

Consolidated Financial Statements

The financial statements for the previous consolidated fiscal year and the consolidated year under review have been audited by Shigetaka Otsuka and Koichi Otsuka, Public Accountants, as well as by ChuoAoyama PricewaterhouseCoopers, Independent Certified Public Accountants, under the provisions of Article 19-2 of the former Act on Special Provisions of the Commercial Code concerning Audits of business Corporations and Article 193-2 of the Securities Exchange Law

Consolidated Balance Sheets

(Assets)	Millions of Yen		Thousands of US Dollars
	FY 2005	FY 2006	FY 2006
Cash and due from banks	95,092	35,492	302,137
Call loans and bills bought	-	36,174	307,942
Other debt purchased	10,504	17,966	152,941
Trading account securities	45	38	323
Money held in trust	6,000	9,000	76,615
Securities	520,831	517,574	4,406,010
Loans and bills discounted	1,039,283	1,078,047	9,177,211
Foreign exchange	647	566	4,818
Other assets	11,708	13,138	111,841
Premises and equipment	37,772	36,826	313,493
Deferred income tax assets	13,932	11,408	97,114
Guaranty endorsement	11,125	16,129	137,303
Allowance for bad debts	22,245	17,828	151,766
Reserve against investment losses	-	130	1,107
Total assets	1,724,698	1,749,403	14,892,338
(Liabilities, Minority Interest and Shareholders' Equity)			
	FY 2005	FY 2006	FY 2006
Deposits	1,503,608	1,498,597	12,757,274
Negotiable deposit	50,531	64,969	553,069
Call money and bills sold	30,308	28,314	241,032
Borrowed fund	12,704	12,347	105,108
Foreign exchange	14	29	247
Corporate bonds	-	15,000	127,692
Other liabilities	9,906	7,086	60,322
Reserve for retirement allowances	8,617	8,264	70,350
Revaluation deferred tax liability	3,181	3,726	31,719
Acceptances and guarantees	11,125	16,129	137,303
Total liabilities	1,629,998	1,654,464	14,084,141
Minority interest	2,348	2,564	21,827
Common stock	10,662	10,662	90,764
Capital surplus	4,737	4,737	40,325
Earned surplus	62,811	64,792	551,562
Land revaluation excess	4,687	3,093	26,330
Other securities revaluation excess	9,609	9,273	78,939
Common stock held in treasury	156	185	1,575
Total shareholders' equity	92,351	92,374	786,362
Total liabilities minority interest and shareholders' equity	1,724,698	1,749,403	14,892,338

Consolidated Statements of Income and Retained Earnings

	Millions of Yen		Thousands of US Dollars
	FY 2005	FY 2006	FY 2006
Income	47,679	46,740	397,889
Capital investment income	30,590	29,542	251,485
Loan interest	23,891	23,053	196,246
Interest and dividend on marketable securities	6,632	6,251	53,214
Interest on call loan bills bought	49	96	817
Interest on deposits	0	4	34
Other interest receivable	17	136	1,158
Service revenue	6,787	7,738	65,872
Other transaction revenue	6,930	7,433	63,276
Other operating income	3,369	2,025	17,238
Expenses	43,937	41,295	351,537
Cost of raising funds	1,733	2,054	17,485
Interest on deposits	286	292	2,486
Interest on negotiable deposits	17	19	162
Interest on call money and bills sold	528	935	7,959
Interest on borrowed funds	220	212	1,805
Interest on bonds	-	20	170
Other interest payable	680	574	4,886
Expenses on service revenue	1,249	1,507	12,829
Other transaction expenses	2,026	2,023	17,221
Operating expenses	27,845	28,653	243,918
Other operating expenses	11,082	7,055	60,058
Transfer to allowance for bad debt	4,739	2,239	19,060
Other expenses	6,343	4,816	40,998
Ordinary income	3,741	5,445	46,352
Extraordinary income	987	808	6,878
Profit on disposal of property	39	33	281
Recoveries of written off	948	774	6,589
Extraordinary loss	453	1,245	10,598
Loss on disposal of property	112	256	2,179
Impairment loss	-	988	8,411
Accrued retirement allowances	340	-	-
Income before income taxes	4,276	5,008	42,632
Income, inhabitant and business taxes	2,984	311	2,647
Adjusted income and other taxes	1,423	2,337	19,894
Minority shareholders' income	331	243	2,069
Net income	2,384	2,116	18,013

