</b>

Maturities of investments in leases for finance leases that are deemed not to transfer ownership of the leased property to the lessee are as follows:

March 31	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Due in 1 year or less	¥ 18,846	¥ 21,964	\$ 200,391
Due from 1 to 2 years	14,446	16,437	153,599
Due from 2 to 3 years	10,537	11,739	112,044
Due from 3 to 4 years	6,959	7,798	74,002
Due from 4 to 5 years	3,415	4,446	36,319
Due after 5 years	2,210	2,405	23,498
<b>Total</b>	<b>¥ 56,416</b>	<b>¥ 64,792</b>	<b>\$ 599,855</b>

The minimum rental commitments under noncancelable operating leases as of March 31, 2013 and 2012, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Due within one year	¥ 2,557	¥ 2,153	\$ 27,189
Due after one year	2,668	2,071	28,373
<b>Total</b>	<b>¥ 5,225</b>	<b>¥ 4,225</b>	<b>\$ 55,562</b>

### 23. RELATED-PARTY TRANSACTIONS

Related-party transactions for the fiscal years ended March 31, 2013 and 2012, are as follows:

Related Party	Category	Description of the Transaction	2013			
			Amounts of Transactions		Balance at End of the Year	
			Millions of Yen	Thousands of U.S. Dollars	Millions of Yen	Thousands of U.S. Dollars
Takeshi Kadota	Audit & Supervisory Board member	Loan	(Average amounts) ¥ 21	\$ 232	¥ 21	\$ 224

Related Party	Category	Description of the Transaction	2012			
			Amounts of Transactions		Balance at End of the Year	
			Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Takeshi Kadota	Audit & Supervisory Board member	Loan	(Average amounts) ¥ 23		¥ 22	

### 24. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

#### (1) Group Policy for Financial Instruments

The Group offers financial services such as providing loans and sales of investment products to customers. In performing these operations, the Bank uses funds received as deposits from customers or by borrowing money from the market in consideration of market conditions and the balance in funding periods between the short term and the long term.

As the Bank holds financial assets and liabilities affected by interest rate movements, it carries out Asset Liability Management ("ALM") to avoid negative effects of interest movements. In managing interest rate movements, the Bank deals with derivatives.

The Bank and certain consolidated subsidiaries also hold securities for sale to customers.

#### (2) Nature and Extent of Risks Arising from Financial Instruments

##### (a) Loans

The Bank provides loans mainly to domestic customers but does not focus on specific groups of companies. These loans are exposed to credit risk in case of the customers' breach of the contract. In all domestic loans, the percentage of loans in Nagano Prefecture, the Banks' main business area, is approximately 50%. So the Bank's credit risk is likely to deteriorate due to negative changes in the economy in Nagano Prefecture.

##### (b) Securities

Securities are mainly bonds, stocks, investment trusts and corporate investment funds. These securities are classified into categories, such as (1) securities held to maturity, (2) available-for-sales, and (3) securities for trading purposes to sell to customers. All securities are exposed to the credit risk of the securities' issuers or interest rate risk, market price risk, foreign exchange risk and liquidity risk.

##### (c) Deposits

The Bank receives deposits from customers. These deposits are exposed to interest rate risk, foreign exchange risk and liquidity risk.

##### (d) Derivatives

The purpose of using derivatives is to provide customers various hedging instruments to hedge the Bank's portfolio under ALM and to enhance the Bank's profit. Derivatives include interest rate swaps, interest cap transactions, and currency exchange swaps. Using these derivatives as hedging instruments for loans and securities, the Bank applies hedge accounting to derivative transactions and assesses the effectiveness between the hedged items and hedging instruments from the start of hedging. These derivative transactions are exposed to market risk and credit risk.

Derivative transactions used for hedging purposes are carried out in accordance with the Bank's annual hedging policy.

### (3) Risk Management for Financial Instruments

#### (a) Credit risk management

In accordance with internal rules of credit risk management, the Bank examines every loan, manages loans according to credit lines for each debtor, addresses troubled loans, reviews each debtor's credit rating and manages the Bank's loan portfolio. Regarding the loan examination structure, the loan promotion section is separated from the loan examination section in the head office. These two sections monitor and check each other. Every loan from the business branches is examined in many stages from loan application to the Bank's final decision. The Bank reviews each debtor's credit rating on a regular basis to identify troubled loans in a timely manner. In addition, the Bank uses examination results in order to reduce credit risk and to manage the Bank's loan portfolio.

