

Consolidated Balance Sheet

The Kiyo Bank, Ltd. and its consolidated subsidiaries

As of March 31, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Assets:			
Cash and due from banks	¥ 60,183	¥ 107,662	\$ 509,816
Call loans and bills bought	95,525	60,411	809,197
Receivables under resale agreements	—	19,999	—
Pledged money for securities borrowing transactions	144,066	10,006	1,220,388
Commercial paper and other debt purchased	7,654	9,226	64,839
Trading account securities	12,913	1,326	109,388
Securities	821,836	773,526	6,961,765
Loans and bills discounted	2,103,444	1,774,761	17,818,253
Foreign exchanges	2,225	2,007	18,856
Other assets	18,829	24,614	159,509
Tangible fixed assets	40,300	—	341,382
Intangible fixed assets	2,428	—	20,570
Premises and equipment	—	36,423	—
Deferred tax assets	29,389	30,444	248,958
Customers' liabilities for acceptances and guarantees	28,297	41,761	239,712
Reserve for possible loan losses	(45,896)	(40,611)	(388,791)
Total assets	¥3,321,200	¥2,851,561	\$28,133,842

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Liabilities:			
Deposits	¥3,088,586	¥2,583,260	\$26,163,375
Deposits received for securities lending transactions	4,328	74,229	36,663
Borrowed money	22,495	22,525	190,558
Foreign exchanges	19	28	168
Bonds	16,000	13,000	135,536
Other liabilities	20,531	19,399	173,921
Accrued employees' severance and retirement benefits	3,089	4,548	26,171
Deferred tax liabilities	29	191	250
Deferred tax liabilities for land revaluation	282	—	2,390
Acceptances and guarantees	28,297	41,761	239,712
Total liabilities	3,183,660	2,758,945	26,968,744
Net assets:			
Preferred and common stock	80,096	—	678,498
Capital surplus	32,357	—	274,097
Retained earnings	18,234	—	154,468
Total shareholders' equity	130,688	—	1,107,063
Net unrealized gains on available-for-sale securities	5,145	—	43,586
Net deferred losses on hedging instruments	(3)	—	(26)
Land revaluation excess	416	—	3,526
Total valuation and translation adjustments	5,558	—	47,086
Minority interests	1,292	—	10,949
Total net assets	137,539	—	1,165,098
Total liabilities and net assets	¥3,321,200	—	\$28,133,842
Minority interests	—	1,225	—
Shareholders' equity:			
Preferred and common stock	—	64,346	—
Capital surplus	—	6,509	—
Retained earnings	—	16,921	—
Net unrealized gains on available-for-sale securities	—	3,611	—
Total shareholders' equity	—	91,389	—
Total liabilities, minority interests and shareholders' equity	—	¥2,851,561	—

Consolidated Statements of Income

The Kiyo Bank, Ltd. and its consolidated subsidiaries

Years ended March 31, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Income:			
Interest income:			
Interest on loans and discounts	¥41,009	¥37,239	\$347,391
Interest and dividends on securities	12,349	11,361	104,613
Other interest income	983	335	8,332
Fees and commissions	12,116	10,751	102,640
Other operating income	5,524	5,400	46,795
Other income	5,714	19,378	48,410
Total income	77,698	84,467	658,181
Expenses:			
Interest expenses:			
Interest on deposits	3,322	1,155	28,144
Interest on borrowings	622	436	5,269
Interest on payables under securities lending transactions	1,122	890	9,505
Other interest expenses	1,987	1,659	16,838
Fees and commissions	3,529	3,173	29,895
Other operating expenses	6,894	4,565	58,405
General and administrative expenses	34,708	34,049	294,018
Other expenses	12,964	26,597	109,825
Total expenses	65,151	72,527	551,899
Income before income taxes and minority interests	12,546	11,940	106,282
Income taxes:			
Current	819	243	6,946
Deferred	2,443	7,553	20,696
Minority interests in net income (loss)	(4)	143	(36)
Net income	¥ 9,287	¥ 4,000	\$ 78,676
Retained earnings at beginning of year	—	¥13,856	—
Increase:			
Net income	—	4,000	—
Decrease:			
Cash dividends	—	934	—
Retained earnings at end of year	—	¥16,921	—
Net income per share:			
Basic	¥14.35	¥8.28	\$0.122
Diluted	—	7.00	—

Consolidated Statement of Changes in Net Assets

The Kiyo Bank, Ltd. and its consolidated subsidiaries

Year ended March 31, 2007

	Millions of yen			
	Shareholders' equity			
	Preferred and common stock	Capital surplus	Retained earnings	Total
Balance at March 31, 2006.....	¥64,346	¥ 6,509	¥16,921	¥ 87,778
Changes during year:				
Issuance of stock.....	15,750	15,750		31,500
Cash dividends *			(7,999)	(7,999)
Net income			9,287	9,287
Increase due to merger		10,097	34	10,132
Reversal of land revaluation excess.....			(9)	(9)
Net changes in items other than shareholders' equity.....				
Total changes during year	15,750	25,847	1,312	42,910
Balance at March 31, 2007	¥80,096	¥32,357	¥18,234	¥130,688

	Valuation and translation adjustments				Minority interests	Total net assets
	Net unrealized gains on available-for-sale securities	Net deferred losses on hedging instruments	Land revaluation excess	Total		
Balance at March 31, 2006	¥3,611	¥—	¥ —	¥3,611	¥1,225	¥ 92,615
Changes during year:						
Issuance of stock.....						31,500
Cash dividends *						(7,999)
Net income						9,287
Increase due to merger						10,132
Reversal of land revaluation excess						(9)
Net changes in items other than shareholders' equity	1,533	(3)	416	1,946	66	2,013
Total changes during year....	1,533	(3)	416	1,946	66	44,924
Balance at March 31, 2007	¥5,145	¥(3)	¥416	¥5,558	¥1,292	¥137,539

