

# 2006 Annual Report



## Annual Report 2006(1. 80MB)

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**THE EHIME BANK, LTD.**

## Message from President

We would like to take this opportunity to thank you for your continued choice of and patronage to The Ehime Bank, Ltd. We are pleased to publish this year again our disclosure brochure "2006 Ehime Bank Now," which summarizes our management principles, fundamental policy, business conditions and involvement with the local community. We would be gratified if you would review this brochure and deepen your understanding of our bank. We will continue our efforts to further enhance the degree of public disclosure and increase our management transparency.

Since our establishment in 1943, we have been aiming at an "approachable and reliable bank" and steadily developing while fulfilling corporate social responsibilities (CSR) as a regional financial institution. Your longstanding warm support and patronage have been instrumental, for which please accept our sincere thanks.

As you are well aware, the Japanese banking industry is undergoing its most significant changes now. From the aspect of financial system, the financial reforms such as allowing companies from other business categories to enter the banking industry and privatization of postal services are making further progress and from the aspect of financial policy, there have been measures such as to lift the zero interest rate policy. In such a financial environment, we have started the twelfth medium-range management plan, which incorporated the concept of marketing to remain thoroughly committed to the spirit since our establishment - customer-oriented business and has the management guideline of "providing the No.1 financial services in the community."

We will continue to strive toward the enrichment of our financial services to meet your needs as the bank, which is more approachable and reliable "regional bank (FURUSATO BANK)" to the people in the area. Every one of us will also devote our full attention to further promote the community development.

We ask for your continuous support and guidance and wish for your continuous good health and success.

July, 2006

Kojiro Nakayama, President



Kojiro Nakayama, President



# Business Overview

## Account Settlement Overview FY2005

### Our Main Business Activities, Financial and Economic Environment

We operate various banking activities, with a focus on the retail field, including the business of accepting deposits, making loans, domestic exchange and foreign exchange at our 93 head and branch offices based in Shikoku region, mainly in Ehime Prefecture.

Japan's economy this term enjoyed a stronger sense of economic recovery led by domestic demand such as business investment and personal spending with steady recovery of business earnings. The business environment in Ehime prefecture also enjoyed increase in business investment mainly among shipbuilding and paper manufacturing industries and is moving toward the recovery though gradual.

The banking industry on the other hand is experiencing a major change. From the aspect of financial system, the financial reforms such as allowing companies from other business categories to enter banking industry and privatization of postal services are making further progress and from the aspect of financial policy, there have been measures such as to lift the zero interest rate policy. In such condition, the management of financial institutions is transferring from being defensive to offensive with the prospects of writing off nonperforming loans tentatively looking brighter and the competitive setting is getting severer.

### Our Challenges to be Addressed

Regional financial institutions are asked to promptly and appropriately facilitate local financial functions and provide customer-oriented financial services and products to contribute to the vitalization of local economy.

We are planning to timely and appropriately meet increasingly diverse and sophisticated needs of our customers as well as to strengthen our problem-solving skills in various fields including the business revitalization field, our traditional expertise.

We drove forward the two-year, eleventh medium-range management plan with the slogans of "improvement of our credibility," "reinforcement of our earning power" and "buildup of our organizational strength" aiming at the approachable and reliable bank to the people in the area since April 2004. We achieved major enumerative goals of this medium-range management plan during the term and started the twelfth medium-range management plan with the term of three years this April. With the management guideline of "providing the No.1 financial services in the community" and basic policies of "pursuance of customer loyalty," "pursuance of job loyalty" and "enhancement of corporate governance," and by incorporating the concept of marketing, we will actively work on this plan such as to improve our customer-friendliness, strengthen our staff's proposing capabilities and enrich our system so that the staff with motivation and abilities can take active roles in our bank.

### This Term's Operating Performance

In such a business environment, we have been making utmost efforts to reinforce our earning power by always remaining thoroughly committed to the customer-oriented business and striving to effectively operate the funds and to reduce our expenses. We also have been working hard to enrich our risk management system as well as to strengthen our compliance system to deal with various risks to be expected from the changes in the future financial and economic conditions.

In regard to our gain and loss, we rigorously evaluated our assets, actively reserved bad-debt provision to make our assets healthy and proactively worked on businesses such as effective operation of the funds and sales of investment trusts. As a result, our consolidated profit amounted 6.809 billion yen and we recorded the net core business profits of 13.136 billion yen, the highest ever as our bank alone. We were also able to record the consolidated current net earnings of 3.309 billion yen, which was more than what we had expected.

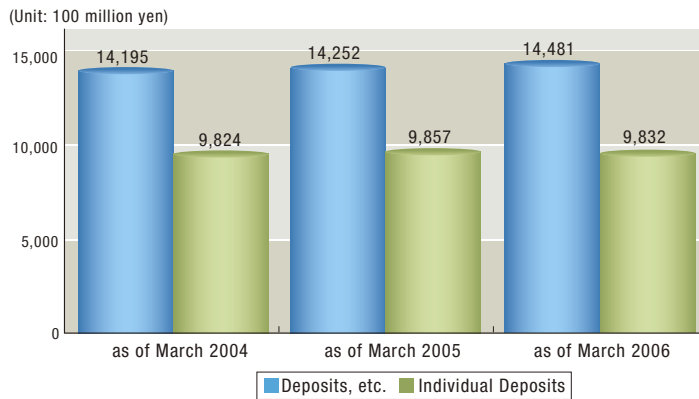
In addition, our specific activities to vitalize the local community included the establishment of "small-business venture support team" as a support effort for business start-ups and new businesses and participating in the establishment of "Ehime small-business revitalization fund" as a business revitalization effort. We also publicized and financed the development of industrial economy and inheritance of traditional culture as a part of social action work. Furthermore, the bank was involved in various efforts including the compensation for the damage caused by forged or stolen cash cards as a depositor protection effort and introduction of reemployment system for retirees - the first financial institution in Shikoku region to employ the system in regards to employment extension.

## Buisness Overview-2

### Operating Performance as of March 2006 (non-consolidated)

Deposits & Negotiable Deposits	As a result of personal deposits mainly being propelled, the balance at the end of the term increased 22.8 billion yen, amounting to 1.4481 trillion yen.
Loans	As a result of proactively accommodating capital needs, mainly in facility-related, the balance at the end of the term increased 64 billion yen, amounting to 1.2175 trillion yen.
Securities	We mainly invested bonds and debentures. Due to the progress in repayment of public loan, the balance at the end of the term was 228.9 billion yen.
Gain and Loss	As a result of increase in commission income from businesses such as deposit assets in addition to effective fund investment, we were able to record the net profit of 3.254 billion yen this term.
Business Investment, etc.	In regards to the number of offices, it remains 93 offices, unchanged from the last year. There are off-premise ATMs in 155 places.

### Changes in Deposits, etc. (non-consolidated)

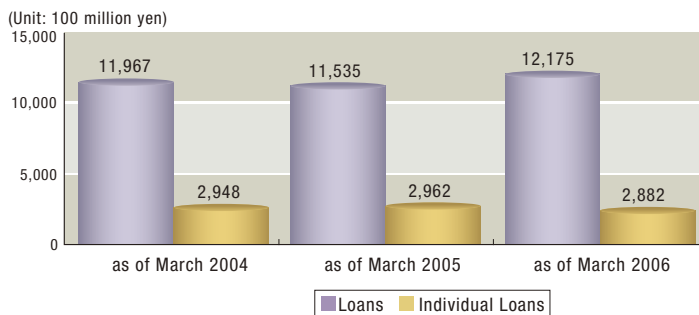


(Unit: 100 million yen)

	as of March 2004	as of March 2005	as of March 2006
Deposits, etc.	14,195	14,252	14,481
Individual Deposits	9,824	9,857	9,832

With the effect of low-interest rate and trend of investment rather than savings, individual deposits remained almost unchanged but the deposits as a whole made smooth progress and the balance at the end increased 22.8 billion yen compared to the end of the previous term, amounting to 1.4481 trillion yen.

### Changes in Loans (non-consolidated)



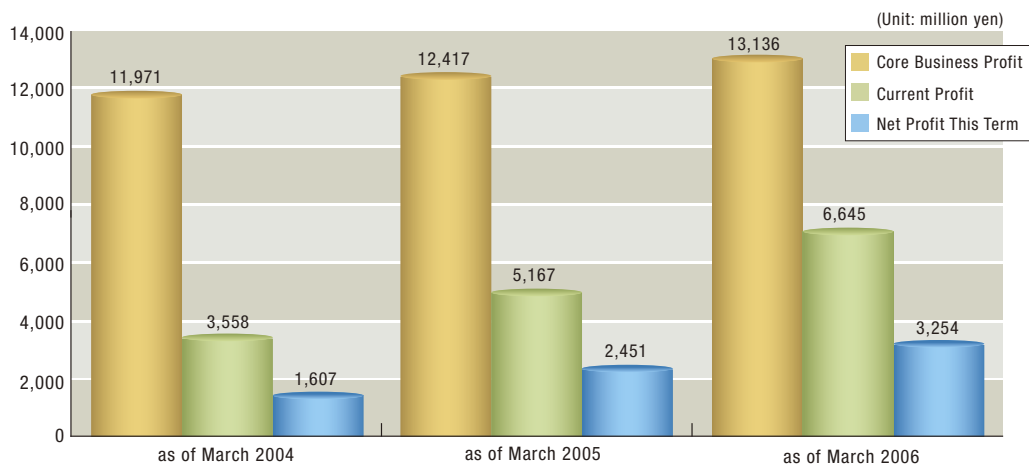
(Unit: 100 million yen)

	as of March 2004	as of March 2005	as of March 2006
Loans	11,967	11,535	12,175
Individual Loans	2,948	2,962	2,882

As a result of proactively accommodating capital needs, mainly in facility-related, the loans made smooth progress and the balance at the end of the term increased 64 billion yen, amounting to 1.2175 trillion yen.

### Changes in Profits (non-consolidated)

As a result of increase in commission income from businesses such as deposit assets in addition to effective fund investment, we enjoyed the closing of profit increase: the core business profit was 13.136 billion yen (increased 719 million yen compared to the previous term), current profit was 6.645 billion yen (increased 1.478 billion yen compared to the previous term) and net profit this term was 3.254 billion yen (increased 803 million yen compared to the previous term).



