CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

THE KIYO BANK, LTD. AND ITS CONSOLIDATED SUBSIDIARIES Years ended March 31, 2004 and 2003

Income Interest Interest income Interest Inter		Millions of yen (Note 1)		Thousands of U.S. dollars (Note 1)
Interest income: Y 40,192 Y 41,825 \$380,290 Interest and dividends on securities 12,601 7,719 119,229 Other interest income 239 344 2,267 Fees and commissions 7,978 7,401 75,494 Other operating income 5,292 4,405 50,81 Other income (Note 10) 5,263 4,695 49,803 Total income 71,569 66,391 677,164 Expenses Interest on deposits 1,584 2,075 14,990 Interest on borrowings 921 819 8,719 Other interest expense 1,503 525 14,227 Fees and commissions 2,702 2,601 25,573 Other operating expenses 347 6,613 3,286 General and administrative expenses 3,47 6,613 3,286 General and administrative expenses 3,517 35,695 317,129 Other expenses (Note 11) 17,746 23,837 167,914 <		2004	2003	2004
Interest on loans and discounts Y 40,192 Y 41,825 \$380,290 Interest and dividends on securities 12,601 7,719 119,229 Other interest income 239 344 2,267 Fees and commissions 7,978 7,401 75,494 Other operating income 5,292 4,405 50,081 Other income (Note 10) 5,263 4,695 49,803 Total income 71,569 66,391 677,164 Expenses	Income			
Interest and dividends on securities 12,601 7,719 119,229 Other interest income 239 344 2,267 Fees and commissions 7,978 7,401 75,494 Other operating income 5,292 4,405 50,081 Other income (Note 10) 5,263 4,695 49,803 Total income 71,569 66,391 677,164 Expenses 8 8 1,503 525 14,990 Interest expenses 1,584 2,075 14,990 19,900 19,900 19,900 19,900 19,900 19,900 18,719 19,900<	Interest income:			
Other interest income 239 344 2,267 Fees and commissions 7,978 7,401 50,848 Other operating income 5,292 4,405 50,818 Other income (Note 10) 5,263 4,605 49,803 Total income 71,569 66,391 677,164 Expenses Interest on deposits 1,584 2,075 14,990 Interest on deposits 1,584 2,075 14,990 Interest on borrowings 921 819 8,719 Other interest expense 1,503 525 14,227 Fees and commissions 2,702 2,601 25,573 Other operating expenses 33,517 36,93 317,129 Other expenses (Note 11) 17,746 23,837 167,914 Total expenses 58,323 72,169 551,838 Income (loss) before income taxes and minority interests 13,245 (5,778) 125,326 Income (loss) before income taxes and minority interests 17 (95 30,68	Interest on loans and discounts	¥ 40,192	¥ 41,825	\$ 380,290
Other interest income 239 344 2,267 Fees and commissions 7,978 7,401 55,081 Other operating income 5,292 4,405 50,081 Other income (Note 10) 5,263 4,695 49,803 Total income 71,569 66,391 677,164 Expenses Interest expenses Interest on deposits 1,584 2,075 14,990 Interest on borrowings 921 819 8,719 Other interest expense 1,503 525 14,227 Fees and commissions 2,702 2,601 25,573 Other operating expenses 33,517 35,695 317,129 Other operating expenses 33,517 35,695 317,129 Other expenses (Note 11) 17,746 23,837 167,914 Total expenses 13,245 (5,778) 125,326 Income (loss) before income taxes and minority interests 13,245 (5,778) 125,326 Income (loss) before income taxes and minority interests	Interest and dividends on securities	12,601	7,719	
Other operating income 5,292 4,405 50,081 Other income (Note 10) 5,263 4,695 49,803 Total income 71,569 66,391 677,164 Expenses Interest expense: Interest on deposits 1,584 2,075 14,990 Interest on borrowings 921 819 8,719 Other interest expense 1,503 525 14,227 Fees and commissions 2,702 2,601 25,73 Other operating expenses 347 6,613 3,286 General and administrative expenses 33,517 35,695 317,129 Other expenses (Note 11) 17,746 23,837 167,914 Total expenses 58,323 72,169 551,838 Income (loss) before income taxes and minority interests 13,245 (5,778) 125,326 Income taxes (Note 12): 170 109 1,612 Current 31,77 (95 30,068 Minority interests in net income (loss) (10 45 (96)	Other interest income	239	344	2,267
