

## Consolidated Balance Sheets (Unaudited)

The Wakayama Bank, Ltd. and its consolidated subsidiaries

As of March 31, 2006 and 2005	Millions of yen		Thousands of U.S. dollars
	2006	2005	2006
<b>Assets:</b>			
Cash and due from banks .....	¥ 31,798	¥ 22,748	\$ 270,692
Call loans and bills bought .....	47,000	26,500	400,102
Commercial paper and other debt purchased .....	1,006	2,901	8,569
Trading account securities .....	—	12	—
Money held in trust .....	3,500	3,500	29,795
Securities .....	43,863	52,288	373,405
Loans and bills discounted .....	266,909	311,209	2,272,148
Foreign exchanges .....	1,261	927	10,737
Other assets .....	2,025	6,065	17,240
Premises and equipment .....	5,024	6,708	42,774
Deferred tax assets .....	2,266	4,485	19,298
Customers' liabilities for acceptances and guarantees .....	1,105	1,392	9,415
Reserve for possible loan losses .....	(14,318)	(11,233)	(121,887)
Total assets .....	<u>¥391,443</u>	<u>¥427,505</u>	<u>\$3,332,288</u>
<b>Liabilities:</b>			
Deposits .....	¥372,124	¥408,213	\$3,167,827
Call money and bills sold .....	117	64	1,000
Borrowed money .....	5,000	—	42,564
Foreign exchanges .....	9	10	83
Other liabilities .....	1,023	1,302	8,711
Accrued employees' bonuses .....	133	136	1,141
Accrued employees' severance and retirement benefits .....	168	186	1,437
Deferred tax liabilities for land revaluation .....	542	393	4,614
Negative goodwill .....	6	13	57
Acceptances and guarantees .....	1,105	1,392	9,415
Total liabilities .....	<u>380,232</u>	<u>411,713</u>	<u>3,236,849</u>
<b>Minority interests</b> .....	<u>253</u>	<u>245</u>	<u>2,159</u>
<b>Shareholders' equity:</b>			
Preferred and common stock .....	17,268	12,768	147,007
Capital surplus .....	4,992	492	42,504
Retained earnings (accumulated deficit) .....	(10,940)	1,544	(93,133)
Land revaluation excess .....	265	582	2,258
Net unrealized gains (losses) on available-for-sale securities ...	(629)	172	(5,356)
Less: treasury stock, at cost .....	—	(14)	—
Total shareholders' equity .....	<u>10,957</u>	<u>15,546</u>	<u>93,280</u>
Total liabilities, minority interests and shareholders' equity .....	<u>¥391,443</u>	<u>¥427,505</u>	<u>\$3,332,288</u>

# Consolidated Statements of Operations and Retained Earnings (Deficit) (Unaudited)

The Wakayama Bank, Ltd. and its consolidated subsidiaries

Years ended March 31, 2006 and 2005	Millions of yen		Thousands of U.S. dollars
	2006	2005	2006
<b>Income:</b>			
Interest income:			
Interest on loans and discounts .....	¥ 8,278	¥ 8,480	\$ 70,473
Interest and dividends on securities .....	863	762	7,348
Other interest income .....	56	44	479
Fees and commissions .....	947	981	8,068
Other operating income .....	64	179	551
Other income .....	1,964	1,384	16,719
Total income .....	<u>12,174</u>	<u>11,832</u>	<u>103,638</u>
<b>Expenses:</b>			
Interest expenses:			
Interest on deposits .....	297	288	2,535
Interest on borrowings .....	7	3	65
Other interest expenses .....	2	2	20
Fees and commissions .....	672	543	5,728
Other operating expenses .....	337	429	2,871
General and administrative expenses .....	6,129	5,850	52,182
Other expenses .....	14,788	3,516	125,890
Total expenses .....	<u>22,236</u>	<u>10,634</u>	<u>189,291</u>
<b>Income (loss) before income taxes and minority interests .....</b>	<b>(10,061)</b>	<b>1,198</b>	<b>(85,653)</b>
<b>Income taxes:</b>			
Current .....	77	48	663
Deferred .....	2,253	249	19,181
<b>Minority interests in net income (loss) .....</b>	<b>(56)</b>	<b>38</b>	<b>(484)</b>
<b>Net income (loss) .....</b>	<b>(12,335)</b>	<b>861</b>	<b>(105,013)</b>
<b>Retained earnings at beginning of year .....</b>	<b>1,544</b>	<b>932</b>	<b>13,146</b>
Increase:			
Transfer from land revaluation excess .....	100	—	857
Decrease:			
Cash dividends .....	249	249	2,124
<b>Retained earnings (accumulated deficit) at end of year .....</b>	<b>¥(10,940)</b>	<b>¥ 1,544</b>	<b>\$(93,134)</b>
		Yen	U.S. dollars
<b>Net income (loss) per share:</b>			
Basic .....	¥(199.44)	¥10.39	\$ (1.698)
Diluted .....	—	5.02	—