The Bank carries out its business under credit line limits for each debtor. Such limits are defined by the Risk Management Department on a semiannual basis.

#### (b) Market risk management (interest rate risk, foreign exchange risk, and market price risk)

The Group stipulates internal rules of market risk management and controls market risk so as to maintain management soundness and profitability.

Considering market and Bank's conditions, the Bank defines the Market Risk Management Policy on a semiannual basis to maintain an appropriate balance between risk and return and to adjust the volume of risk. Furthermore, the Management Committee confirms the risk limit and loss limit by each transaction type for each customer according to the Market Risk Management Policy. The Bank defines the limit of investment, limit of holding, and limit of valuation losses, as necessary. It also defines the threshold that should limit market risk and losses to certain amounts. Each section should carry out its business within risk limits, as well as report the risk status to an executive officer on a daily basis.

Regarding management of business operations, the front office is separated from the back office. The middle office which controls and manages risk is also separated from these two offices. These three offices monitor and check each other.



### Management of Interest Rate Risk

To manage risk caused by interest rate fluctuations, the Bank uses Value at Risk ("VaR") for the change of economic value and uses ALM for the change of interest rate in gap analysis. The "ALM and Integrated Risk Conference" monitors the Group's risk status and discusses various measures corresponding to risks. As stated above, the Bank uses some derivatives transactions under ALM.

### Management of Foreign Exchange Risk

The Bank manages the change of economic value arising from fluctuations in foreign exchange rates by VaR. To avoid excessive foreign exchange risk, the Bank defines the upper holding limit in its market risk management policy.

### Management of Market Price Risk

The Bank manages the change of economic value arising from fluctuations in market prices by VaR. The Board of Directors define the upper limit of risk on a semiannual basis by taking into account the Bank's capital status and market conditions. Certain consolidated subsidiaries report market values of holding securities to the Bank's Board of Directors on a regular basis.

### The Principles of Derivative Transactions

The Bank establishes internal rules for derivative transactions and manages the Group's risk in an integrated fashion including derivative transactions made by consolidated subsidiaries. Regarding derivatives, the Risk Management Department reports the total positions, market values and market risk amounts to both executive officers and the "ALM and Integrated Risk Conference" on a regular basis.

To manage risk arising from derivative transactions, the middle office, which checks and controls risk, is separated from the front office so as to monitor the front office's transactions.

### Quantitative Information on Market Risk

The Bank principally uses VaR for quantitative analysis of the market risk of all financial instruments. For calculating VaR, the historical simulation method (confidence interval of 99.9% observation period of 1,250 days, and holding period of 10 days for Bank's trading business and 240 days for Bank's banking business) has been adopted.

The VaRs in the Bank's trading business are ¥125 million (\$1,337 thousand) and ¥65 million and the VaRs in the Bank's banking business are ¥191,586 million (\$2,037,074 thousand) and ¥150,028 million as of March 31, 2013 and 2012, respectively.

The Bank conducts back testing to compare the VaR calculated using the model with actual loss amounts. According to the bank testing results, it is believed that the measurement model that the Bank uses is adequate to capture market risk. It should be noted that VaR measures the amount of market risk at certain probability levels statistically calculated based on historical market fluctuations and therefore there may be cases where market risk cannot be captured in situations when market conditions change dramatically beyond what has been experienced historically.

### (c) Liquidity risk management

The Bank manages liquidity risk through diversification of funding and adjustment of funding periods between long term and short term under ALM.

## (4) Fair Value of Financial Instruments

Fair values of financial instruments are based on quoted prices in active markets. If quoted prices are not available, other rational valuation techniques are used instead. Please see Note 25 for the detail of the fair value of derivatives.

