

Consolidated Financial Statements

Consolidated financial statements for the previous term were audited and certified by Shigetaka Otsuka and Koichi Otsuka, certified public accountants, as well as by ChuoAoyama PricewaterhouseCoopers, an independent accounting firm, under the provisions of Article 2 of the Law Concerning Special Exceptions for the Commercial Code on Auditing of a Company Limited by Shares and Article 193-2 of the Securities Exchange Law.

Consolidated financial statements for the current year were audited and certified by PricewaterhouseCoopers Arata, an independent accounting firm, under the provisions of Article 396 item 1 of the Company Act and Article 193-2 of the Securities Exchange Law.

The independent accounting auditors retained by the Company changed as follows:

Previous year: Shigetaka Otsuka and Koichi Otsuka, public accountants, and ChuoAoyama PricewaterhouseCoopers, an independent accounting firm

Current year: PricewaterhouseCoopers Arata

Consolidated Balance Sheets

(Assets)	Millions of Yen		Thousands of US Dollars
	FY 2006	FY 2007	FY 2007
Cash and due from banks	35,492	41,385	350,572
Call loans and bills bought	31,174	20,078	170,080
Other debt purchased	17,966	12,552	106,328
Trading account securities	38	198	1,677
Money held in trust	9,000	9,000	76,239
Securities	517,574	569,540	4,824,566
Loans and bills discounted	1,078,047	1,142,939	9,681,821
Foreign exchange	566	590	4,998
Other assets	13,138	12,580	106,565
Premises and equipment	36,826	-	-
Tangible fixed assets	-	34,786	294,671,7493
Buildings	-	6,916	58,585
Land	-	14,477	122,634
Construction in progress	-	0	0
Other tangible fixed assets	-	13,391	113,435
Intangible fixed assets	-	2,825	23,931
Software	-	1,838	15,570
Others intangible fixed assets	-	986	8,352
Deferred income tax assets	11,408	7,641	64,727
Guaranty endorsement	16,129	9,877	83,668
Allowance for bad debts	17,828	15,272	129,369
Reserve against investment losses	130	113	957
Total assets	1,749,403	1,848,612	15,659,568

Consolidated Statements of Income and Retained Earnings

	Millions of Yen		Thousands of US Dollars
	FY 2006	FY 2007	FY 2007
Income	46,740	47,982	406,455
Capital investment income	29,542	30,861	261,423
Loan interest	23,053	23,769	201,347
Interest and dividend on marketable securities	6,251	6,887	58,340
Interest on call loan bills bought	96	45	381
Interest on deposits	4	17	144
Other interest receivable	136	141	1,194
Service revenue	7,738	7,903	66,946
Other transaction revenue	7,433	7,321	62,016
Other operating income	2,025	1,895	16,053
Expenses	41,295	40,618	344,075
Cost of raising funds	2,054	3,190	27,022
Interest on deposits	292	1,292	10,945
Interest on negotiable deposits	19	70	593
Interest on call money and bills sold	935	1,206	10,216
Interest on borrowed funds	212	165	1,398
Interest on bonds	20	230	1,948
Other interest payable	574	224	1,898
Expenses on service revenue	1,507	1,602	13,571
Other transaction expenses	2,023	7,597	64,354
Operating expenses	28,653	24,342	206,201
Other operating expenses	7,055	3,885	32,910
Transfer to allowance for bad debt	2,239	93	788
Other expenses	4,816	3,791	32,114
Ordinary income	5,445	7,363	62,372
Extraordinary income	808	827	7,006
Profit on disposal of property	33	-	-
Gains on dispositions of fixed assets	-	33	280
Recoveries of written off	774	776	6,573
Other extraordinary profits	-	17	144
Extraordinary loss	1,245	242	2,050
Loss on disposal of property	256	-	-
Losses on dispositions of fixed assets	-	242	2,050
Impairment loss	988	-	-
Income before income taxes	5,008	7,948	67,327
Income, inhabitant and business taxes	311	729	6,175
Adjusted income and other taxes	2,337	2,323	19,678
Minority shareholders' income	243	336	2,846
Net income	2,116	4,559	38,619

(Liabilities, Minority Interest and Shareholders' Equity)
(liabilities and net assets)