Consolidated Statements of Earned Surplus

	Millions of Yen		Thousands of US Dollars
	FY 2005	FY 2006	FY 2006
(Capital surplus)			
Capital surplus at beginning of the term	4,737	4,737	40,325
Increase in capital surplus	0	0	0
Surplus from transaction in treasury stock	0	0	0
Decrease in capital surplus	-	-	-
Balance at end of the term	4,737	4,737	40,325
	FY 2005		FY 2006
(Profit surplus)			
Profit surplus at beginning of the term	61,105	62,811	534,698
Increase in profit surplus	2,465	2,740	23,325
Net profit for the term under review	2,384	2,116	18,013
Land revaluation profit appropriated	80	624	5,312
Decrease in profit surplus	759	760	6,470
Dividend payment	730	729	6,206
Bonuses to directors and corporate auditors	28	30	255
Unappropriated income at end of the term	62,811	64,792	551,562

Consolidated Statements of Cash Flows

	Millions of Yen		Thousands of US Dollars
	FY 2005	FY 2006	FY 2006
I. Cash flows from operating activities			
Income before income taxes and other adjustments	4,276	5,008	42,632
Depreciation and amortization	5,894	6,148	52,337
Impairment loss	-	988	8,411
Increase (decrease) in allowance for bad debts	1,903	4,417	37,601
Increase in amount of the reserve against investment losses	-	130	1,107
Decrease (increase) in accrued retirement allowances	409	353	3,005
Interest income	30,590	29,542	251,485
Interest expenses	1,733	2,054	17,485
Gain (loss) on securities transactions	2,262	35	298
Loss on money trust	49	175	1,490
Foreign exchange losses	138	895	7,619
Gain on disposal of premises and equipment	73	223	1,898
Net increase (decrease) in loans	26,114	46,562	396,374
Net increase in deposits	46,435	5,245	44,650
Net increase (decrease) in negotiable deposits	10,546	14,438	122,908
Net increase in borrowed fund (excluding subordinated borrowed ones)	331	356	3,031
Net increase in deposit with banks (excluding deposit with the Bank of Japan)	14	2,001	17,034
Net decrease (increase) in call loan and others	44,691	38,636	328,901
Net decrease (increase) in call money and others	5,699	4,474	38,086
Net increase (decrease) in foreign exchange (assets)	116	125	1,064
Net increase in foreign exchange (liabilities)	30	49	417
Interest and dividends received	31,398	29,926	254,754
Interest paid	1,757	2,000	17,026
Others	10,630	4,992	42,496
Subtotal	78,139	68,849	586,099
Corporate tax and others paid	1,282	4,026	34,273
Net cash provided by (used in) operating activities	76,857	72,875	620,371
II. Cash flows from investing activities			
Purchases of securities	210,104	172,752	1,470,605
Proceeds from sales of securities	68,300	54,378	462,910
Proceeds from maturities of securities	108,719	124,634	1,060,986
Expenditure for money trust increased	1,950	2,824	24,040
Expenditure for premises and equipment	6,343	7,087	60,330
Proceeds from sales of premises and equipment	561	672	5,721
Net cash provided by (used in) investing activities	40,816	2,979	25,360
III. Cash flows from financing activities			
Proceeds from issuance of subordinated bonds	-	15,000	127,692
Dividends paid	730	729	6,206
Dividends paid to minority shareholders	4	4	34
Purchase of treasury stocks	131	30	255
Proceeds from sales of treasury stocks	1	2	17
Net cash used in financing activities	864	14,238	121,205
IV. Foreign exchange difference of cash and cash equivalents	0	14	119
V. Net increase in cash and cash equivalents	35,175	61,601	524,398
VI. Cash and cash equivalents at beginning of the term	59,543	94,719	806,325
VII. Cash and cash equivalents at end of the term	94,719	33,117	281,919