# Consolidated Statements of Cash Flows (Unaudited)

The Wakayama Bank, Ltd. and its consolidated subsidiaries

Years ended March 31, 2006 and 2005	Millions of yen		Thousands of U.S. dollars
	2006	2005	2006
<b>Cash flows from operating activities:</b>			
Income (loss) before income taxes and minority interests .....	¥(10,061)	¥ 1,198	\$ (85,653)
Depreciation .....	383	330	3,268
Impairment loss on fixed assets .....	85	—	726
Amortization of goodwill .....	(6)	(6)	(58)
Increase (decrease) in reserve for possible loan losses .....	3,084	(604)	26,261
Decrease in accrued employees' bonuses .....	(2)	(50)	(21)
Decrease in accrued employees' severance and retirement benefits.....	(17)	(21)	(150)
Interest income .....	(9,197)	(9,287)	(78,300)
Interest expenses .....	307	293	2,619
Gains on securities transactions .....	(918)	(866)	(7,823)
Gains on money held in trust .....	(195)	(66)	(1,663)
Losses (gains) on disposal of premises and equipment .....	(215)	6	(1,831)
Net decrease (increase) in loans and bills discounted .....	45,054	(5,567)	383,542
Net increase (decrease) in deposits .....	(36,186)	1,066	(308,046)
Net increase in due from banks (excluding deposits at the Bank of Japan) .....	(683)	(2,037)	(5,820)
Net decrease (increase) in call loans .....	(18,605)	6,076	(158,383)
Net increase (decrease) in call money .....	53	(25)	452
Net increase in foreign exchange assets .....	(333)	(263)	(2,839)
Net increase (decrease) in foreign exchange liabilities .....	(0)	9	(8)
Interest income received .....	9,394	9,387	79,974
Interest paid .....	(298)	(282)	(2,540)
Other, net .....	(143)	68	(1,222)
Sub-total .....	(18,503)	(642)	(157,515)
Payment of income taxes .....	(74)	(23)	(632)
Net cash used in operating activities .....	(18,577)	(666)	(158,147)
<b>Cash flows from investing activities:</b>			
Purchases of securities .....	(13,524)	(7,573)	(115,127)
Proceeds from sales of securities .....	25,231	9,457	214,790
Purchases of premises and equipment .....	(25)	(1,990)	(220)
Proceeds from sales of premises and equipment .....	1,646	26	14,016
Other, net .....	(133)	—	(1,137)
Net cash provided by (used in) investing activities .....	13,194	(80)	112,322
<b>Cash flows from financing activities:</b>			
Increase in subordinated loans .....	5,000	—	42,564
Proceeds from issuance of stock .....	9,000	—	76,615
Payment of cash dividends .....	(249)	(249)	(2,123)
Payment of cash dividends to minority interests.....	(2)	(2)	(17)
Purchases of treasury stock .....	—	(2)	—
Net cash provided by (used in) financing activities .....	13,748	(253)	117,039
<b>Foreign currency translation adjustments of cash and cash equivalents .....</b>			
	0	0	0
Net increase (decrease) in cash and cash equivalents .....	8,365	(999)	71,214
Cash and cash equivalents at beginning of year .....	14,014	15,014	119,301
Cash and cash equivalents at end of year .....	¥ 22,379	¥14,014	\$190,515