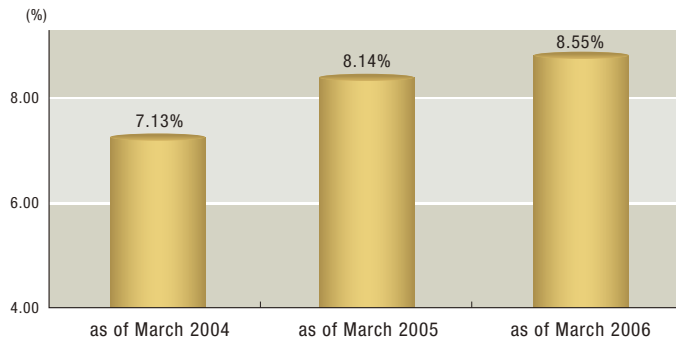
(Unit: million yen)

	as of March 2004	as of March 2005	as of March 2006
Core Business Profit	11,971	12,417	13,136
Current Profit	3,558	5,167	6,645
Net Profit This Term	1,607	2,451	3,254

\*Core Business Profit means the profit from the primary banking business. Core Business Profit = Business Profit - (General Provision for Loan Losses + Gain and Loss from Bonds such as the Government Bond)

### Capital Adequacy Ratio (Non-consolidated)

The capital adequacy ratio was 8.55% (up 0.41% on the same period last year), exceeding the standard 4%, and we are maintaining high soundness.



	as of March 2004	as of March 2005	as of March 2006
Capital Adequacy Ratio	7.13%	8.14%	8.55%

### Consolidated Information (as of March 2006)

#### Major Financial Data

Consolidated Recurring Income	44,725 million yen
Consolidated Recurring Profit	6,809 million yen
Consolidated Current Net Profit	3,309 million yen
Consolidated Capital Adequacy Ratio	8.62%

#### Consolidated Subsidiaries (4 companies)

- Himegin Business Service Co., Ltd.
- Himegin Soft Co., Ltd.
- Himegin Sogo Lease Co., Ltd.
- Himegin JCB Co., Ltd.

#### Affiliated Company (1 company)

- Investment Business Limited Liability Partnership Ehime Venture Fund 2004 Corporation Limited

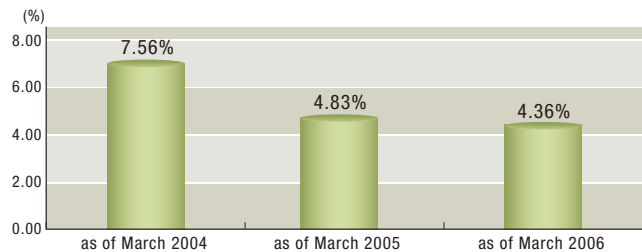
### Nonperforming Loans

#### Remaining Debt based on Japan's Financial Reconstruction Law

##### ■ Remaining Debt Ratio based on Japan's Financial Reconstruction Law (Non-consolidated)

The remaining debt ratio based on financial reconstruction law decreased to 4.36% (down 0.47% on the same period last year) by our efforts including the collection of nonperforming loans and corporate revitalization.

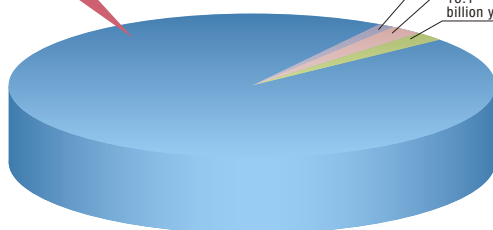
We also are proactively reserving bad-debt provision from the point of securing the soundness of the funds and the part which is not covered by the provision is fully covered by our equity capital.



	as of March 2004	as of March 2005	as of March 2006
Remaining Debt Ratio based on Japan's Financial Reconstruction Law	7.56%	4.83%	4.36%

##### ■ Coverage of Remaining Debt based on Japan's Financial Reconstruction Law (Non-consolidated)

Normal Debt  
1.1798 trillion



Total 53.8 billion yen		Total 46.5 billion yen	
Bankrupt/Rehabilitation Debt and Debt pursuant to this	Maintenance Ratio	Allowance for doubtful debt 3.2 billion yen	
13 billion yen	100.00%	Mortgage, Guarantee, etc.	9.7 billion yen
Critical Debt	Maintenance Ratio	Allowance for doubtful debt	10.2 billion yen
24.7 billion yen	83.99%	Mortgage, Guarantee, etc.	10.5 billion yen
Debt Requiring Supervision	Maintenance Ratio	Balance due 4 billion yen	
16.1 billion yen	79.43%	Allowance for doubtful debt 4.6 billion yen	
		Mortgage, Guarantee, etc.	8.2 billion yen
		Balance due 3.3 billion yen	

86.48% is covered

The remaining 7.3 billion yen is fully covered by our equity capital of 67.7 billion yen.

Note: The numbers less than the units of amounts and percentages shown in this document are rounded down. However, the numbers less than the units of debt amounts and ratio in the column "Nonperforming Loans" are rounded off.

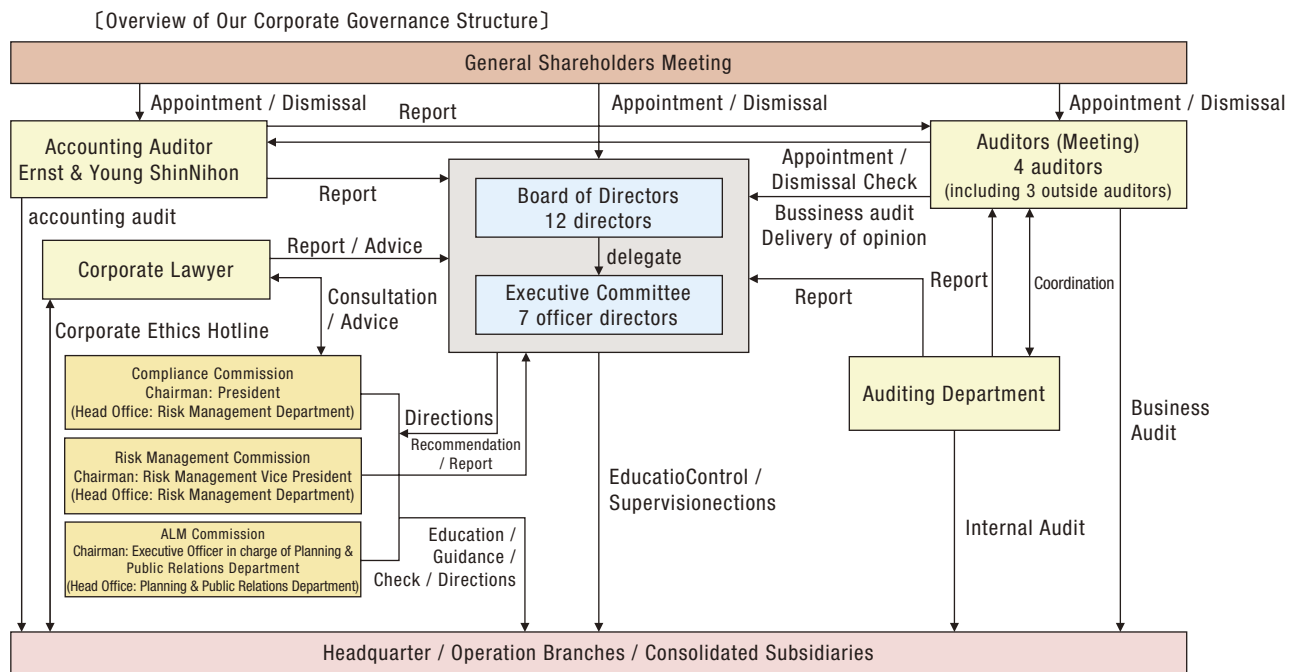
# Our Corporate Governance

## Our Organization

We have positioned the transparency of our management and maximization of our corporate value as the goal of our corporate governance and are working on it with the basic policy of establishing and strengthening the organizational structure that enables us to promptly respond to the changes surrounding the management.

Our board of directors consists of twelve directors and four auditors as of the end of March 2006. Three of the auditors are outside auditors and there is no outside director appointed. The board of directors in principle meets once a month, deciding on key issues and supervising the business and affairs. The executive committee mainly consists of officer directors meets once a week in principle, responding to the execution of important business, with the purpose of promoting rapid decision-making and efficiency in our business based on the policies determined by the board.

We have an auditing system in place. The auditors attend the board of directors meetings and the full-time auditor attends also the executive committee, verifying the state of the duty execution. There is no special interest between the bank and outside auditors.



## Improvement of Internal Control System and Risk Management Preparedness

Because we have highly public nature as a regional financial institution as well as significant responsibilities and missions to widely contribute to economy and society, we have been striving to enrich our compliance and internal management structures to appropriately carry out our social responsibilities and missions. Moreover, we hope to secure the solid trust of our clients, stockholders and local residents by realizing exceedingly transparent management through proactive disclosure of our management information.



# Our concept

## About Our Risk Management Structure

By placing the risk management as one of the most important issues in our management, we are working to improve our risk management structure and capabilities. We are also striving to advance the soundness and strengthen the earning power.

Amid the ongoing financial deregulation, internationalization and financial technology development, the risks faced by banks are growing increasingly diverse and complex; credit risk (risk of financial institution suffering a loss with the deterioration of borrowers' financial standing), market-related risk (risk of financial institution suffering a loss due to decline in the value of property held through changes in market interest rate, share prices and the like), liquidity risk (risk of financial institution suffering a loss by being forced to transact in grossly unfavorable prices than usual due to happenings such as unexpected outflow of funds), office work risk (risk of financial institution suffering a loss due to accidents and so on in clerical aspects) or system risk (risk of financial institution suffering a loss due to inadequate system such as computer malfunction). It is vital to exhaustively grasp these risks and establish integrated management structure, which enables more appropriate control than ever before.

In this, we are placing the risk management as one of the most important issues in our management and are aiming at well balanced management in both soundness and profitability - making efforts to strengthen our profitability after controlling the risks at appropriate level consistent with the management vitality.

Under this management policy, the bank is making efforts to strengthen its risk management measures and to upgrade its risk management methods. We also established the "risk management commission," which analyzes and reviews our risks from the comprehensive perspective, to establish the risk management structure. The structure in place involves these risk management related information being reported to the top management and discussed at the management meetings. Furthermore, our Risk Management Department has the General Risk Management Division, which comprehensively grasps the risks and appropriately operates, controls and verifies the risk management structure.

