

Consolidated Balance Sheets

The Kiyo Bank, Ltd. and its consolidated subsidiaries

As of March 31, 2006 and 2005	Millions of yen		Thousands of U.S. dollars
	2006	2005	2006
Assets:			
Cash and due from banks	¥ 107,662	¥ 51,536	\$ 916,510
Call loans and bills bought	60,411	20,354	514,269
Receivables under resale agreements	19,999	9,999	170,250
Pledged money for securities borrowing transactions	10,006	96,495	85,182
Commercial paper and other debt purchased	9,226	9,030	78,543
Trading account securities	1,326	3,631	11,290
Securities	773,526	725,084	6,584,887
Loans and bills discounted	1,774,761	1,756,634	15,108,213
Foreign exchanges	2,007	1,653	17,094
Other assets	24,614	32,763	209,537
Premises and equipment	36,423	39,437	310,067
Deferred tax assets	30,444	34,627	259,168
Customers' liabilities for acceptances and guarantees	41,761	46,488	355,511
Reserve for possible loan losses	(40,611)	(30,243)	(345,714)
Total assets	<u>¥2,851,561</u>	<u>¥2,797,496</u>	<u>\$24,274,807</u>
Liabilities:			
Deposits	¥2,583,260	¥2,582,076	\$21,990,814
Deposits received for securities lending transactions	74,229	30,838	631,900
Borrowed money	22,525	22,062	191,753
Foreign exchanges	28	16	246
Bonds	13,000	13,000	110,667
Other liabilities	19,399	16,032	165,144
Accrued employees' severance and retirement benefits	4,548	1,318	38,724
Deferred tax liabilities	191	86	1,627
Acceptances and guarantees	41,761	46,488	355,511
Total liabilities	<u>2,758,945</u>	<u>2,711,918</u>	<u>23,486,386</u>
Minority interests	<u>1,225</u>	<u>1,048</u>	<u>10,436</u>
Shareholders' equity:			
Preferred and common stock	64,346	60,346	547,772
Capital surplus	6,509	2,509	55,414
Retained earnings	16,921	13,856	144,053
Net unrealized gains on available-for-sale securities	3,611	7,935	30,746
Less: treasury stock, at cost	—	(118)	—
Total shareholders' equity	<u>91,389</u>	<u>84,529</u>	<u>777,985</u>
Total liabilities, minority interests and shareholders' equity	<u>¥2,851,561</u>	<u>¥2,797,496</u>	<u>\$24,274,807</u>

Consolidated Statements of Income and Retained Earnings

The Kiyo Bank, Ltd. and its consolidated subsidiaries

Years ended March 31, 2006 and 2005	Millions of yen		Thousands of U.S. dollars
	2006	2005	2006
Income:			
Interest income:			
Interest on loans and discounts	¥37,239	¥39,087	\$317,011
Interest and dividends on securities	11,361	9,003	96,718
Other interest income	335	401	2,857
Fees and commissions	10,751	9,689	91,528
Other operating income	5,400	6,134	45,973
Other income	19,378	8,524	164,967
Total income	<u>84,467</u>	<u>72,841</u>	<u>719,054</u>
Expenses:			
Interest expenses:			
Interest on deposits	1,155	1,206	9,836
Interest on borrowings	436	658	3,716
Interest on payables under securities lending transactions.....	890	756	7,583
Other interest expenses	1,659	1,438	14,127
Fees and commissions	3,173	2,937	27,012
Other operating expenses	4,565	4,101	38,865
General and administrative expenses	34,049	32,494	289,857
Other expenses	26,597	20,653	226,415
Total expenses	<u>72,527</u>	<u>64,245</u>	<u>617,411</u>
Income before income taxes and minority interests	11,940	8,595	101,643
Income taxes:			
Current	243	256	2,070
Deferred	7,553	2,608	64,298
Minority interests in net income (loss).....	143	(17)	1,218
Net income	4,000	5,747	34,057
Retained earnings at beginning of year	13,856	10,473	117,954
Increase:			
Addition for merger of affiliated companies accounted for by the equity-method	—	82	—
Decrease:			
Cash dividends	934	2,447	7,957
Retained earnings at end of year	<u>¥16,921</u>	<u>¥13,856</u>	<u>\$144,054</u>
		Yen	U.S. dollars
Net income per share:			
Basic	¥8.28	¥12.53	\$0.070
Diluted	7.00	10.12	0.060