Other operating income (Note 10) 5,292 (4,405) 50,081 (4,9803) Total income (Note 10) 5,263 (4,695) 49,803 Total income 71,569 66,391 677,164 Expenses Interest expenses: Interest on deposits 1,584 (2,075) 14,990 (14,990) Interest on borrowings 921 (819) 8,719 (14,227) Other interest expense 1,503 (525) 14,227 (2,601) Fees and commissions 2,702 (2,601) 25,573 (2,661) Other operating expenses 347 (6,613) 3,286 (6,613) General and administrative expenses 33,517 (35,695) 317,129 (7,914) Other expenses (Note 11) 17,746 (23,837) 167,914 (7,914) Total expenses 58,323 (72,169) 551,838 (7,914) Income (loss) before income taxes and minority interests 13,245 (5,778) 125,326 (7,914) Income (loss) before income taxes and minority interests 3,177 (95) 30,068 (7,914) Income (loss) before income taxes and minority interests 1,017 (19) (46,445) 966 (7,914) Net income (loss) before income (loss)	Fees and commissions	7,978	7,401	75,494
Other income (Note 10) 5,263 4,695 49,803 Total income 71,569 66,391 677,164 Expenses Interest expense: Interest on deposits 1,584 2,075 14,990 Interest on borrowings 921 819 8,719 Other interest expense 1,503 525 14,227 Fees and commissions 2,702 2,601 25,573 Other operating expenses 347 6,613 3,286 General and administrative expenses 33,517 35,695 317,129 Other expenses (Note 11) 17,746 23,837 167,914 Total expenses 58,323 72,169 551,838 Income (loss) before income taxes and minority interests 13,245 (5,778) 125,326 Income axes (Note 12): 2 170 109 1,612 Deferred 3,177 (95) 30,068 Minority interests in net income (loss) (10) 45 (96) Net income (loss) (10) 45 (9	Other operating income	5,292	4,405	
Expenses State	Other income (Note 10)	5,263	4,695	49,803
Interest expense: 1,584 2,075 14,990 Interest on deposits 921 819 8,719 Other interest expenses 1,503 525 14,227 Fees and commissions 2,702 2,601 25,573 Other operating expenses 347 6,613 3,286 General and administrative expenses 33,517 35,695 317,129 Other expenses (Note 11) 17,746 23,837 167,914 Total expenses 58,323 72,169 551,838 Income (loss) before income taxes and minority interests 13,245 (5,778) 125,326 Income taxes (Note 12): 170 109 1,612 109 1,612 109 1,612 109 1,612 109 1,612 109 1,612 109 1,612 109 1,612 109 1,612 109 1,612 109 1,612 109 1,612 109 1,612 109 1,612 109 1,612 109 1,612 109 1,612 1,612	Total income	71,569	66,391	677,164
Interest on deposits 1,584 2,075 14,990 Interest on borrowings 921 819 8,719 Other interest expense 1,503 525 14,227 Fees and commissions 2,702 2,601 25,573 Other operating expenses 347 6,613 3,286 General and administrative expenses 33,517 35,695 317,129 Other expenses (Note 11) 17,746 23,837 167,914 Total expenses 58,323 72,169 551,838 Income (loss) before income taxes and minority interests 13,245 (5,778) 125,326 Income taxes (Note 12): 2 2 2 2 30,068 Minority interests in net income (loss) (10) 45 (96) 90 1,612 96 96 96 1,612 19 1,612 19 1,612 19 1,612 1,612 1,612 1,612 1,612 1,612 1,612 1,612 1,612 1,612 1,612 1,612 1,612 1,612 </td <td>Expenses</td> <td></td> <td></td> <td></td>	Expenses			