The following is our major risk management structure:

### ■ Credit Risk Management Structure

We clearly stated the issues such as our basic attitudes toward loans and operational principles in the "basic code of conduct for fund accommodation (credit policy)" in 2001 to maintain and improve the soundness of our loan assets. The cases of financing to be taken up at our operational branches as well as screening of those cases at our Credit Department are conducted thoroughly based on this "basic code of conduct for fund accommodation."

The bank also formulated a new credit rating system as a basic infrastructure to reinforce its credit risk management structure and strives to thoroughly manage customers to be credited by evaluating the creditworthiness of the customers by objective and unified criteria. In addition, from the standpoint of diversification of risk, we are noting not to place a disproportionate emphasis on specific customers, specific business groups or specific industry sectors by setting credit limits. Moreover, we have been making efforts toward financial revitalization of small businesses, preservation of their soundness, improvement of their profitability and the like according to the action program regarding the functional enhancement of the relationship banking. The bank is actively involved in the revitalization efforts of the local economy including the establishment of the "Office of Corporation Assistance" within the Credit Department in February 2002 with the goal of supporting the normalization of our client companies, which are working to improve their management. The office broke away from the Credit Department and came under the direct control of the Executive Committee in April 2003. The office changed its name to the Corporate Assistance Department in March 2004, aiming to strengthen its functions and promote rapid decision-making.

Each departments and divisions in our operational branches and headquarters conducts self-assessments on their own responsible assets according to the assessment standards based on the financial inspections manual. We calculate various amounts based on these assessment outcomes such as loan depreciation or provision for possible loan loss and reflect them in our account settlement.

Furthermore, to upgrade our screening skills, we provide education and training to our staff in varieties of curriculums including periodic group training sessions and post-training communicative workshops.



## Our concept-2

### ■ ALM (integrated management of asset and liability), Market-related Risk Management and Liquidity Risk Management Structure

Amid the ongoing technological innovation in finance, our bank holds the ALM commission every month to respond to diversifying risks and to secure appropriate profits simultaneously. The ALM commission strives to secure the income according to the risks by understanding the expected risks, conducting the income and risk simulations based on the forecasts for interest rates and currency exchange and reviewing the countermeasures.

We are working to upgrade our risk management by using the latest risk management system in our ALM analysis, comprehensively understanding the market-related risk from the changes in the interest rate or stock prices and liquidity risk, drawing up the interest-rate scenario through economic and financial environment analysis and understanding the future income and risks through statistical methods.

We also established the management structure for the market-related risk and liquidity risk based on the basic policies decided by our board of directors.

We will continue our efforts to ensure the most appropriate income-risk balance by further reinforcing our ALM structure.

### ■ Office Work Risk Management and System Risk Management Structure

Our work is based on the concept, "Office work is the foundation of the management." From this perspective, the bank is promoting various measures such as improving the office work rules, which provide the procedures, enhancing the various office equipment to support accurate and speedy office work, strengthening the system guard and check system functions by computers and concentrating the office work at certain divisions such as back offices. In regard to the education and guidance of our staff, the measures include the enhancement of the educational structure to improve their office work knowledge and management capabilities and strengthening of the office work guidance by visiting each branch.

As for the system risk arising from the use of computers, we are improving the management and operation structure based on our strict and fair internal regulations.

We have appointed persons responsible for and in charge of information management at each of our departments and branches to protect the information assets and are working hard to get across thorough security awareness through education and training based on the related regulations including the "security policy." The bank has various system measures in place to protect the information assets from potential threats such as hacking, destruction or alternation from the outside through the Internet or information leaks to the outsider through floppy disks.

To appropriately manage personal data in response to the enforcement of the Private Information Protection Law, we will appropriately and strictly handle the private information of our customers and the one obtained in relation to our business dealings by drawing up the "declaration of private information protection," constituting the regulations for internal handling such as the "private information protection rules" as well as "detailed private information protection rules" and appointing the personal data administrators and those in charge of personal data management.

## About Our Efforts for Compliance

We placed compliance as one of the most important issues in our management and are making systematic efforts in it.

### ● Basic Attitude

We, as a financial institution with highly public nature, placed compliance as one of the most important issues in our management and the management personnel together with the staff are making concerted efforts to enrich and strengthen the internal management preparedness to appropriately carry out our social responsibilities and missions. We will continue to promote increasingly effective compliance preparedness and hope to secure the solid trust of our clients, stockholders and local residents.

### ● Compliance Preparedness

The bank established the compliance commission chaired by the president and is working on various issues related to compliance.

We are striving to realize thorough compliance through measures such as appointing persons responsible for and in charge of compliance at each department in the headquarter and at each branch, checking the compliance status and conducting on-the-premise compliance training.

The Compliance Group was established within the Risk Management Department as a unit to comprehensively oversee our compliance. Its work includes the uniform management of our compliance status and guidance as well as education on compliance related matters.

We also established the "Compliance Oversight Commission" in May 2006 with the goal of further reinforcing our compliance preparedness by obtaining the recommendations of outside experts from the objective standpoint.

### ● Measures and Policies related to Compliance

We distributed the "Compliance Manual" as a specific guidebook for compliance and "Code of Conduct as Himegin Staff," the specific action guidelines to all of our directors and staff and are working to master the knowledge regarding compliance through training sessions and other means.

The president and other management personnel are working to advance the staff's compliance mind by seizing every opportunity available such as at meetings, training sessions or branch visits.

We work hard to keep every one of our staff thoroughly informed by adopting in principle compliance related lectures in all the group training courses held at our headquarters. In addition, there are compliance self checks twice a year for the entire staff to raise the awareness.

Our bank formulated the "Compliance Program" as a practical plan for compliance to enrich and reinforce our compliance preparedness as well. The progress is reported to the compliance commission and board of directors for the verification of its effectiveness.

## About Our Dividend Policy

We place great importance on the continuation of steady dividends as a financial institution with social and public nature.

Our bank, keeping in mind the highly public nature, strives to secure the steady management bases for a long time and makes it a basic profit-sharing policy to continue long-last and steady dividends. We decided the dividend at the end of this term to be, to live up to our stockholders' continued support, 3 yen, up 50 sen per share (5 yen 50 sen for the year). We are planning 3 yen (6 yen for the year) again for the interim dividend in September 2006.

The Corporate Law, which came into effect on May 1, 2006, abolished the limitation on the number of dividend distributions however we do not have a plan as of now to change our dividend system.

We will continue our efforts to expand the earning retention to respond to the fierce changes in environment and hope to continue steady dividends by strengthening our management practices and improving our business performance.



# Consolidated Information-1

## Changes in Major Financial Data Financial Statements

### Changes in Major Financial Data

Items	Consolidated Fiscal Year	FY2001	FY2002	FY2003	FY2004	FY2005
		(from Apr 1, 2001 to Mar 31, 2002)	(from Apr 1, 2002 to Mar 31, 2003)	(from Apr 1, 2003 to Mar 31, 2004)	(from Apr 1, 2004 to Mar 31, 2005)	(from Apr 1, 2005 to Mar 31, 2006)
Current Income (Unit: million yen)		45,843	42,095	40,984	41,934	44,725
Current Profits (△ means ordinary losses) (Unit: million yen)		1,248	△ 28,521	3,776	5,055	6,809
Current Term Net Profits (△ means current term net losses) (Unit: million yen)		277	△ 18,688	1,648	2,144	3,309
Net Assets Amount (Unit: million yen)		70,623	53,939	57,085	60,833	68,852
Total Assets Amount		1,603,847	1,569,604	1,569,931	1,598,802	1,621,119
Net Assets Amount per Stock (Unit: yen)		473.40	361.78	383.01	407.54	431.63
Current Term Net Profits per Stock (△ means current term net losses per stock) (Unit: yen)		1.86	△ 125.28	10.84	14.12	21.70
Residual-Securities-Adjusted Current Term Net Profits per Stock (Unit: yen)		—	—	—	—	—
Capital Adequacy Ratio (Domestic Standard) (Unit: %)		8.79	7.18	7.19	8.20%	8.62%
Profit Rate of Net Worth (Unit: %)		0.39	△ 30.00	2.97	3.63%	5.10%
Stock Price Earnings Ratio (Unit: time)		228.49	—	36.90	25.14	19.03
Cash Flows from Operating Activities (Unit: million yen)		46,575	15,479	△ 218	58,462	△ 35,359
Cash Flows from Investing Activities (Unit: million yen)		△ 8,071	19,750	△ 13,957	△ 10,094	16,248
Cash Flows from Financing Activities (Unit: million yen)		160	△ 787	△ 762	7,089	634
Cash and Cash Equivalents at End of Year (Unit: million yen)		58,877	93,347	78,416	133,881	115,413
Number of Employees (excluding average number of temp. employees) (Unit: person)		1,543 [280]	1,522 [278]	1,506 [292]	1,493 [299]	1,503 [302]

- Notes: 1. The accounting of the bank and its consolidated branches for consumption tax and local consumption tax adopts tax-excluded method.  
2. The current term net profits per stock for FY2003 was derived from the average number of stocks outstanding (excluding "Treasury Stock" and "Parent Company's Stock held by Subsidiaries").  
3. The Residual-Securities-Adjusted Current Term Net Profits per Stock does not have any entry because there are no residual securities.  
4. The "Accounting Standards related to Current Term Net Profits per Stock" (Corporate Accounting Standards No.2) and "Application Guideline for Accounting Standards related to Current Term Net Profits per Stock" (Corporate Accounting Standards No.4) are applied to calculate "Net Assets Amount per Stock," "Current Term Net Profits (or Current Term Net Losses) per Stock" and "Residual-Securities-Adjusted Current Term Net Profits per Stock" (hereinafter called "Information per Stock") starting FY2004. The basis for calculating Information per Stock can be found at "Information per Stock," \*1 (1) Consolidated Financial Statements," "Chapter 5 Our Accounting."  
5. The Consolidated Capital Adequacy Ratio was calculated based on the mathematical formula provided in the notification from the Finance Ministry based on the Banking Law Article 14.2.