### (a) Fair value of financial instruments

	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gains(Losses)
March 31, 2013			
Cash and due from banks	¥ 346,224	¥ 346,224	
Securities:			
Held-to-maturity	5,929	5,928	¥ (1)
Available-for-sale	2,251,961	2,251,961	
Loans and bills discounted	4,316,284		
Allowance for credit losses	(66,104)		
Subtotal	4,250,180	4,311,863	61,683
Total	¥6,854,297	¥6,915,978	¥ 61,681
Deposits	¥5,808,637	¥5,809,256	¥ 619
Negotiable certificates of deposits	372,257	372,257	
Payables under securities			
lending transactions	97,707	97,707	
Borrowed money	161,496	161,527	31
Total	¥6,440,098	¥6,440,749	¥ 650
Derivative transactions:			
Hedge accounting not applied	¥ 795	¥ 795	
Hedge accounting applied	(24,607)	(24,607)	
Total	¥ (23,811)	¥ (23,811)	
March 31, 2012			
Cash and due from banks	¥ 140,780	¥ 140,780	
Securities:			
Held-to-maturity	5,948	5,862	¥ (85)
Available-for-sale	1,974,424	1,974,424	
Loans and bills discounted	4,180,520		
Allowance for credit losses	(76,241)		
Subtotal	4,104,278	4,162,423	58,145
Total	¥6,225,431	¥6,283,491	¥ 58,059
Deposits	¥5,656,838	¥5,657,960	¥ 1,121
Negotiable certificates of deposits	68,251	68,251	
Borrowed money	93,958	93,978	19
Total	¥5,819,048	¥5,820,189	¥ 1,141
Derivative transactions:			
Hedge accounting not applied	¥ 1,667	¥ 1,667	
Hedge accounting applied	(10,024)	(10,024)	
Total	¥ (8,357)	¥ (8,357)	
		Thousands of U.S.Dollars	
March 31, 2013			
Cash and due from banks	\$ 3,681,284	\$ 3,681,284	
Securities:			
Held-to-maturity	63,050	63,032	\$ (18)
Available-for-sale	23,944,305	23,944,305	
Loans and bills discounted	45,895,510		
Allowance for credit losses	(702,863)		
Subtotal	45,190,646	45,846,503	655,856
Total	\$72,879,287	\$ 73,535,125	\$ 655,838
Deposits	\$ 61,761,166	\$ 61,767,749	\$ 6,582
Negotiable certificates of deposits	3,958,079	3,958,079	
Payables under securities			
lending transactions	1,038,887	1,038,887	
Borrowed money	1,717,130	1,717,467	336
Total	\$68,475,264	\$68,482,184	\$ 6,919
Derivative transactions:			
Hedge accounting not applied	\$ 8,461	\$ 8,461	
Hedge accounting applied	(261,639)	(261,639)	
Total	\$ (253,177)	\$ (253,177)	

### Cash and Due from Banks

Fair values of cash and due from banks that have no maturity dates are approximately equivalent to book values.

Regarding due from banks with maturity dates, the fair values of products with short maturities (less than one year) are equivalent to the book values.

### Securities

Fair values of stocks are measured at the quoted market prices in stock markets. Fair values of bonds are measured at the quoted market prices in bond markets or the quoted prices obtained from financial institutions.

Fair values of investment trusts are measured at the standard prices disclosed in public.

Fair values of private placement bonds with guarantees are measured at the total amounts of the principal and interest discounted at market rates, plus spreads. The spreads are defined in internal guidelines.

Information relating to securities for holding purpose is included in Note 6.

### Loans

Because floating rate loans are immediately affected by the movement of interest rates, the fair values of these loans are equivalent to book values in cases where the credit risk of debtors has not totally changed from the execution of the loans.

For fixed-rate loans used to fund business, fair values are determined by discounting the total amounts of the principal and interest at market rates plus spreads. The spreads are defined in internal guidelines.

For fixed-rate loans other than business funds, fair values are determined by discounting the total amounts of the principal and interest at expected rates if the Bank newly executes similar loans to customers. Such expected rates are determined according to the loans' type and period. The fair values of fixed-rate loans other than business funds with short maturity (less than one year) are equivalent to the book values.