Interest on borrowings 921 819 8,719 Other interest expense 1,503 525 14,227 Fees and commissions 2,702 2,601 25,573 Other operating expenses 347 6,613 3,286 General and administrative expenses 33,517 35,695 317,129 Other expenses (Note 11) 17,746 23,837 167,914 Total expenses 58,323 72,169 551,838 Income (loss) before income taxes and minority interests 13,245 (5,778) 125,326 Income (loss) before income taxes and minority interests 13,245 (5,778) 125,326 Income (loss) before income taxes and minority interests 13,245 (5,778) 125,326 Income (loss) before income taxes and minority interests 170 109 1,612 Deferred 3,177 (95) 30,068 Minority interests in net income (loss) (10) 45 (96) Net income (loss) (9907 (5,837) 93,742 Accumulated deficit at beginning of year (11,771)	Interest expense:			
Other interest expense 1,503 525 14,227 Fees and commissions 2,702 2,601 25,573 Other operating expenses 347 6,613 3,286 General and administrative expenses 33,517 35,695 317,129 Other expenses (Note 11) 17,746 23,837 167,914 Total expenses 58,323 72,169 551,838 Income (loss) before income taxes and minority interests 13,245 (5,778) 125,326 Income (loss) before income taxes and minority interests 170 109 1,612 Current 170 109 1,612 Deferred 3,177 (95) 30,068 Minority interests in net income (loss) (10) 45 (96) Net income (loss) 9,907 (5,837) 93,742 Accumulated deficit at beginning of year (11,771) (46,445) (111,381) Increase: — — 17 — Addition of affiliated companies accounted for by the equity-method — — 17 —	Interest on deposits	1,584	2,075	14,990
Fees and commissions 2,702 2,601 25,573 Other operating expenses 347 6,613 3,286 General and administrative expenses 33,517 35,695 317,129 Other expenses (Note 11) 17,746 23,837 167,914 Total expenses 58,323 72,169 551,838 Income (loss) before income taxes and minority interests 13,245 (5,778) 125,326 Income (loss) before income taxes and minority interests 13,245 (5,778) 125,326 Income (loss) before income taxes and minority interests 13,245 (5,778) 125,326 Income (loss) before income taxes and minority interests 13,245 (5,778) 125,326 Income (loss) before income taxes and minority interests 110 109 1,612 10 109 1,612 10 10 45 106 10 10 10 10 10 10 10 10 10 10 10 11 11 11 11 11 11 10 10 10 10	Interest on borrowings	921	819	8,719
Other operating expenses 347 6,613 3,286 General and administrative expenses 33,517 35,695 317,129 Other expenses (Note 11) 17,746 23,837 167,914 Total expenses 58,323 72,169 551,838 Income (loss) before income taxes and minority interests 13,245 (5,778) 125,326 Income taxes (Note 12): 170 109 1,612 Deferred 3,177 (95) 30,068 Minority interests in net income (loss) (10) 45 (96) Net income (loss) 9,907 (5,837) 93,742 Accumulated deficit at beginning of year (11,771) (46,445) (111,381) Increase: 10 5,549 52,512 52,512 Addition of affiliated companies accounted for by the equity-method 7 117 7 7 Decrease: 6,788 40,393 64,227 64,227 67,88 40,393 64,227 Decrease: 6 (0) 7 (3) 6,78 40,393 64,227 Decrease: 10 4	Other interest expense	1,503	525	14,227
General and administrative expenses 33,517 35,695 317,129 Other expenses (Note 11) 17,746 23,837 167,914 Total expenses 58,323 72,169 551,838 Income (loss) before income taxes and minority interests 13,245 (5,778) 125,326 Income taxes (Note 12): 170 109 1,612 Current 170 109 1,612 Deferred 3,177 (95) 30,068 Minority interests in net income (loss) (10) 45 (96) Net income (loss) 9,907 (5,837) 93,742 Accumulated deficit at beginning of year (11,771) (46,445) (111,381) Increase: Merger with a subsidiary 5,549 — 52,512 Addition of affiliated companies accounted for by the equity-method — — 117 — Transfer from capital surplus 6,788 40,393 64,227 Decrease: — (0) — (3) Retained earnings (accumulated deficit) at end of year ¥ 10,473 ¥(11,771) \$99,097 Net income (loss) per share: <td>Fees and commissions</td> <td>2,702</td> <td>2,601</td> <td>25,573</td>	Fees and commissions	2,702	2,601	25,573