### Consolidated Balance Sheets

#### ● Assets

(Unit: million yen)

Items	Previous (As of 31 march 2005)		Current (As of 31 march 2006)	
	Amount	Component Ratio	Amount	Component Ratio
Cash and due from banks *7	134,779	8.43%	116,206	7.17%
Call loans and bills bought	12,027	0.75	10,924	0.67
Monetary claims bought	997	0.06	69	0.00
Trading account securities	171	0.01	325	0.02
Securities *1, 7	240,069	15.01	228,726	14.11
Loans and bills discounted *2, 3, 4, 5, 6, 8	1,149,552	71.90	1,214,458	74.91
Foreign exchanges	1,570	0.10	1,378	0.08
Other assets	7,228	0.45	6,754	0.42
Premises and equipment *7, 10, 11, 12	38,146	2.39	36,911	2.28
Deferred tax assets	15,302	0.96	12,098	0.75
Customers' liabilities for acceptances and guarantees	15,478	0.97	14,363	0.89
Reserve for possible loan losses	△ 16,520	△ 1.03	△ 21,097	△ 1.30
<b>Total Assets</b>	<b>1,598,802</b>	<b>100.00</b>	<b>1,621,119</b>	<b>100.00</b>

#### ● Liabilities, Minority Interest and Stockholders' Equity

(Unit: million yen)

Items	Previous (As of 31 march 2005)		Current (As of 31 march 2006)	
	Amount	Component Ratio	Amount	Component Ratio
Deposits *7	1,407,820	88.05%	1,420,984	87.66%
Negotiable certificates of deposit	16,420	1.03	26,575	1.64
Guarantee deposit received under securities lending transactions *7	44,789	2.80	39,182	2.42
Borrowed money *13	28,392	1.78	19,658	1.21
Foreign exchange	647	0.04	27	0.00
Corporate bonds *14	6,000	0.38	13,000	0.80
Other liabilities *9	8,145	0.51	8,809	0.54
Reserve for retirement allowances	3,525	0.22	2,789	0.17
Deferred tax liabilities	—	—	59	0.00
Deferred tax liabilities for land revaluation *10	6,598	0.41	6,644	0.41
Acceptances and guarantees	15,478	0.97	14,363	0.89
<b>Total Liabilities</b>	<b>1,537,818</b>	<b>96.19</b>	<b>1,552,095</b>	<b>95.74</b>
Minority interest	150	0.01	172	0.01
Common stock *17	13,550	0.85	15,460	0.96
Capital surplus	7,713	0.48	9,606	0.59
Retained earnings	24,665	1.54	27,984	1.73
Land revaluation surplus *10	9,718	0.61	8,289	0.51
Unrealized gains on securities	5,412	0.34	7,633	0.47
Treasury stock *15, 16	△ 227	△ 0.02	△ 122	△ 0.01
<b>Total stockholders' equity</b>	<b>60,833</b>	<b>3.80</b>	<b>68,852</b>	<b>4.25</b>
<b>Total liabilities, minority interest and stockholders' equity</b>	<b>1,598,802</b>	<b>100.00</b>	<b>1,621,119</b>	<b>100.00</b>

## Consolidated Information Financial Statements-2

### Consolidated Statements of Income

(Unit: million yen)

Items	Previous		Current	
	Amount	Percentage	Amount	Percentage
	from Apr 1, 2004 to Mar 31, 2005		from Apr 1, 2005 to Mar 31, 2006	
Income	41,934	100.00%	44,725	100.00%
Interest income	33,845		34,168	
Interest on loans and discounts	30,188		30,230	
Interest and dividends on securities	2,964		2,932	
Interest on call loans and bill bought	157		431	
Interest on due from banks	0		0	
Other interest income	534		572	
Fees and commissions	3,324		4,414	
Other operating income	2,494		2,475	
Other income	2,269		3,666	
Expenses	36,878	87.94	37,916	84.78
Interest expenses	1,401		1,688	
Interest on deposits	897		1,089	
Interest on negotiable certificates of deposit	22		19	
Interest on payables under securities lending transactions	10		10	
Interest on call money, bills sold, borrowings and rediscounts	395		283	
Interest on bonds and notes	4		198	
Other interest expenses	71		87	
Fees and commissions	3,162		3,197	
Other operating expenses	104		434	
General and administrative expenses	22,567		22,377	
Other expenses	9,643		10,217	
Transfer to allowance for bad debt	1,791		5,751	
Other expenses *1	7,851		4,465	
Profits	5,055	12.06	6,809	15.22
Extraordinary Profits	47	0.11	69	0.16
Profits on disposal of property	1		52	
Recoveries of write-offs	45		17	
Extraordinary Losses	1,240	2.96	1,164	2.60
Losses from disposal of property	151		1,164	
Losses due to impairment *3	94		—	
Other extraordinary losses *2	994		—	
Income before income taxes and others	3,862	9.21	5,714	12.78
Provision for income taxes and others	132	0.32	1,204	2.70
Deferred of income taxes	1,574	3.76	1,189	2.66
Minority interest	10	0.02	10	0.02
Net income	2,144	5.11	3,309	7.40

### Consolidated Statements of Capital Surplus and Retained Earnings

(Unit: million yen)

Items	Previous		Current	
	Amount	Amount	Amount	Amount
	from Apr 1, 2004 to Mar 31, 2005		from Apr 1, 2005 to Mar 31, 2006	
(Capital Surplus)				
Balance of capital surplus at beginning of year	7,713		7,713	
Increase in capital surplus	—		1,893	
Issuance of new stocks by capital increase	—		1,893	
Decrease in capital surplus	—		—	
Balance of capital surplus at end of year	7,713		9,606	
(Retained Earnings)				
Balance of retained earnings at beginning of year	23,293		24,665	
Increase in retained earnings	2,176		4,133	
Net income	2,144		3,309	
Transfer from revaluation reserve for land, net of taxes	32		823	
Decrease in retained earnings	804		814	
Cash dividends	745		747	
Bonus for directors and corporate auditors	32		38	
Losses on sales of treasury stock, net of taxes	26		29	
Balance of retained earnings at end of year	24,665		27,984	

### Consolidated Statements of Cash Flows

(Unit: million yen)

Items	Previous		Current	
	Amount	Amount	Amount	Amount
	from Apr 1, 2004 to Mar 31, 2005		from Apr 1, 2005 to Mar 31, 2006	
I Cash Flows from Operating Activities				
Income before income taxes	3,862		5,714	
Depreciation	1,899		2,099	
Impairment losses	94		—	
Amortization of consolidation differences	278		—	
Increase (decrease) in reserve for possible loan losses	△ 6,006		4,577	
Increase (decrease) in reserve for employee retirement benefits	374	△	736	
Interest and dividend income	△ 33,845	△	34,168	
Interest expenses	1,401		1,688	
Securities losses (gains), net	△ 1,696	△	3,125	
Foreign exchange losses (gains), net	△ 8	△	8	
Losses (gains) on disposal of premises and equipment, net	149		1,112	
Net increase (decrease) in trading securities	19	△	154	
Net increase (decrease) in loans and bills discounted	43,274	△	64,906	
Net increase (decrease) in deposits	1,970		13,164	
Net increase (decrease) in negotiable deposits	3,336		10,154	
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	670		765	
Net increase (decrease) in deposits with banks (excluding deposits with Bank of Japan)	2,166		105	
Net increase (decrease) in call loans	△ 4,193		1,033	
Net increase (decrease) in commercial paper	2		997	
Net increase (decrease) in payables under securities lending transactions	11,358	△	5,606	
Net increase (decrease) in foreign exchange assets	319		191	
Net increase (decrease) in foreign exchange liabilities	642	△	619	
Interest income received	33,751		34,215	
Interest expenses paid	△ 1,514	△	1,713	
Other, net	296		49	
Sub-Total	58,605	△	35,169	
Income taxes paid	△ 143	△	190	
Cash flows from operating activities	58,462	△	35,359	
II Cash Flows from Investing Activities				
Payments for purchase of securities	△ 88,236	△	103,827	
Proceeds from sales of securities	3,422		39,222	
Proceeds from maturities of securities	77,039		82,821	
Payments for purchase of premises and equipment	△ 2,920	△	3,548	
Proceeds from sales of premises and equipment	600		1,580	
Cash flows from investing activities	△ 10,094		16,248	
III Cash Flows from Financing Activities				
Proceeds from issuance of subordinated borrowed money	2,800		—	
Repayments for subordinated borrowed money	△ 1,000	△	9,500	
Proceeds from issuance of subordinated bonds, notes and bonds with stock options	6,000		7,000	
Proceeds from issuance of stocks	—		3,803	
Cash dividends paid	△ 745	△	746	
Cash dividends paid to minority stockholders	△ 0	△	0	
Payments for purchase of treasury stock	△ 27	△	33	
Proceeds from sales of treasury stock	102		111	
Payments for purchase of subsidiaries treasury stock	△ 39		—	
Cash flows from financing activities	7,089		634	
IV Foreign Currency Translation Adjustments	8		8	
V Net Increase (Decrease) in Cash and Cash Equivalents	55,465		18,467	
VI Cash and Cash Equivalents at Beginning of Year	78,416		133,881	
VII Cash and Cash Equivalents at End of Year	133,881		115,413	

Note: The amounts fewer than one million are omitted.

## Consolidated Information-3 Profit and Loss

### Income and Expenses according to Domestic and International Operation

(Unit: million yen)

Types	FY	Domestic	International	Amount of offset (△)	Total
Interest balance	Previous	31,569	874	—	32,444
	Current	31,484	995	—	32,479
Income	Previous	32,608	1,253	16	33,845
	Current	32,504	1,678	15	34,168
Expenses	Previous	1,038	378	16	1,401
	Current	1,020	683	15	1,688
Balance of fees and commissions	Previous	80	81	—	162
	Current	1,128	88	—	1,217
Income	Previous	3,225	99	—	3,324
	Current	4,310	104	—	4,414
Expenses	Previous	3,144	17	—	3,162
	Current	3,181	16	—	3,197
Other operating balance	Previous	2,188	201	—	2,389
	Current	1,803	237	—	2,041
Income	Previous	2,293	201	—	2,494
	Current	2,238	237	—	2,475
Expenses	Previous	104	—	—	104
	Current	434	—	—	434

Notes: 1. "Domestic" contains the transactions in yen and "International" contains the transactions in foreign currency of the bank and its subsidiaries. However, the accounts such as nonresident yen transaction and special international financial transaction are included in "International."  
 2. "Amount of Offset" is the interest of fund borrowing and lending between the domestic sector and international sector.