For loans to debtors who are legally bankrupt, virtually bankrupt, and possible bankrupt, a reserve for possible loan losses calculated from the current value of expected future cash flows or from the amount expected to be collected through disposal of collateral or execution of guarantees is

provided. Therefore, the book values at the consolidated balance sheet date, net of reserve amounts, are regarded as the fair values.

Specific loans in which the loan amount can be increased or decreased within the collateral amount have no maturity dates. The fair values of such loans are assumed to be equivalent to the book values because of the loans' period and conditions.

### Deposits and Negotiable Certificates of Deposits

Fair values of demand deposits are measured at the expected amount to be paid to depositors from the Bank at the consolidated balance sheet date (book values). For time deposits, according to each period, fair values are measured at the total amount of the principal and interest discounted at the rate that the Bank applies to new deposits.

### Payables under Securities Lending Transactions

Fair value of payables under securities lending transactions whose term is short (within one year) approximates the carrying value and is therefore deemed equal to the carrying value.

### Borrowed Money

Because floating-rate borrowed money is immediately affected by the movement of interest rates, the fair value of this borrowed money is equivalent to book value in cases where the credit risk of consolidated subsidiaries has not totally changed from when the money was borrowed.

The fair value of fixed-rate borrowed money, which is classified in accordance with its period, is estimated by discounting future cash flows, using rates that would be offered to similar borrowings. The fair value of borrowed money whose term is short (within one year) approximates the carrying value and is therefore deemed equal to the carrying value.

### Derivatives

Information on the fair value of derivatives is included in Note 25.

(b) Financial instruments whose fair value cannot be reliably determined

March 31	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Investments in equity instruments that do not have a quoted market price in an active market	¥ 16,789	¥ 18,489	\$178,583

## (5) Maturity Analysis for Financial Assets and Securities with Contractual Maturities

March 31, 2013	Millions of Yen					
	Due in 1 Year or Less	Due from 1 to 3 Years	Due from 3 to 5 Years	Due from 5 to 7 Years	Due from 7 to 10 Years	Due after 10 Years
Due from banks	¥ 261,882					
Securities	111,384	¥ 351,493	¥ 248,984	¥ 307,561	¥ 421,651	¥ 422,113
Held-to-maturity		5,900				
National government bonds		5,000				
Corporate bonds		900				
Available-for-sale	111,384	345,593	248,984	307,561	421,651	422,113
National government bonds	27,000	139,500	123,489	221,500	279,600	416,000
Local government bonds	2,856	20,021	14,083	21,290	23,773	
Short-term corporate bonds	500					
Corporate bonds	19,403	71,266	17,921	21,444	111,638	
Loans and bills discounted	906,786	929,296	641,915	325,241	354,289	507,548
Total	¥ 1,280,053	¥ 1,280,789	¥ 890,899	¥ 632,803	¥ 775,940	¥ 929,662
March 31, 2012						
Due from banks	¥ 76,920					
Securities	213,536	¥ 220,739	¥ 297,981	¥ 246,791	¥ 404,941	¥ 306,035
Held-to-maturity		3,900	2,000			
National government bonds		3,000	2,000			
Corporate bonds		900				
Available-for-sale	213,536	216,839	295,981	246,791	404,941	306,035
National government bonds	49,000	42,378	188,689	188,800	300,600	298,500
Local government bonds	10,548	17,926	7,852	22,294	23,984	
Short-term corporate bonds	500					
Corporate bonds	83,124	74,166	29,008	1,542	76,383	
Loans and bills discounted	851,028	972,419	605,307	277,460	329,357	476,692
Total	¥ 1,141,485	¥ 1,193,159	¥ 903,289	¥ 524,252	¥ 734,298	¥ 782,727