Other expenses (Note 11) 17,746 23,837 167,914 Total expenses 58,323 72,169 551,838 Income (loss) before income taxes and minority interests 13,245 (5,778) 125,326 Income taxes (Note 12): 170 109 1,612 Current 3,177 (95) 30,068 Minority interests in net income (loss) (10) 45 (96) Net income (loss) 9,907 (5,837) 93,742 Accumulated deficit at beginning of year (11,771) (46,445) (111,381) Increase: Merger with a subsidiary 5,549 — 52,512 Addition of affiliated companies accounted for by the equity-method — 117 — Transfer from capital surplus 6,788 40,393 64,227 Decrease:	Other operating expenses	347	6,613	3,286
Total expenses 58,323 72,169 551,838 Income (loss) before income taxes and minority interests 13,245 (5,778) 125,326 Income taxes (Note 12):	General and administrative expenses	33,517	35,695	317,129
Income (loss) before income taxes and minority interests 13,245 (5,778) 125,326 Income taxes (Note 12): 170 109 1,612 Deferred 3,177 (95) 30,068 Minority interests in net income (loss) (10) 45 (96) Net income (loss) 9,907 (5,837) 93,742 Accumulated deficit at beginning of year (11,771) (46,445) (111,381) Increase: Merger with a subsidiary 5,549 — 52,512 Addition of affiliated companies accounted for by the equity-method — 117 — equity-method — 117 — Decrease: — 117 — Loss on sales of treasury stock (0) — (3) Retained earnings (accumulated deficit) at end of year ¥ 10,473 ¥(11,771) \$ 99,097 Net income (loss) per share: — ½(14,44) \$0.216	Other expenses (Note 11)	17,746	23,837	167,914
Income taxes (Note 12): Current 170 109 1,612 Deferred 3,177 (95) 30,068 Minority interests in net income (loss) (10) 45 (96) Net income (loss) 9,907 (5,837) 93,742 Accumulated deficit at beginning of year (11,771) (46,445) (111,381) Increase: Tense with a subsidiary 5,549 — 52,512 Addition of affiliated companies accounted for by the equity-method — — 117 — Transfer from capital surplus 6,788 40,393 64,227 Decrease: — — (3) Loss on sales of treasury stock (0) — (3) Retained earnings (accumulated deficit) at end of year ¥ 10,473 ¥(11,771) \$ 99,097 Net income (loss) per share: — — U.S. dollars (Note 1)	Total expenses	58,323	72,169	551,838
Current 170 109 1,612 Deferred 3,177 (95) 30,068 Minority interests in net income (loss) (10) 45 (96) Net income (loss) 9,907 (5,837) 93,742 Accumulated deficit at beginning of year (11,771) (46,445) (111,381) Increase: — 5,549 — 52,512 Addition of affiliated companies accounted for by the equity-method — 117 — Transfer from capital surplus 6,788 40,393 64,227 Decrease: — — (3) Loss on sales of treasury stock (0) — (3) Retained earnings (accumulated deficit) at end of year ¥ 10,473 ¥ (11,771) \$ 99,097 Net income (loss) per share: — — U.S. dollars (Note 1) Net income (loss) per share: — — ½ (14,44) \$ 0,216	Income (loss) before income taxes and minority interests	13,245	(5,778)	125,326
Deferred 3,177 (95) 30,068 Minority interests in net income (loss) (10) 45 (96) Net income (loss) 9,907 (5,837) 93,742 Accumulated deficit at beginning of year (11,771) (46,445) (111,381) Increase: — — 5,549 — 52,512 Addition of affiliated companies accounted for by the equity-method — — 117 — Transfer from capital surplus 6,788 40,393 64,227 Decrease: — — — (3) Retained earnings (accumulated deficit) at end of year ¥ 10,473 ¥ (11,771) \$ 99,097 Net income (loss) per share: — — U.S. dollars (Note 1) Net income (loss) per share: — — — U.S. dollars (Note 1)	Income taxes (Note 12):			