	Thousands of U.S. dollars			
	Shareholders' equity			
	Preferred and common stock	Capital surplus	Retained earnings	Total
Balance at March 31, 2006.....	\$545,080	\$ 55,142	\$143,346	\$ 743,568
Changes during year:				
Issuance of stock.....	133,418	133,418		266,836
Cash dividends *			(67,765)	(67,765)
Net income			78,676	78,676
Increase due to merger		85,537	291	85,828
Reversal of land revaluation excess.....			(80)	(80)
Net changes in items other than shareholders' equity.....				—
Total changes during year	133,418	218,955	11,122	363,495
Balance at March 31, 2007	\$678,498	\$274,097	\$154,468	\$1,107,063

	Valuation and translation adjustments					Minority interests	Total net assets
	Net unrealized gains on available-for-sale securities	Net deferred losses on hedging instruments	Land revaluation excess	Total			
Balance at March 31, 2006	\$30,595	\$ —	\$ —	\$30,595	\$10,385	\$ 784,548	
Changes during year:							
Issuance of stock.....						266,836	
Cash dividends *						(67,765)	
Net income						78,676	
Increase due to merger						85,828	
Reversal of land revaluation excess						(80)	
Net changes in items other than shareholders' equity	12,991	(26)	3,526	16,491	564	17,055	
Total changes during year....	12,991	(26)	3,526	16,491	564	380,550	
Balance at March 31, 2007	\$43,586	\$(26)	\$3,526	\$47,086	\$10,949	\$1,165,098	

*Appropriation of retained earnings approved at the ordinary general meeting of shareholders held on June 2006.

Consolidated Statements of Cash Flows

The Kiyo Bank, Ltd. and its consolidated subsidiaries

Years ended March 31, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 12,546	¥ 11,940	\$ 106,282
Depreciation	4,868	5,564	41,241
Impairment loss on fixed assets.....	292	294	2,476
Amortization of negative goodwill	(34)	—	(289)
Investment income on equity method	(43)	(98)	(368)
Increase (decrease) in reserve for possible loan losses	(7,591)	10,368	(64,308)
Increase (decrease) in accrued employees' severance and retirement benefits	(1,464)	3,230	(12,408)
Interest income	(54,342)	(48,936)	(460,337)
Interest expenses	7,054	4,142	59,756
Losses (gains) on securities transactions	1,346	(8,604)	11,406
Gains on foreign exchange transactions	(5,447)	(6,934)	(46,144)
Gains on disposal of fixed assets.....	(117)	—	(991)
Losses on disposal of premises and equipment	—	289	—
Increase in settlement of the trust fund operation for employees' retirement benefits	—	(14,352)	—
Net decrease (increase) in trading account securities	(11,586)	2,305	(98,153)
Net increase in loans and bills discounted	(106,259)	(18,127)	(900,121)
Net increase in deposits	187,002	1,184	1,584,097
Net increase in due from banks (excluding cash equivalents).....	(1,000)	(3,000)	(8,471)
Net increase in call loans	(13,548)	(50,251)	(114,769)
Net decrease (increase) in pledged money for securities borrowing transactions	(134,060)	86,489	(1,135,625)
Net decrease in call money	(41)	(36)	(352)
Net increase (decrease) in deposits received for securities lending transactions	(69,901)	43,391	(592,133)
Net increase in foreign exchange assets	(198)	(354)	(1,679)
Net increase (decrease) in foreign exchange liabilities	(9)	12	(77)
Interest income received	54,758	50,473	463,857
Interest paid	(5,879)	(4,362)	(49,802)
Other, net	477	835	4,047
Sub-total	(143,178)	65,461	(1,212,865)
Payment of income taxes	(372)	(163)	(3,153)
Net cash provided by (used in) operating activities	(143,550)	65,298	(1,216,018)
Cash flows from investing activities:			
Purchase of securities	(489,780)	(474,212)	(4,148,921)
Proceeds from sales of securities	364,701	323,883	3,089,384
Redemption of securities	119,725	131,388	1,014,194
Purchase of tangible fixed assets	(1,196)	—	(10,139)
Prurchase of intangible fixed assets	(520)	—	(4,408)
Purchase of premises and equipment	—	(2,255)	—
Proceeds from sales of tangible fixed assets	1,386	—	11,743
Proceeds from sales of premises and equipment	—	1,438	—
Net cash used in investing activities	(5,683)	(19,756)	(48,147)
Cash flows from financing activities:			
Increase in subordinated loans	—	2,500	—
Decrease in subordinated loans	(5,000)	(2,000)	(42,355)
Proceeds from issuance of subordinated bonds	5,000	—	42,355
Redemption of subordinated bonds	(2,000)	—	(16,942)
Proceeds from issuance of stock	31,500	8,000	266,836
Payment of cash dividends	(7,999)	(934)	(67,765)
Payment of cash dividends to minority interests	(4)	(4)	(35)
Net cash provided by financing activities	21,496	7,561	182,094
Foreign currency translation adjustments of cash and cash equivalents			
	26	22	225
Net increase (decrease) in cash and cash equivalents	(127,711)	53,125	(1,081,846)
Cash and cash equivalents at beginning of year	104,662	51,536	886,595
Increase in cash and cash equivalents due to merger	79,233	—	671,183
Cash and cash equivalents at end of year	¥ 56,183	¥104,662	\$ 475,932