March 31, 2013	Thousands of U.S. Dollars					
	Due in 1 Year or Less	Due from 1 to 3 Years	Due from 3 to 5 Years	Due from 5 to 7 Years	Due from 7 to 10 Years	Due after 10 Years
Due from banks	\$ 2,784,497					
Securities	1,184,315	\$ 3,737,305	\$ 2,647,359	\$ 3,270,191	\$ 4,483,265	\$ 4,488,179
Held-to-maturity		62,732				
National government bonds		53,165				
Corporate bonds		9,569				
Available-for-sale	1,184,315	3,674,573	2,647,359	3,270,191	4,483,265	4,488,179
National government bonds	287,081	1,483,253	1,313,018	2,355,130	2,972,886	4,423,179
Local government bonds	30,370	212,878	149,746	226,374	252,769	
Short-term corporate bonds	5,316					
Corporate bonds	206,309	757,750	190,553	228,013	1,187,006	
Loans and bills discounted	9,641,540	9,880,872	6,825,254	3,458,181	3,767,033	5,396,585
Total	\$ 13,610,353	\$ 13,618,178	\$ 9,472,614	\$ 6,728,373	\$ 8,250,299	\$ 9,884,764

**(6) Scheduled Repayment Amount after the Consolidated Balance Sheet Date for Borrowed Money and Other Interest-Bearing Liabilities**

March 31, 2013	Millions of Yen					
	Due in 1 Year or Less	Due from 1 to 3 Years	Due from 3 to 5 Years	Due from 5 to 7 Years	Due from 7 to 10 Years	Due after 10 Years
Deposits	¥ 4,993,765	¥ 771,296	¥ 31,319	¥ 4,030	¥ 8,225	
Negotiable certificates of deposits	371,687	570				
Payables under securities lending transactions	97,707					
Borrowed money	159,538	935	993	18	9	
Total	¥ 5,622,699	¥ 772,802	¥ 32,313	¥ 4,048	¥ 8,234	
March 31, 2012						
Deposits	¥ 4,874,303	¥ 742,036	¥ 29,267	¥ 3,566	¥ 7,663	
Negotiable certificates of deposits	67,751	500				
Payables under securities lending transactions	44,914					
Borrowed money	92,519	521	899	17		
Total	¥ 5,079,488	¥ 743,057	¥ 30,167	¥ 3,584	¥ 7,664	
March 31, 2013	Thousands of U.S. Dollars					
	Due in 1 Year or Less	Due from 1 to 3 Years	Due from 3 to 5 Years	Due from 5 to 7 Years	Due from 7 to 10 Years	Due after 10 Years
Deposits	\$ 53,096,923	\$ 8,200,919	\$ 333,012	\$ 42,852	\$ 87,458	
Negotiable certificates of deposits	3,952,019	6,060				
Payables under securities lending transactions	1,038,887					
Borrowed money	1,696,320	9,948	10,567	196	97	
Total	\$ 59,784,151	\$ 8,216,928	\$ 343,580	\$ 43,049	\$ 87,555	

**25. DERIVATIVES**

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

- Interest rate-related transactions: Interest rate futures, forward rate agreements, interest rate swaps, and interest rate options
- Currency-related transactions: Currency swaps, currency futures, currency options, and forward foreign exchange contracts
- Stock-related transactions: Stock index futures and stock index future options
- Bond-related transactions: Bond futures, bond future options, and over-the-counter bond options
- Others: Credit derivatives

The Bank and certain subsidiaries use derivatives primarily to hedge risks for customers to maximize the profit of its own trading account and to manage the potential risks in its own portfolio as a part of ALM.

Derivatives are subject to market risk and credit risk. Market risk is the exposure created by potential fluctuations in market conditions, including interest rates, foreign exchange rates, or prices of bonds. Credit risk is the possibility that a loss may result from a counterparty's failure to perform according to the terms and conditions of the contract.

The Bank comprehensively controls derivative risks of the Bank and certain consolidated subsidiaries in accordance with its Risk Management Regulations and Market Risk Management Regulations. The position amounts, market values, and market risks are reported periodically to the responsible executive officers and the ALM Committee, where evaluations and analyses of derivatives are made.

Risk control of derivatives is the responsibility of the Risk Management Department independent from the front office. The Risk Management Department is in charge of controlling market risks in order to make the risk control system work effectively.

On the other hand, concerning credit risk management, the Bank sets up credit limits of customers according to their credit standings and manages it strictly not to exceed each credit ceiling of customers.