### Fees and Commissions

(Unit: million yen)

Types	FY	Domestic	International	Amount of offset (△)	Total
Income of fees and commissions	Previous	3,225	99	—	3,324
	Current	4,310	104	—	4,414
Deposit & loans	Previous	1,091	—	—	1,091
	Current	1,270	—	—	1,270
Currency exchange	Previous	1,298	98	—	1,396
	Current	1,290	103	—	1,394
Securities related	Previous	162	—	—	162
	Current	954	—	—	954
Commission	Previous	216	—	—	216
	Current	293	—	—	293
Safekeeping deposit & safety-deposit vault	Previous	45	—	—	45
	Current	44	—	—	44
Guarantee affairs	Previous	28	0	—	29
	Current	15	1	—	16
Expenses of fees and commissions	Previous	3,144	17	—	3,162
	Current	3,181	16	—	3,197
Currency exchange	Previous	240	17	—	258
	Current	240	16	—	257

Notes: 1. "Domestic" contains the transactions of the bank and its subsidiaries in yen.  
 2. "International" contains the transactions of the bank and its subsidiaries in foreign currency.

## Consolidated Information-4 Profit and Loss

### Average Balance, Interest and Yield Rate of Interest Income Account & Interest Expense Account

● Domestic (Unit: million yen)

Types	FY	Average Balance	Interest	Yield Rate
Interest Income Account	Previous	1,429,422	32,608	2.28%
	Current	1,431,050	32,504	2.27%
Loans and discounts	Previous	1,141,940	29,249	2.56
	Current	1,140,487	29,171	2.55
Trading securities	Previous	180	1	0.58
	Current	239	1	0.72
Securities	Previous	232,149	2,939	1.26
	Current	234,988	2,918	1.24
Call loans and bills bought	Previous	27,419	0	0.00
	Current	22,702	0	0.00
Receivables under resale agreement	Previous	—	—	—
	Current	—	—	—
Receivables under securities borrowing transactions	Previous	—	—	—
	Current	—	—	—
Deposits with banks	Previous	2,182	0	0.03
	Current	4,543	0	0.01
Interest Expense Account	Previous	1,438,632	1,038	0.07
	Current	1,438,213	1,020	0.07
Deposits	Previous	1,358,070	597	0.04
	Current	1,358,514	499	0.03
Negotiable deposits	Previous	34,169	22	0.06
	Current	26,780	19	0.07
Call money and bills sold	Previous	—	—	—
	Current	—	—	—
Payables under repurchase agreements	Previous	—	—	—
	Current	—	—	—
Guarantee deposit received under securities lending transactions	Previous	20,292	10	0.04
	Current	22,098	10	0.04
Commercial paper	Previous	—	—	—
	Current	—	—	—
Borrowed money	Previous	25,846	395	1.52
	Current	20,981	283	1.35

Notes: 1. "Domestic" contains the transactions of the bank and its subsidiaries in yen. However, the accounts such as nonresident yen transaction and special international financial transaction are included in "International."  
 2. The average balance is in principle calculated based on the daily average balance however some of our subsidiaries use "Average Balance" derived from the biannual balance.  
 3. As for the amounts shown at Interest Income Account, the average balance of interest-free deposits (Previous FY: 17,049 million yen and Current FY: 15,946 million yen) is deducted.

● International (Unit: million yen)

Types	FY	Average Balance	Interest	Yield Rate
Interest Income Account	Previous	54,710	1,253	2.29%
	Current	57,381	1,678	2.92%
Loans and discounts	Previous	41,089	938	2.28
	Current	42,582	1,058	2.48
Trading securities	Previous	—	—	—
	Current	—	—	—
Securities	Previous	2,933	23	0.81
	Current	1,741	12	0.70
Call loans and bills bought	Previous	8,620	157	1.82
	Current	11,506	431	3.74
Receivables under resale agreement	Previous	—	—	—
	Current	—	—	—
Receivables under securities borrowing transactions	Previous	—	—	—
	Current	—	—	—
Deposits with banks	Previous	—	—	—
	Current	—	—	—
Interest Expense Account	Previous	54,618	378	0.69
	Current	57,250	683	1.19
Deposits	Previous	29,463	300	1.01
	Current	29,475	589	1.99
Negotiable deposits	Previous	—	—	—
	Current	—	—	—
Call money and bills sold	Previous	—	—	—
	Current	—	—	—
Payables under repurchase agreements	Previous	—	—	—
	Current	—	—	—
Guarantee deposit received under securities lending transactions	Previous	—	—	—
	Current	—	—	—
Commercial paper	Previous	—	—	—
	Current	—	—	—
Borrowed money	Previous	—	—	—
	Current	—	—	—

Notes: 1. "International" contains the transactions of the bank and its subsidiaries in foreign currency. However, the accounts such as nonresident yen transaction and special international financial transaction are included in "International."  
 2. The average balance of foreign currency transactions in "International" is calculated based on the monthly current method (the method of applying the TTM at the end of the previous month to the non-exchange transactions of the current month).  
 3. As for the amounts shown at Interest Income Account, the average balance of interest-free deposits (Previous FY: 56 million yen and Current FY: 53 million yen) is deducted.

## Consolidated Information-5 Profit and Loss

### ● Total of Domestic & International

(Unit: million yen)

Types	FY	Average Balance			Interest			Yield Rate
		Subtotal	Amount of offset (Δ)	Total	Subtotal	Amount of offset (Δ)	Total	
Interest Income Account	Previous	1,484,132	25,056	1,459,076	33,861	16	33,845	2.31%
	Current	1,488,432	27,712	1,460,720	34,183	15	34,168	2.33%
Loans and discounts	Previous	1,183,029	—	1,183,029	30,188	—	30,188	2.55
	Current	1,183,069	—	1,183,069	30,230	—	30,230	2.55
Trading securities	Previous	180	—	180	1	—	1	0.58
	Current	239	—	239	1	—	1	0.72
Securities	Previous	235,083	—	235,083	2,963	—	2,963	1.26
	Current	236,730	—	236,730	2,931	—	2,931	1.23
Call loans and bills bought	Previous	36,039	—	36,039	157	—	157	0.43
	Current	34,209	—	34,209	431	—	431	1.26
Receivables under resale agreement	Previous	—	—	—	—	—	—	—
	Current	—	—	—	—	—	—	—
Receivables under securities borrowing transactions	Previous	—	—	—	—	—	—	—
	Current	—	—	—	—	—	—	—
Deposits with banks	Previous	2,182	—	2,182	0	—	0	0.03
	Current	4,543	—	4,543	0	—	0	0.01
Interest Expense Account	Previous	1,493,250	25,056	1,468,193	1,417	16	1,401	0.09
	Current	1,495,464	27,712	1,467,752	1,704	15	1,688	0.11
Deposits	Previous	1,387,534	—	1,387,534	897	—	897	0.06
	Current	1,387,989	—	1,387,989	1,089	—	1,089	0.07
Negotiable deposits	Previous	34,169	—	34,169	22	—	22	0.06
	Current	26,780	—	26,780	19	—	19	0.07
Call money and bills sold	Previous	—	—	—	—	—	—	—
	Current	—	—	—	—	—	—	—
Payables under repurchase agreements	Previous	—	—	—	—	—	—	—
	Current	—	—	—	—	—	—	—
Guarantee deposit received under securities lending transactions	Previous	20,292	—	20,292	10	—	10	0.04
	Current	22,098	—	22,098	10	—	10	0.04
Commercial paper	Previous	—	—	—	—	—	—	—
	Current	—	—	—	—	—	—	—
Borrowed money	Previous	25,846	—	25,846	395	—	395	1.52
	Current	20,981	—	20,981	283	—	283	1.35

Notes: 1. As for the amounts shown at Interest Income Account, the average balance of interest-free deposits (Previous FY: 17,105 million yen and Current FY: 15,999 million yen) is deducted.

2. "Amount of Offset" is the average balance and interest of fund borrowing and lending between the domestic sector and international sector.

### Deposit Balance according to Domestic and International Operation

#### ● Balance of Deposits & Negotiable Deposits (at the end of the term)

(Unit: million yen)

Types	FY	Domestic	International	Amount of offset (Δ)	Total
					Total
Total deposits	Previous	1,380,745	27,075	—	1,407,820
	Current	1,385,965	35,019	—	1,420,984
Liquidity deposits	Previous	492,358	—	—	492,358
	Current	525,322	—	—	525,322
Time and savings deposits	Previous	882,610	—	—	882,610
	Current	855,337	—	—	855,337
Other	Previous	5,776	27,075	—	32,851
	Current	5,306	35,019	—	40,325
Negotiable deposits	Previous	16,420	—	—	16,420
	Current	26,575	—	—	26,575
Grand Total	Previous	1,397,165	27,075	—	1,424,241
	Current	1,412,540	35,019	—	1,447,560

Notes: 1. "Domestic" contains the transactions in yen and "International" contains the transactions in foreign currency of the bank and its subsidiaries. However, the accounts such as nonresident yen transaction and special international financial transaction are included in "International."

2. Liquidity Deposits = Current Deposit + Ordinary Deposit + Savings Deposit + Notice Deposit

3. Time and Savings Deposits = Fixed-term Deposit + Periodical Deposit

## Consolidated Information-6

### Breakdown of Loans and Bills Discounted by Industry Group

(Unit: million yen)

Type of Business	As of 31 march 2005		As of 31 march 2006	
	Balance of Loans and Bills Discounted	Component Ratio (Unit: %)	Balance of Loans and Bills Discounted	Component Ratio (Unit: %)
<b>Domestic</b> (excluding the special international financial transaction account)	<b>1,149,552</b>	<b>100.00</b>	<b>1,214,458</b>	<b>100.00</b>
Manufacturing	127,651	11.10	124,441	10.25
Agriculture	2,628	0.23	2,854	0.24
Forestry	49	0.00	43	0.00
Fishery	6,267	0.55	7,154	0.59
Mining	455	0.04	458	0.04
Construction	104,279	9.07	104,024	8.56
Utilities	190	0.02	226	0.02
Information and Communication	3,912	0.34	4,738	0.39
Transportation	119,484	10.39	130,364	10.73
Wholesale and Retail	139,551	12.14	136,822	11.27
Finance and Insurance	23,879	2.08	33,474	2.76
Real Estate	83,894	7.30	97,761	8.05
Various Services	140,227	12.20	163,031	13.42
Local Authorities	37,354	3.25	52,106	4.29
Other	359,726	31.29	356,951	29.39
<b>Special International Financial Transaction Account</b>	—	—	—	—
Governments and other	—	—	—	—
Financial Institutions	—	—	—	—
Other	—	—	—	—
<b>Total</b>	<b>1,149,552</b>	<b>—</b>	<b>1,214,458</b>	<b>—</b>

Note: 1.The bank and its subsidiaries excluded the portion of Special International Financial Transaction Account from "Domestic."  
2.The bank does not have any subsidiary with its branch or head office overseas.