	FY 2006	FY 2007	FY 2007
Deposits	1,498,597	1,555,263	13,174,612
Negotiable deposit	64,969	77,321	654,985
Call money and bills sold	28,314	63,053	534,121
Borrowed fund	12,347	6,602	55,925
Foreign exchange	29	19	161
Corporate bonds	15,000	15,000	127,065
Other liabilities	7,086	8,634	73,139
Reserve for bonus for directors and corporate auditors	-	40	
Reserve for retirement allowances	8,264	7,671	64,981
Revaluation deferred tax liabil	3,726	3,662	31,021
Acceptances and guarantees	16,129	9,877	83,668
Total liabilities	1,654,464	1,747,146	14,800,051
Minority interest	2,564	-	-
Common stock	10,662	-	-
Capital surplus	4,737	-	-
Earned surplus	64,792	-	-
Land revaluation excess	3,093	-	-
Other securities revaluation excess	9,273	-	-
Common stock held in treasury	185	-	-
Total shareholders' equity	92,374	-	-
Total liabilities minority interest and shareholders' equity	1,749,403	-	-
Common stock	-	10,662	90,318
Capital surplus	-	4,765	40,364
Earned surplus	-	68,682	581,804
Common stock held in treasury	-	14	119
Total owners' equity	-	84,096	712,376
Other securities revaluation excess	-	11,337	96,036
Net deferred gains (losses) on hedging instruments, net of taxes	-	35	296
Land revaluation excess	-	3,003	25,438
Total valuation and translation adjustments	-	14,305	121,177
Minority interest	-	3,064	25,955
Total net assets	-	101,466	859,517
Total liabilities and net assets	-	1,848,612	15,659,568

Consolidated Statements of Earned Surplus

	Millions of Yen	Thousands of US Dollars
(Capital surplus)	FY 2006	FY 2006
Capital surplus at beginning of the term	4,737	40,127
Increase in capital surplus	0	0
Surplus from transaction in treasury stock	0	0
Decrease in capital surplus	-	-
Balance at end of the term	4,737	40,127
(Profit surplus)	FY 2006	FY 2006
Profit surplus at beginning of the term	62,811	532,071
Increase in profit surplus	2,740	23,211
Net profit for the term under review	2,116	17,925
Land revaluation profit appropriated	624	5,286
Decrease in profit surplus	760	6,438
Dividend payment	729	6,175
Bonuses to directors and corporate auditors	30	254
Unappropriated income at end of the term	64,792	548,852

Consolidated Statement of Changes in Net Asset

	FY 2007										Millions of Japanese Yen
	Owners' equity					Valuation and translation adjustment					Minority interest
Common stock	Capital surplus	Earned surplus	Common stock held in treasury	Total owners' equity	Other securities revaluation excess	Net deferred gains (losses) on hedging instruments, net of taxes	Land revaluation excess	Total valuation and translation adjustment			
Balance at the end of previous period	10,662	4,737	64,792	185	80,007	9,273	-	3,093	12,366	2,564	94,938
Changes of items during the period											
Dividends from surplus (Note)			364		364						364
Dividends from surplus			365		365						365
Bonuses to directors and corporate auditors (Note)			30		30						30
Net income			4,559		4,559						4,559
Acquisition of treasury stock				35	35						35
Disposal of treasury stock		27		205	233						233
Land revaluation profit appropriated			91		91						91
Net changes of items other than owners' equity						2,064	35	90	1,938	500	2,439
Total changes of items during the period	-	27	3,890	170	4,088	2,064	35	90	1,938	500	6,528
Balance at the end of current period	10,662	4,765	68,682	14	84,096	11,337	35	3,003	14,305	3,064	101,466