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

### Derivative Transactions to Which Hedge Accounting Is Not Applied at March 31, 2013

	Millions of Yen				Thousands of U.S. Dollars			
	Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value	Unrealized Gains(Losses)	Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value	Unrealized Gains(Losses)
<b>Interest Rate-Related Transactions</b>								
Listed—Interest rate futures:								
Selling	¥ 4,648	¥ 4,648	¥ (28)	¥ (28)	\$ 49,422	\$ 49,422	\$ (302)	\$ (302)
Buying	10,498	6,985	30	30	111,625	74,272	319	319
Over the counter—Interest rate swaps:								
Receipt fixed—payments floating	106,273	96,969	1,922	1,922	1,129,972	1,031,039	20,439	20,439
Receipt floating—payments fixed	104,290	94,986	(1,265)	(1,265)	1,108,886	1,009,952	(13,450)	(13,450)
Receipt floating—payments floating	600	600	1	1	6,379	6,379	10	10
Over the counter—Interest rate options:								
Selling	205	205		18	2,186	2,186	(9)	199
Buying	205	205		(14)	2,186	2,186	9	(151)
<b>Currency-Related Transactions</b>								
Over the counter—Currency futures:								
Selling	31,968	8	(5,469)	(5,469)	339,906	88	(58,152)	(58,152)
Buying	34,783		5,610	5,610	369,835		59,658	59,658
Over the counter—Currency options:								
Selling	34,118	23,157	(1,877)	2,411	362,771	246,221	(19,961)	25,637
Buying	34,118	23,157	1,877	(1,044)	362,771	246,221	19,961	(11,106)
<b>Bond-Related Transactions</b>								
Listed—Bond futures—selling	3,542		(5)	(5)	37,661		(60)	(60)

The contract or notional amounts of derivatives that are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

### Derivative Transactions to Which Hedge Accounting Is Applied at March 31, 2013

	Hedged Item	Millions of Yen			Thousands of U.S. Dollars		
		Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value	Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value
<b>Interest Rate-Related Transactions</b>							
Interest rate swaps—Receipt fixed—payments floating	Loans and bills discounted, available-for-sale securities, and other financial assets and liabilities	¥ 150,000	¥ 150,000	¥ 258	\$ 1,594,896	\$ 1,594,896	\$ 2,747
Receipt floating—Payments fixed		408,225	405,545	(25,784)	4,340,510	4,312,015	(274,154)
<b>Currency-Related Transactions</b>							
Currency swaps	Foreign bonds		5,643	1,207	60,000		12,838
Foreign exchange swaps	Foreign currency loans and deposits		28,352	(288)	301,457		(3,070)

The contract or notional amounts of derivatives that are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

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

	Hedged Item	Millions of Yen			Thousands of U.S. Dollars		
		Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value	Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value
<b>Interest Rate-Related Transactions</b>							
Interest rate swaps—Receipt floating—payments fixed	Loans and bills discounted and borrowed money	¥ 17,518	¥ 17,518		\$ 186,272	\$ 186,272	

### Derivative Transactions to Which Hedge Accounting Is Not Applied at March 31, 2012

	Millions of Yen			
	Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value	Unrealized Gains(Losses)
<b>Interest Rate-Related Transactions</b>				
Listed—Interest rate futures:				
Selling	¥ 25,005	¥ 4,062	¥ (3)	¥ (3)
Buying	24,094	16,308	3	3
Over the counter—				
Interest rate swaps:				
Receipt fixed—payments floating	109,154	92,303	1,542	1,542
Receipt floating—payments fixed	111,207	94,455	(890)	(890)
Over the counter—				
Interest rate options:				
Selling	918	244	(1)	30
Buying	918	244	1	(21)
<b>Currency-Related Transactions</b>				
Over the counter—				
Currency swaps	3,451			
Over the counter—				
Currency futures:				
Selling	23,451	389	102	102
Buying	26,489	1,115	894	894
Over the counter—				
Currency options:				
Selling	46,758	30,784	(5,215)	897
Buying	46,758	30,784	5,215	1,017
<b>Bond-Related Transactions</b>				
Listed—Bond futures:				
Selling	3,576		(5)	(5)
Buying	2,826		13	13
Over the counter—				
Bond options—buying	16,139		8	(11)