Minority interests in net income (loss) (10) 45 (96) Net income (loss) 9,907 (5,837) 93,742 Accumulated deficit at beginning of year (11,771) (46,445) (111,381) Increase: Tense with a subsidiary 5,549 — 52,512 Addition of affiliated companies accounted for by the equity-method — 117 — Transfer from capital surplus 6,788 40,393 64,227 Decrease: U.S. dollars (Note 1) Loss on sales of treasury stock (0) — (3) Retained earnings (accumulated deficit) at end of year ¥ 10,473 ¥ (11,771) \$ 99,097 Net income (loss) per share: Basic ¥ 22.80 ¥ (14.44) \$ 0.216				•
Net income (loss) 9,907 (5,837) 93,742 Accumulated deficit at beginning of year (11,771) (46,445) (111,381) Increase: — 5,549 — 52,512 Addition of affiliated companies accounted for by the equity-method — 117 — Transfer from capital surplus 6,788 40,393 64,227 Decrease: — (3) Loss on sales of treasury stock (0) — (3) Retained earnings (accumulated deficit) at end of year ¥ 10,473 ¥ (11,771) \$ 99,097 Net income (loss) per share: — Yen U.S. dollars (Note 1) Net income (loss) per share: — ¥22.80 ¥ (14.44) \$0.216		•	` ,	
Accumulated deficit at beginning of year (11,771) (46,445) (111,381) Increase: Merger with a subsidiary 5,549 — 52,512 Addition of affiliated companies accounted for by the equity-method — 117 — Transfer from capital surplus 6,788 40,393 64,227 Decrease: — (0) — (3) Loss on sales of treasury stock — (0) — (3) Retained earnings (accumulated deficit) at end of year — ¥ 10,473 ¥ (11,771) \$ 99,097 Net income (loss) per share: — — U.S. dollars (Note 1) Net income (loss) per share: — — 4 (14.44) \$0.216	Minority interests in net income (loss)	(10)	45	(96)
Increase: Merger with a subsidiary 5,549 — 52,512 Addition of affiliated companies accounted for by the equity-method — 117 — Transfer from capital surplus 6,788 40,393 64,227 Decrease: — (0) — (3) Retained earnings (accumulated deficit) at end of year ¥ 10,473 ¥(11,771) \$ 99,097 Net income (loss) per share: Basic ¥22.80 ¥(14.44) \$0.216	Net income (loss)	9,907	(5,837)	93,742
Merger with a subsidiary5,549—52,512Addition of affiliated companies accounted for by the equity-method—117—Transfer from capital surplus6,78840,39364,227Decrease:—(0)—(3)Loss on sales of treasury stock $\frac{1}{2}$ $\frac{1}{2}$ $\frac{1}{2}$ $\frac{1}{2}$ $\frac{1}{2}$ $\frac{1}{2}$ $\frac{1}{2}$ Retained earnings (accumulated deficit) at end of year $\frac{1}{2}$ $\frac{1}$	Accumulated deficit at beginning of year	(11,771)	(46,445)	(111,381)
Addition of affiliated companies accounted for by the equity-method				
equity-method — 117 — Transfer from capital surplus — 6,788 40,393 64,227 Decrease: Loss on sales of treasury stock — (0) — (3) Retained earnings (accumulated deficit) at end of year — $\frac{1}{2}$ $\frac{10,473}{2}$ $\frac{1}{2}$ $\frac{11,771}{2}$ $\frac{117}{2}$ 11		5,549	_	52,512
Transfer from capital surplus 6,788 40,393 64,227 Decrease: Loss on sales of treasury stock (0) − (3) Retained earnings (accumulated deficit) at end of year ¥ 10,473 ¥ (11,771) \$ 99,097 Net income (loss) per share: Basic ¥22.80 ¥ (14.44) \$0.216	Addition of affiliated companies accounted for by the			
Decrease: Loss on sales of treasury stock	± *	_		_
Retained earnings (accumulated deficit) at end of year $\frac{10,473}{2}$ $\frac{10,473}$		6,788	40,393	64,227
Yen U.S. dollars (Note 1)	Loss on sales of treasury stock	(0)	_	(3)
Net income (loss) per share: Basic	Retained earnings (accumulated deficit) at end of year	¥ 10,473	¥(11,771)	\$ 99,097
Net income (loss) per share: Basic				
Basic		Yen		U.S. dollars (Note 1)
	_	1/22	1//4 / 1 / 1	***
Diluted 17.46 — 0.165			¥(14.44)	
	Dilutea	17.46	_	0.165

 $See\ accompanying\ notes.$