Consolidated Statements of Cash Flows

The Kiyo Bank, Ltd. and its consolidated subsidiaries

Years ended March 31, 2006 and 2005	Millions of yen		Thousands of U.S. dollars
	2006	2005	2006
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 11,940	¥ 8,595	\$ 101,643
Depreciation	5,564	6,002	47,369
Impairment loss on fixed assets	294	—	2,503
Amortization of goodwill	—	(281)	—
Investment income on equity method	(98)	(42)	(836)
Increase in reserve for possible loan losses	10,368	3,759	88,261
Increase (decrease) in accrued employees' severance and retirement benefits	3,230	(1,014)	27,501
Interest income	(48,936)	(48,492)	(416,585)
Interest expenses	4,142	4,058	35,261
Gains on securities transactions	(8,604)	(4,766)	(73,245)
Gains on foreign exchange transactions	(6,934)	(4,150)	(59,035)
Losses on disposal of premises and equipment	289	253	2,467
Increase in settlement of the trust fund operation for employees' retirement benefits	(14,352)	—	(122,180)
Net decrease in trading account securities	2,305	352	19,626
Net decrease (increase) in loans and bills discounted	(18,127)	48,360	(154,317)
Net increase (decrease) in deposits	1,184	(28,691)	10,083
Net increase in due from banks (excluding cash equivalents)	(3,000)	—	(25,538)
Net increase in call loans	(50,251)	(29,292)	(427,784)
Net decrease (increase) in pledged money for securities borrowing transactions	86,489	(8,242)	736,269
Net decrease in call money	(36)	(3,837)	(313)
Net increase in deposits received for securities lending transactions	43,391	19,630	369,380
Net increase in foreign exchange assets	(354)	(149)	(3,018)
Net increase (decrease) in foreign exchange liabilities	12	(67)	108
Interest income received	50,473	50,199	429,671
Interest paid	(4,362)	(4,202)	(37,141)
Other, net	835	5,696	7,115
Sub-total	65,461	13,676	557,265
Payment of income taxes	(163)	(440)	(1,394)
Net cash provided by operating activities	65,298	13,235	555,871
Cash flows from investing activities:			
Purchases of securities	(474,212)	(535,525)	(4,036,878)
Proceeds from sales of securities	323,883	191,318	2,757,163
Redemption of securities	131,388	343,261	1,118,487
Purchases of premises and equipment	(2,255)	(2,248)	(19,202)
Proceeds from sales of premises and equipment	1,438	317	12,248
Purchases of equity in additional consolidated subsidiary	—	(141)	—
Net cash used in investing activities	(19,756)	(3,019)	(168,182)
Cash flows from financing activities:			
Increase in subordinated loans	2,500	8,000	21,282
Decrease in subordinated loans	(2,000)	(16,000)	(17,026)
Proceeds from subordinated bonds	—	10,000	—
Proceeds from issuance of stock	8,000	—	68,103
Payment of cash dividends	(934)	(2,447)	(7,955)
Payment of cash dividends to minority interests	(4)	(1)	(36)
Net cash provided by (used in) financing activities	7,561	(448)	64,368
Foreign currency translation adjustments of cash and cash equivalents			
	22	10	191
Net increase in cash and cash equivalents	53,125	9,778	452,248
Cash and cash equivalents at beginning of year	51,536	41,731	438,724
Increase of due to additional consolidated subsidiary	—	27	—
Cash and cash equivalents at end of year	¥104,662	¥ 51,536	\$ 890,972