# Consolidated Information-7

## Securities Related

### 1. Securities with the purpose of selling and buying (Unit: million yen)

Types	As of 31 march 2006	
	Amount recorded under Consolidated B/S	Variance of the Estimate included in the Balance This FY
Securities with the purpose of selling and buying	325	△5

### 2. Bonds with the purpose of holding to maturity and actual cash value (ACV) (Unit: million yen)

Types	As of 31 march 2006				
	Amount recorded under Consolidated B/S	ACV	Difference	Difference	
				Gain	Loss
Government bonds	30	29	△ 0	—	0
Local government bonds	14,271	14,412	141	173	32
Short-term corporate bonds	—	—	—	—	—
Corporate bonds	—	—	—	—	—
Other	—	—	—	—	—
<b>Total</b>	<b>14,301</b>	<b>14,441</b>	<b>140</b>	<b>173</b>	<b>33</b>

Note: 1. ACV is based on the market price and other at the end of the current consolidated fiscal year.

2. "Gain" and "Loss" are the breakdowns of "Difference."

### 3. Other Securities with ACV (Unit: million yen)

Types	As of 31 march 2006				
	Acquisition Cost	Amount recorded under Consolidated B/S	Variance of the Estimate	Variance of the Estimate	
				Gain	Loss
Stocks	28,329	44,398	16,068	16,532	463
Bonds	165,374	161,810	△ 3,564	500	4,064
Government bonds	86,716	84,338	△ 2,377	39	2,417
Local government bonds	33,267	32,045	△ 1,222	68	1,290
Short-term corporate bonds	—	—	—	—	—
Corporate bonds	45,390	45,426	35	392	356
Other	3,497	3,833	336	345	9
<b>Total</b>	<b>197,202</b>	<b>210,043</b>	<b>12,840</b>	<b>17,378</b>	<b>4,537</b>

Notes: 1. The figures recorded in the consolidated B/S were taken from the amounts calculated based on the market value average during a month before the end of the current consolidated FY for stocks and from ACV based on the market values, etc. at the end of the current consolidated FY for the others.

2. "Gain" and "Loss" are the breakdowns of "Difference."

3. Among the other securities with ACV, those with their ACV being reduced markedly and thought to have no hope of regaining the acquisition costs are recorded on the consolidated B/S in their ACV and their variance of the estimates was charged off (hereinafter called treated as impairment) this FY. As for the standards to judge that ACV "decreased markedly," it is considered to be the case when the ACV drops equal to or more than 50% of the acquisition cost or even when the rate of drop is between 30% and less than 50%, provided that after reviewing the factors such as ACV movements and issuing company's business performance changes, it is determined that the chance of recovery is beyond hope.

## Variance of the Estimate on Other Securities

### ● Variance of the Estimate on Other Securities

The table on the right is the breakdown of the variance of the estimate on other securities recorded in the consolidated B/S.

	(Unit: million yen)
	As of 31 march 2006
Variance of the estimate	12,840
Other securities	12,840
(△)Deferred tax liabilities	5,192
Variance of the estimate on other securities (before the adjustment)	7,648
(△) Minority interest equivalent	14
Variance of the estimate on other securities	7,633

### 4. Other Securities Sold during the Current Consolidated FY (Unit: million yen)

Types	FY2005 from Apr 1, 2005 to Mar 31, 2006		
	Sale Price	Total Gain on Sale	Total Loss on Sale
Other Securities	39,222	3,352	341

### 5. Securities without ACV and Amounts recorded in Fiscal B/S (Unit: million yen)

Types	FY	As of 31 march 2006
	Bonds with the purpose of holding to maturity	
Corporate bonds		
Other securities		
Non-listed stocks (excluding over-the-counter stocks)		2,208
Amount invested		462

### 6. Other Securities with Maturity Date and Estimated Amounts of Redemption for Bonds with the Purpose of Holding to Maturity (Unit: million yen)

Types	As of 31 march 2006			
	Within 1 year	More than 1 year and within 5 years	More than 5 years and within 10 years	More than 10 years
Bonds	15,474	75,555	70,639	16,153
Government bonds	5,005	25,446	37,764	16,153
Local government bonds	3,268	19,245	23,803	—
Short-term corporate bonds	—	—	—	—
Corporate bonds	7,201	30,864	9,071	—
Other	1,601	415	—	63
<b>Total</b>	<b>17,076</b>	<b>75,970</b>	<b>70,639</b>	<b>16,216</b>

## Money Held in Trust Related

Not Applicable.

## Derivative Transaction Information

### 1. Issues related to Existing State

- (1) Lineups  
Our derivative transactions include interest swap transaction related to interest, future exchange contract transaction related to currencies, futures transaction related to stocks & bonds and option transaction. Our consolidated subsidiaries do not handle any derivative transaction.
- (2) Intended purpose and our policies  
We have two main purposes for handling derivative transactions; 1) to respond to the diversified needs of our customers and 2) to respond to our own various risks.  
We will conduct the derivative transactions in a measured fashion by selecting the most effective and efficient transactions to achieve these goals.
- (3) Risks and Risk Management Structure  
The major risks associated with the derivative transactions are as follows:  
1) Credit risk: the risk of the bank suffering a loss because the incidents such as bankruptcy make it impossible for the counterpart in the contract to fulfill its performance according to the contract.  
2) Market risk: the risk of the transacted derivative's value declining due

to the changes in the market prices of interest, securities, currency exchange rates and the like.

We are rigorously managing the credit risk by setting the swing line for each client and semiannually reviewing the swing line according to the client's creditworthiness.

We are strictly managing the market risk as well by establishing the management standards for derivatives in our business operation policies and semiannually reviewing the policies according to the changes in our operating environment.

The credit risk equivalent at the end of March 2006, calculated based on the BIS Basel Capital Accord (through the current exposure method), was 540 million yen (interest related transactions: 374 million yen and currency related transactions: 165 million yen).

### (4) Supplemental Remarks on Quantitative Information

We are conducting interest swap to hedge the interest volatility risk. In addition, we are executing exchange contracts to hedge the exchange-rate fluctuation risk related to our customers' foreign currency transactions such as foreign currency deposits, impact loans or export and import transactions.

### 2. Issues related to Actual Cash Value

#### ● Interest Related Transactions (Unit: million yen)

Category	Type	As of 31 march 2006			
		Contract Price	More than 1 year	ACV	Appraisal
Exchange	Interest-rate futures				
	Short selling	—	—	—	—
	Long position	—	—	—	—
	Interest option				
	Short selling	—	—	—	—
	Long position	—	—	—	—
OTC	Forward rate agreement				
	Short selling	—	—	—	—
	Long position	—	—	—	—
	Interest swap				
	Receivable fixed / Payment not fixed	—	—	—	—
	Receivable not fixed / Payment fixed	—	—	—	—
	Receivable not fixed / Payment fixed	—	—	—	—
	Interest option				
	Short selling	—	—	—	—
	Long position	—	—	—	—
Other	Short selling	—	—	—	—
	Long position	—	—	—	—
	Total	—	—	—	—

Note: 1. We measured the above transactions with ACV and recorded the profit or loss from valuation in the consolidated statement of income. The derivative transactions applying the hedge accounting were excluded from the above according to the "Handling of Application of Financial Product Accounting Standards by Banking Industry when Accounting or Auditing" (The Report No. 24 by Industry-classified Audit Committee, Japanese Institute of Certified Public Accountants).

2. Calculation of ACV

#### ● Currency Related Transactions (Unit: million yen)

Category	Type	As of 31 march 2006			
		Contract Price	More than 1 year	ACV	Appraisal Profit or Loss
Exchange	Currency future				
	Short selling	—	—	—	—
	Long position	—	—	—	—
	Currency option				
	Short selling	—	—	—	—
	Long position	—	—	—	—
OTC	Currency swap				
	Exchange contract				
	Short selling	3,017	235	△61	△61
	Long position	2,769	227	64	64
	Other				
	Short selling	—	—	—	—
OTC	Long position	—	—	—	—
	Currency option				
	Short selling	—	—	—	—
	Long position	—	—	—	—
Total	—	—	3	3	

Note: 1. We measured the above transactions at ACV and recorded the profit or loss from valuation in the consolidated statement of income. The transactions such as currency swap transaction applying the hedge accounting, those recorded under the foreign currency receivable or payable and reflected in the consolidated balance sheet, and those whose foreign currency receivables or payables were eliminated in the consolidation process were excluded from the above according to the "Handling related to Account Processing for Foreign Exchange Transactions and so on by Banking Industry when Accounting or Auditing" (The Report No. 25 by Industry-classified Audit Committee, Japanese Institute of Certified Public Accountants).

2. Calculation of ACV

It is calculated by values such as discounted present price.

#### ● Stock Related Transactions

Not applicable.

#### ● Bond Related Transactions

Not applicable.

#### ● Product Related Transactions

Not applicable.

#### ● Credit Derivative Transactions

Not applicable.

## Consolidated Information-9

### Consolidated Capital Adequacy Ratio (Domestic Standards)

(Unit: million yen)

Item		As of 31 march 2005	As of 31 march 2006	
Basic	Capital	13,550	15,460	
	Non-cumulative perpetual preferred stocks	—	—	
	Advance on subscription	—	—	
	Payment of calls	—	—	
	Capital surplus	7,713	9,606	
	Retained earnings	24,248	27,457	
	Minority interest share of subsidiaries	144	157	
	Preferred fund certificates issued by foreign special purpose companies	—	—	
	Loss from appraisal of other securities	(Δ)	—	
	Advance on treasury stock	—	—	
	Paid-up money on treasury stock	—	—	
	Treasury stock	(Δ)	227	
	Equity adjustment from foreign currency translation	—	—	
	Goodwill equivalent	(Δ)	—	
	Intangible asset equivalent recorded from combined business	(Δ)	—	
	Consolidated adjustment account equivalent	(Δ)	—	
Total of basic items before deducting deferred income tax asset (total amount of the above items)	—	—		
Amount of deduction for deferred income tax asset	(Δ)	—		
Total	(A)	45,429	52,560	
Supplemental	Preferred fund certificate with step up interest provision *1	—	—	
	45% of the difference between the revaluation amount of land and book price right before the revaluation	7,342	6,720	
	General provision for loan losses	6,170	6,451	
	Funding instruments with a debt-like nature, etc.	22,200	23,400	
	Perpetual subordinated debt *2	—	—	
	Limited-life subordinated debt and limited-life preferred stock *3	22,200	23,400	
Total	35,712	36,571		
	Amount included in equity capital (B)	(B)	35,712	36,571
Deduction	Deduction *4	(C)	101	101
Equity Capital	(A) + (B) - (C)	(D)	81,041	89,031
Risk Assets etc	Assets (on balance)	974,763	1,018,640	
	Off balance transaction	12,444	13,631	
	Total	(E)	987,208	1,032,272
Consolidated Capital Adequacy Ratio (domestic standards) = $\frac{D}{E} \times 100 (\%)$		8.20%	8.62%	

Note: 1. Those specified in the Article 23.2 of the Notification: i.e. those stocks, etc. with the probability of redemption such as attaching the special agreement including step-up interest (including preferred fund certificates issued by foreign special purpose companies).