### Derivative Transactions to Which Hedge Accounting Is Applied at March 31, 2012

	Hedged Item	Millions of Yen		
		Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value
<b>Interest Rate-Related Transactions</b>				
Interest rate swaps—				
Receipt floating—payments fixed	Loans and bills discounted, available-for-sale securities, and other financial assets and liabilities	¥ 306,305	¥ 303,194	¥ (11,932)
<b>Currency-Related Transactions</b>				
Currency swaps	Foreign bonds	5,745	4,931	2,241
Foreign exchange swaps	Foreign currency loans and deposits	24,558	704	(333)

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

	Hedged Item	Millions of Yen		
		Contract or Notional Amount	Contract Amount Due after 1 Year	Fair Value
<b>Interest Rate-Related Transactions</b>				
Interest rate swaps—				
Receipt floating—payments fixed	Loans and bills discounted, and borrowed money	¥ 16,113	¥ 16,113	

The contract or notional amounts of derivatives that are shown in the above tables do not represent the Bank's exposure to credit or market risk.

### 26. LOAN COMMITMENTS

The Bank and its consolidated subsidiaries issue commitments to extend credit and establish credit lines for overdrafts to meet the financing needs of their customers. Unfunded amounts relating to these contracts totaled ¥1,346,246 million (\$14,314,159 thousand) and ¥1,363,648 million as of March 31, 2013 and 2012, respectively.

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

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

### 27. COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Unrealized gain on available-for-sale securities:			
Gains arising during the year	¥ 98,420	¥ 26,766	\$1,046,467
Reclassification adjustments to profit or loss	(4,588)	(3,526)	(48,787)
Amount before income tax effect	93,831	23,240	997,679
Income tax effect	(32,761)	(3,605)	(348,344)
Total	61,069	19,635	649,334
Deferred loss on derivatives under hedge accounting:			
Gains arising during the year	(19,631)	(17,289)	(208,739)
Reclassification adjustments to profit or loss	5,093	4,031	54,156
Amount before income tax effect	(14,538)	(13,257)	(154,583)
Income tax effect	5,124	4,880	54,490
Total	(9,413)	(8,377)	(100,092)
Foreign currency translation adjustments:			
Adjustments arising during the year	192	(84)	2,044
Amount before income tax effect	192	(84)	2,044
Total	192	(84)	2,044
Total other comprehensive income	¥ 51,848	¥ 11,173	\$ 551,286

### 28. NET INCOME PER SHARE

Basic net income per share ("EPS") for the years ended March 31, 2013 and 2012, is as follows:

Year Ended March 31,	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income	Weighted-Average Shares	EPS	
2013				
Basic EPS—Net income available to common shareholders	¥ 22,151	507,912	¥ 43.61	\$ 0.46
Effect of dilutive—Stock acquisition rights		468		
Diluted EPS—Net income for computation	¥ 22,151	508,381	¥ 43.57	\$ 0.46
2012				
Basic EPS—Net income available to common shareholders	¥ 17,359	511,059	¥ 33.96	
Effect of dilutive—Stock acquisition rights		354		
Diluted EPS—Net income for computation	¥ 17,359	511,413	¥ 33.94	

### 29. SUBSEQUENT EVENT

The following appropriations of retained earnings at March 31, 2013, will be approved at the Bank's shareholders' meeting to be held on June 21, 2013:

	Millions of Yen	Thousands of U.S. Dollars
Cash dividends, ¥6.50 (\$0.06) per share	¥ 3,290	\$ 34,983

### 30. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures," and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

#### (1) Description of Reportable Segments

The Group's reportable segments are those for which financial information is available separately and regular evaluation by the Bank's management is performed in order to decide how resources are allocated among the Group. The Group consists of the banking and leasing segments. Banking consists of banking and credit card business. Leasing consists of leasing business.