	FY 2007										Thousands of US Dollars
	Owners' equity					Valuation and translation adjustment					Minority interest
Common stock	Capital surplus	Earned surplus	Common stock held in treasury	Total owners' equity	Other securities revaluation excess	Net deferred gains (losses) on hedging instruments, net of taxes	Land revaluation excess	Total valuation and translation adjustment			
Balance at the end of previous period	90,318	40,127	548,852	1,567	677,738	78,551	-	26,201	104,752	21,720	804,219
Changes of items during the period											
Dividends from surplus (Note)			3,083		3,083						3,083
Dividends from surplus			3,092		3,092						3,092
Bonuses to directors and corporate auditors (Note)			254		254						254
Net income			38,619		38,619						38,619
Acquisition of treasury stock				296	296						296
Disposal of treasury stock		229		1,737	1,974						1,974
Land revaluation profit appropriated			771		771						771
Net changes of items other than owners' equity						17,484	296	762	16,417	#DIV/0!	20,661
Total changes of items during the period	-	229	32,952	1,440	34,629	17,484	296	762	16,417	#DIV/0!	55,299
Balance at the end of current period	90,318	40,364	581,804	119	712,376	96,036	296	25,438	121,177	#DIV/0!	859,517

(Note) These are items included in the proposal of appropriation of profit presented at the general meeting of shareholders held in June 2006.

Consolidated Statements of Cash Flows

	Millions of Yen		Thousands of US Dollars
	FY 2006	FY 2007	FY 2007
I. Cash flows from operating activities			
Income before income taxes and other adjustments	5,008	7,948	67,327
Depreciation and amortization	6,148	6,585	55,781
Impairment loss	988	-	-
Increase (decrease) in allowance for bad debts	4,417	2,555	21,643
Increase in amount of the reserve against investment losses	130	17	144
Increase in Reserve for bonus for directors and corporate auditors	-	40	-
Decrease (increase) in accrued retirement allowances	353	592	5,015
Interest income	29,542	30,861	261,423
Interest expenses	2,054	3,190	27,022
Gain (loss) on securities transactions	35	50	424
Loss on money trust	175	47	398
Foreign exchange losses	895	263	2,228
Gain on disposal of premises and equipment	223	-	-
Profit or loss on disposal of fixed assets	-	209	-
Net increase (decrease) in loans	46,562	69,140	585,684
Net increase in deposits	5,245	56,657	479,941
Net increase (decrease) in negotiable deposits	14,438	12,351	104,625
Net increase in borrowed fund (excluding subordinated borrowed ones)	356	744	6,302
Net increase in deposit with banks (excluding deposit with the Bank of Japan)	2,001	135	1,144
Net decrease (increase) in call loan and others	38,636	16,514	139,890
Net decrease (increase) in call money and others	4,474	34,209	289,784
Net increase (decrease) in foreign exchange (assets)	125	4	34
Net increase in foreign exchange (liabilities)	49	10	85
Interest and dividends received	29,926	30,433	257,798
Interest paid	2,000	2,720	23,041
Others	4,992	2,975	25,201
Subtotal	68,849	64,770	548,666
Corporate tax and others paid	4,026	211	1,787
Net cash provided by (used in) operating activities	72,875	64,559	546,878
II. Cash flows from investing activities			
Purchases of securities	172,752	231,848	1,963,981
Proceeds from sales of securities	54,378	41,969	355,519
Proceeds from maturities of securities	124,634	141,938	1,202,355
Expenditure for money trust increased	2,824	-	-
Proceeds from decrease in cash trust	-	47	398
Expenditure for premises and equipment	7,087	-	-
Expenditure for acquisition of tangible fixed assets	-	6,111	51,766
Proceeds from sales of premises and equipment	672	-	-
Proceeds from sales of tangible fixed assets	-	798	6,760
Net cash provided by (used in) investing activities	2,979	53,205	450,699
III. Cash flows from financing activities			
Expenditure for repayment of subordinate loans with special conditions	-	5,000	42,355
Proceeds from issuance of subordinated bonds	15,000	-	-
Dividends paid	729	730	6,184
Dividends paid to minority shareholders	4	4	34
Purchase of treasury stocks	30	35	296
Proceeds from sales of treasury stocks	2	444	3,761
Net cash used in financing activities	14,238	5,324	45,100
IV. Foreign exchange difference of cash and cash equivalents	14	0	0
V. Net increase in cash and cash equivalents	61,601	6,028	51,063
VI. Cash and cash equivalents at beginning of the term	94,719	33,117	280,534
VII. Cash and cash equivalents at end of the term	33,117	39,146	331,605