2. Those with the funding instruments with a debt-like nature as specified in the Article 24.1.3 of the Notification and all the characteristics in the following:

(1) Without collateral and fully paid-up, subordinating to other debt;

(2) Irredeemable except for certain cases;

(3) To be appropriated to the compensation for loss without interrupting the business operation; and

(4) Extendable interest payment obligations.

3. Those specified in the Article 24.1.4 and 24.1.5 of the Notification however limited-life subordinated debts are confined to the ones with the maturity period of over 5 years at the time of signing.

4. The amount equivalent to the intentionally retained sum of other financial institutions' funding instruments as specified in the Article 25.1.1 of the Notification and investment in those specified in the Article 25.1.2.

## Consolidated Information-10

### Risk-management Loan Information (consolidated)

(Unit: million yen)

Risk-management loan	FY	
	as of March 2005	as of March 2006
Loans to failed party	5,059	5,853
Delinquent loans	26,742	34,681
3 months or more delinquent loans	186	310
Loans with relaxed lending terms	27,931	15,793
Total	59,919	56,638

- Notes: 1. "Loans to failed party" means the loans with the instances specified in the Article 96.1.3 (a) to 96.1.3 (e) of the Corporation Tax Law Enforcement Order (1965 Government Decree No. 97) or Article 96.1.4 among the loans whose accrued and unpaid interest was not recorded due to the fact that the prospect of collecting the principal or interest, or the settlement seemed hopeless based on the grounds including the payment of principal or interest having been delayed for a certain period of time (excluding the portions where the bad loans were written off; hereinafter called "Loans with Unrecorded Accrued and Unpaid Interest").
2. "Delinquent loans" are the loans with unrecorded accrued and unpaid interest and the funds other than those granted a respite in the interest payment to rehabilitate or support the loans to failed party and debtor's business.
3. "3 months or more delinquent loans" are the loans, which do not fall under the categories of "Loans to failed party" or "Delinquent loans" and in which the principal or interest payment has been delayed for 3 months or more from the next day of the stipulated payday.
4. "Loans with relaxed lending terms" are the loans, which do not fall under the categories of "Loans to failed party," "Delinquent loans" or "3 months or more delinquent loans" with advantageous agreements to debtors including the reduction and exemption of interest, grace for interest payment, moratorium on principal repayment or debt waiver to rehabilitate or support the debtor's business.

### Segment Information

#### 1. According to Nature of Business

Other than banking, some of the consolidated companies engage in business such as leasing. The segment information according to the nature of business was not and is not included in the previous and current consolidated FY because such business accounted for just a fraction of a percent.

#### 2. According to Location

The segment information according to location was not and is not included in the previous and current consolidated FY because Japan accounted for 100% of the total of the entire segments' current income and assets.

#### 3. Current Balance of International Business

(Unit: million yen)

Term	Current Balance of International Business	Consolidated Current Balance	Percentage
FY2005 (A) from Apr 1, 2005 to Mar 31, 2006	2,021	44,725	4.51 %
FY2004 (B) from Apr 1, 2004 to Mar 31, 2005	1,553	41,934	3.70
Comparison (C) (A)-(B)	468	2,791	0.81

Note: 1. "Current balance of international business" is stated instead of the overseas sales of general companies.

2. "Current balance of international business" is the current income (excluding the internal current income among the consolidated companies) related to foreign currency transactions, yen-denominated trade bill transactions, nonresident yen transaction and transactions related to the special international financial transaction account, all conducted in Japan.

### About Audit Certificate by Chartered Accountants or Audit Corporation

● Based on the Article 19.2.3 of the Law on Special Cases of the Commercial Code related to Audit, etc. of Corporations, we had Ernest & Young Shin Nihon audit our consolidated balance sheets and consolidated income statements (consolidated accounting documents) of the 102nd FY from April 1, 2005 to March 31, 2006 in Japanese version.

● Based on the Article 193.2 of the Securities Exchange Law, we had Ernest & Young Shin Nihon audit our consolidated financial statements (i.e. consolidated balance sheets, consolidated income statements, consolidated surplus statements, consolidated cash flow statements and consolidated supplementary statements) of the FY from April 1, 2005 to March 31, 2006 and obtained the audit certificate in Japanese version.

## Important matters that become basis for the preparation of the financial statement

	Previous ( from Apr 1, 2004 ) ( to Mar 31, 2005 )	Current ( from Apr 1, 2005 ) ( to Mar 31, 2006 )
1. Regarding Scope of Consolidation	<p>Consolidated Subsidiaries: 4 The subsidiaries are addressed under "1. Overview of Corporation 4) About Related Companies." We therefore leave out their descriptions here. The subsidiaries are all consolidated. The Himegin Temporary Staff Service was dissolved at the end of August 2004 and finished its liquidation in January 2005. As for this FY, the gain and loss were recorded in the consolidated income statements.</p>	<p>Consolidated Subsidiaries: 4 Consolidated subsidiaries are omitted here because they are addressed under "1. Overview of Corporation 4) About Related Companies."  The subsidiaries are all consolidated.</p>
2. Regarding Application of Equity Method	<p>Equity Method Affiliates: 1 Company Name: Investment Business Limited Liability Partnership Ehime Venture Fund 2004 Corporation Limited  The equity method is applied to all of our subsidiaries.</p>	<p>Equity Method Affiliates: 1 Company Name: Investment Business Limited Liability Partnership Ehime Venture Fund 2004 Corporation Limited  The equity method is applied to all of our subsidiaries.</p>
3. Regarding Fiscal Year of Consolidated Subsidiaries	<p>The closing day of our consolidated subsidiaries is as follows: The end of March: 4</p>	<p>The closing day of our consolidated subsidiaries is as follows: The end of March: 4</p>
4. Regarding Accounting Procedure Standards	(1) Valuation standards and methods for trading securities The trading securities are valued with the market value method.	(1) same as on the left
	(2) Valuation standards and methods for securities (a) The securities with the purpose of holding to maturity are valued with the amortized cost method (fixed amount method) by the moving average method. Among the other securities, those with ACV including stocks are valued with the figures calculated based on the market value average during a month before the end of the current consolidated FY and others with the market value method based on the amounts such as the market value on the consolidated closing date (the cost of sell-off is mostly calculated using the moving average method). Those without ACV are evaluated with the cost-accounting method or amortized cost method by the moving average method. For other securities, the related valuation differences are directly charged or credited to the shareholder equity. (b) As for the securities managed as trust assets among the trusts where the money is independently managed in trust with the key purpose of managing securities, the valuation is conducted using the market value method.	(2) Valuation standards and methods for securities (a) same as on the left (b) same as on the left
	(3) Valuation standards and methods for derivative transactions The transactions are valued with the market value method.	(3) Valuation standards and methods for derivative transactions same as on the left
	(4) Method of depreciation 1) Premises and equipment Our premises and equipment adopts the fixed rate method however the buildings (excluding their accessory facilities) bought on and after April 1, 1998 adopts the straight line method. The following is the major service life. Building: 34 to 50 years Movable asset: 3 to 10 years The premises and equipment of our subsidiaries are depreciated mainly using the fixed rate method based on the estimated service life. 2) Software The software for our own use is depreciated using the straight line method based on the estimated usable period decided by the bank and its subsidiaries (mostly 5 years).	(4) Method of depreciation 1) Premises and equipment same as on the left 2) Software same as on the left
	(5) Accounting procedure for deferred assets The entire costs of bond issuance are recorded at the time of expenditure.	(5) Accounting procedure for deferred assets same as on the left

