

CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

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

	Millions of yen (Note 1)		Thousands of
	2004	2003	U.S. dollars (Note 1)
			2004
Income			
Interest income:			
Interest on loans and discounts	¥ 40,192	¥ 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	<u>71,569</u>	<u>66,391</u>	<u>677,164</u>
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	<u>58,323</u>	<u>72,169</u>	<u>551,838</u>
Income (loss) before income taxes and minority interests	13,245	(5,778)	125,326
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:			
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:			
Loss on sales of treasury stock	(0)	—	(3)
Retained earnings (accumulated deficit) at end of year	¥ 10,473	¥(11,771)	\$ 99,097
		Yen	U.S. dollars (Note 1)
Net income (loss) per share:			
Basic	¥22.80	¥(14.44)	\$0.216
Diluted	17.46	—	0.165

See accompanying notes.