#### (2) Methods of Measurement for Sales, Profit (Loss), Assets, Liabilities and Other Items

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

#### (3) Information about Ordinary Income, Profit (Loss), Assets, Liabilities and Other Items

	Thousands of U.S. Dollars						
	2013						
	Reportable Segment			Other	Total	Recon- ciliations	Consoli- dated
Banking	Leasing	Total					
Ordinary income:							
Outside customers	\$1,324,966	\$ 374,766	\$1,699,732	\$ 27,668	\$1,727,400		\$ 1,727,400
Intersegment	8,574	8,095	16,669	524	17,194	\$ (17,194)	
Total	\$1,333,540	\$ 382,861	\$1,716,402	\$ 28,192	\$1,744,594	\$ (17,194)	\$ 1,727,400
Segment profit	\$ 379,737	\$ 38,511	\$ 418,248	\$ 5,367	\$ 423,616	\$ (93)	\$ 423,522
Segment assets	76,688,889	925,925	77,614,814	145,312	77,760,126	(620,531)	77,139,595
Segment liabilities	70,944,042	701,916	71,645,958	92,923	71,738,881	(588,000)	71,150,881
Other:							
Depreciation	45,763	12,992	58,756	436	59,192		59,192
Interest income	938,400	1,101	939,502	1,200	940,703	(3,656)	937,047
Interest expense	86,072	4,170	90,243	500	90,743	(3,656)	87,087
Income taxes	142,293	13,687	155,981	517	156,498	(9)	156,489
Increase in property, plant and equipment and intangible assets	40,360	26,497	66,858	103	66,961		66,961

	Millions of Yen						
	2013						
	Reportable Segment			Other	Total	Recon- ciliations	Consoli- dated
Banking	Leasing	Total					
Ordinary income:							
Outside customers	¥ 124,613	¥ 35,246	¥ 159,859	¥ 2,602	¥ 162,462		¥ 162,462
Intersegment	806	761	1,567	49	1,617	¥ (1,617)	
Total	¥ 125,419	¥ 36,008	¥ 161,427	¥ 2,651	¥ 164,079	¥ (1,617)	¥ 162,462
Segment profit	¥ 35,714	¥ 3,621	¥ 39,336	¥ 504	¥ 39,841	¥ (8)	¥ 39,832
Segment assets	7,212,590	87,083	7,299,673	13,666	7,313,339	(58,361)	7,254,978
Segment liabilities	6,672,287	66,015	6,738,302	8,739	6,747,041	(55,301)	6,691,740
Other:							
Depreciation	4,304	1,221	5,526	41	5,567		5,567
Interest income	88,256	103	88,360	112	88,473	(343)	88,129
Interest expense	8,095	392	8,487	47	8,534	(343)	8,190
Income taxes	13,382	1,287	14,670	48	14,718		14,717
Increase in property, plant and equipment and intangible assets	3,795	2,492	6,288	9	6,297		6,297

	Millions of Yen						
	2012						
	Reportable Segment			Other	Total	Recon- ciliations	Consoli- dated
Banking	Leasing	Total					
Ordinary income:							
Outside customers	¥ 123,672	¥ 38,543	¥ 162,215	¥ 1,564	¥ 163,780		¥ 163,780
Intersegment	771	667	1,439	54	1,493	¥ (1,493)	
Total	¥ 124,443	¥ 39,211	¥ 163,654	¥ 1,619	¥ 165,274	¥ (1,493)	¥ 163,780
Segment profit (loss)	¥ 30,848	¥ 4,646	¥ 35,495	¥ (216)	¥ 35,278	¥ (41)	¥ 35,237
Segment assets	6,562,311	83,793	6,646,104	8,346	6,654,451	(53,186)	6,601,264
Segment liabilities	6,089,742	65,056	6,154,799	6,934	6,161,734	(53,113)	6,108,621
Other:							
Depreciation	4,533	1,024	5,557	52	5,610		5,610
Interest income	90,428	111	90,540	162	90,702	(445)	90,257
Interest expense	8,435	518	8,954	51	9,006	(445)	8,561
Income taxes	12,639	1,780	14,420	5	14,426	(18)	14,407
Increase in property, plant and equipment and intangible assets	3,247	2,032	5,279	31	5,311		5,311



**THE HACHIJUNI BANK, LTD.**

178-8, Okada, Nagano-city 380-8682, Japan

Phone:(026)227-1182

<http://www.82bank.co.jp/>



This brochure been produced  
using vegetable oil ink.