	<p style="text-align: center;">Previous ( from Apr 1, 2004 ) ( to Mar 31, 2005 )</p>	<p style="text-align: center;">Current ( from Apr 1, 2005 ) ( to Mar 31, 2006 )</p>
<p>4. Regarding Accounting Procedure Standards</p>	<p>(6) Standards for recording bad debt reserve Our bad debt reserves are recorded according to the predetermined standards for clear-off and provision as follows: As for the claimable assets related to debtors with their business legally collapsed such as those going under bankruptcy or special liquidation processes (hereinafter called "Failed Party") and those in the similar circumstances (hereinafter called "Substantially Failed Party"), we first deduct the estimated disposable amount and recoverable amount through the guarantee from the book value after the direct deduction stated in the following notes, then record the remaining amount. As for the claimable assets related to debtors who are considered to be not in the state of bankruptcy yet but have strong possibilities of going under, we first subtract the estimated disposable amount and recoverable amount by the guarantee from the claim amount, then record the amount within the remaining amount, which we consider it to be necessary through our comprehensive evaluation of the debtors' ability to pay. As for the claimable assets other than the above, the amounts are recorded based on the factors such as loan loss ratio, which is derived from the past records of loan loss during a given period of time.</p> <p>In regard to all of our receivables, the sales related departments appraise the assets based on the self appraisal standards and the asset auditing departments independent from such departments go over the outcomes of the appraisals. We reserve for each of these estimated uncollectible amounts based on these outcomes.</p> <p>As for the collaterals and guarantees for Failed Party and Substantially Failed Party, we first subtract the appraised amount of the collateral and recoverable amount by the guarantee from the claim amount, then directly deduct the remaining amount from the claim amount as the estimated uncollectible amount. The amounts were 32,610 million yen for the parent company and 1,600 million yen for the consolidated subsidiaries.</p> <p>In regard to the subsidiaries' provision for possible loan loss, the amounts considered to be necessary from the evaluation of the past loan loss records and other factors are reserved for the general claimable assets. As for particular claimable assets including those with concerns for potential loan loss, the estimated uncollectible amounts are reserved in view of the individual recovery possibility.</p> <p>(7) Reserve for retirement benefits We record the necessary amounts for the reserve for retirement benefits based on the projected retirement benefit liabilities and pension assets at the end of the current consolidated fiscal year to prepare for the payments. The methods to process the cost differentials of the prior service cost and actuarial gains and losses are as follows: Past liabilities: We process the costs using the straight line method over the fixed number of years (usually 5 years) within the employees' average remaining length of services at the time of occurrence. Actuarial gains and losses: We proportionally distribute the amounts using the straight line method over the fixed number (usually 5 years) within the employees' average remaining length of service at the time of occurrence and process the amounts starting from the next fiscal year of each occurrence. The differential at the time of the accounting standard change (4,942 million yen) are mainly processed in the proportionally distributed amounts over 5 years.</p>	<p>(6) Standards for recording bad debt reserve Our bad debt reserves are recorded according to the predetermined standards for clear-off and provision as follows: As for the claimable assets related to debtors with their business legally collapsed such as those going under bankruptcy or special liquidation processes (hereinafter called "Failed Party") and those in the similar circumstances (hereinafter called "Substantially Failed Party"), we first deduct the estimated disposable amount and recoverable amount through the guarantee from the book value after the direct deduction stated in the following notes, then record the remaining amount. As for the claimable assets related to debtors who are considered to be not in the state of bankruptcy yet but have strong possibilities of going under, we first subtract the estimated disposable amount and recoverable amount by the guarantee from the claim amount, then record the amount within the remaining amount, which we consider it to be necessary through our comprehensive evaluation of the debtors' ability to pay. As for the claimable assets other than the above, the amounts are recorded based on the factors such as loan loss ratio, which is derived from the past records of loan loss during a given period of time.</p> <p>In regard to all of our receivables, the sales related departments appraise the assets based on the self appraisal standards and the asset auditing departments independent from such departments go over the outcomes of the appraisals. We reserve for each of these estimated uncollectible amounts based on these outcomes.</p> <p>As for the collaterals and guarantees for Failed Party and Substantially Failed Party, we first subtract the appraised amount of the collateral and recoverable amount by the guarantee from the claim amount, then directly deduct the remaining amount from the claim amount as the estimated uncollectible amount. The amounts were 32,610 million yen for the parent company and 1,600 million yen for the consolidated subsidiaries.</p> <p>In regard to the subsidiaries' provision for possible loan loss, the amounts considered to be necessary from the evaluation of the past loan loss records and other factors are reserved for the general claimable assets. As for particular claimable assets including those with concerns for potential loan loss, the estimated uncollectible amounts are reserved in view of the individual recovery possibility.</p> <p>(7) Reserve for retirement benefits We record the necessary amounts for the reserve for retirement benefits based on the projected retirement benefit liabilities and pension assets at the end of the current consolidated fiscal year to prepare for the payments. The methods to process the cost differentials of the prior service cost and actuarial gains and losses are as follows: Past liabilities: We process the costs using the straight line method over the fixed number of years (usually 5 years) within the employees' average remaining length of services at the time of occurrence. Actuarial gains and losses: We proportionally distribute the amounts using the straight line method over the fixed number (usually 5 years) within the employees' average remaining length of service at the time of occurrence and process the amounts starting from the next fiscal year of each occurrence.</p>

## Consolidated Information-11

	Previous ( from Apr 1, 2004 ) ( to Mar 31, 2005 )	Current ( from Apr 1, 2005 ) ( to Mar 31, 2006 )
4. Regarding Accounting Procedure Standards	(8) Conversion standards for assets and liabilities in foreign currency Our assets and liabilities in foreign currency are converted in yen using the exchange rate at the end of the consolidated closing date.	(8) Conversion standards for assets and liabilities in foreign currency same as on the left
	(9) Methods to process leasing transactions In regard to the finance lease transactions other than those in which the ownership of the leased property of the bank or its consolidated subsidiaries are considered to be transferred to the borrower, the accounting is processed according to the ordinary lease transactions.	(9) Methods to process leasing transactions same as on the left
	(10) Methods of important hedge accounting The bank is strictly and fairly managing various products by setting up the risk management standards in the business operation policies. In these efforts, in regards to hedge accounting methods, we are applying interest swaps as special cases to a part of the assets. For foreign currency risks arising from financial assets or liabilities in foreign currencies, the bank applies the deferred method as a hedge accounting in accordance with the provisions in the "Handling related to Account Processing for Foreign Exchange Transactions, etc. by Banking Industry when Accounting or Auditing" (The Report No. 25 by Industry-classified Audit Committee, Japanese Institute of Certified Public Accountants) (hereinafter called "The Report No. 25 by Industry-classified Audit Committee"). We adopt the hedging instruments such as currency swap transactions and foreign currency swap transactions for the purpose of lowering or eliminating the foreign exchange risk associated with the assets or liabilities in foreign currencies and assess the effectiveness of the hedge by determining whether or not the foreign currency position equivalents of the hedge instruments that measure up to the objects such as assets or liabilities in foreign currencies exist.	(10) Methods of important hedge accounting The bank is strictly and fairly managing various products by setting up the risk management standards in the business operation policies. In these efforts, in regards to hedge accounting methods, we are applying interest swaps as special cases to a part of the assets and liabilities. For foreign currency risks arising from financial assets or liabilities in foreign currencies, the bank applies the deferred method as a hedge accounting in accordance with the provisions in the "Handling related to Account Processing for Foreign Exchange Transactions, etc. by Banking Industry when Accounting or Auditing" (The Report No. 25 by Industry-classified Audit Committee, Japanese Institute of Certified Public Accountants) (hereinafter called "The Report No. 25 by Industry-classified Audit Committee"). We adopt the hedging instruments such as currency swap transactions and foreign currency swap transactions for the purpose of lowering or eliminating the foreign exchange risk associated with the assets or liabilities in foreign currencies and assess the effectiveness of the hedge by determining whether or not the foreign currency position equivalents of the hedge instruments that measure up to the objects such as assets or liabilities in foreign currencies exist.
	(11) Accounting of consumption taxes, etc. The accounting of the consumption taxes and local consumption taxes for the bank and its subsidiaries adopts tax excluded method. However, we recorded the nondeductible taxes such as the ones involved in premises and equipment under the expenditures in the current consolidated fiscal year.	(11) Accounting of consumption taxes, etc. same as on the left
5. Regarding Valuation of Our Subsidiaries' assets and liabilities	Our subsidiaries' assets and liabilities were measured entirely at fair value.	same as on the left
6. Regarding Handling of Appropriation of Profit	The consolidated surplus statement was prepared based on the appropriation of earnings defined during the consolidated accounting period.	same as on the left
7. Scope of Funds in Consolidated Cash Flow	The scope of the funds in the consolidated cash flow statement is the cash and deposits with the Bank of Japan out of the "cash and due from banks" account in the consolidated financial statements	same as on the left

Changes in the important matters that become basis for the preparation of the financial statements

Previous (from Apr 1, 2004 to Mar 31, 2005)	Current (from Apr 1, 2005 to Mar 31, 2006)
<p>Accounting standards related to fixed assets</p> <p>The accounting standards on the impairment loss of fixed assets -- the "Position Document regarding Establishment of Accounting Standards on Impairment Loss of Fixed Assets" (Business Accounting Council August 9, 2002) -- and "Guidelines for Applying Accounting Standards on Impairment Loss of Fixed Assets" (Business Accounting Standards Application Guidelines No. 6 October 31, 2003) were allowed to be applied from April 1, 2004 and we started to apply the standards and guidelines from the current consolidated fiscal year. This reduced the income before income taxes and others by 94 million yen.</p> <p>Because the banking industry states the cumulative amount of depreciation through the direct depreciation based on the "Banking Law Enforcement Regulations" (1982 Finance Ministry Order No. 10), we deducted the cumulative amount of depletion and loss directly from each asset.</p>	_____

Additional information

Previous (from Apr 1, 2004 to Mar 31, 2005)	Current (from Apr 1, 2005 to Mar 31, 2006)
<p>The "Law to Revise Part of Local Tax Law, etc." (March 2003 Law No. 9) went into effect on March 31, 2003, changing some of the tax base related to corporate taxes to the "value added amount" or "amount of capital, etc." from the consolidated fiscal year starting on and after April 1, 2004. As a result, the bank included the corporate tax derived from the "value added amount" or "amount of capital, etc." to the "general and administrative expenses" in the consolidated statements of income from this FY in accordance with the "Practical Handling in Recording of Size-based Corporate Taxes on Statements of Income"(Business Accounting Standard Committee Reports on Practical Handling No. 12).</p>	_____

Explanatory notes

Previous (from Apr 1, 2004 to Mar 31, 2005)	Current (from Apr 1, 2005 to Mar 31, 2006)
<p>*1 "Securities" include the amount invested by the subsidiaries, 170 million yen.</p> <p>*2 Of "Loans and bills discounted," the loans to failed party account for 5,059 million yen and delinquent loans account for 26,742 million yen.</p> <p>The loans to failed party means the loans with the instances specified in the Article 96.1.3 (a) to 96.1.3 (e) of the Corporation Tax Law Enforcement Order (1965 Government Decree No. 97) or Article 96.1.4 among the loans whose accrued and unpaid interest was not recorded due to the fact that the prospect of collecting the principal or interest, or the settlement seemed hopeless based on the grounds including the payment of principal or interest having been delayed for a certain period of time (excluding the portions where the bad loans were written off; hereinafter called "loans with unrecorded accrued and unpaid interest").</p> <p>The delinquent loans are the loans with unrecorded accrued and unpaid interest and the funds other than those granted a respite in the interest payment to rehabilitate or support the loans to failed party and debtor's business.</p> <p>*3 Among "Loans and bills discounted," the 3 months or more delinquent loans account for 186 million yen.</p> <p>The 3 months or more delinquent loans are the loans, which do not fall under the categories of the loans to failed party or delinquent loans, and in which the principal or interest payment has been delayed for 3 months or more from the next day of the stipulated payday.</p>	<p>*1 "Securities" include the amount invested by the subsidiaries, 336 million yen.</p> <p>*2 Of "Loans and bills discounted," the loans to failed party account for 5,853 million yen and delinquent loans account for 34,681 million yen.</p> <p>The loans to failed party means the loans with the instances specified in the Article 96.1.3 (a) to 96.1.3 (e) of the Corporation Tax Law Enforcement Order (1965 Government Decree No. 97) or Article 96.1.4 among the loans whose accrued and unpaid interest was not recorded due to the fact that the prospect of collecting the principal or interest, or the settlement seemed hopeless based on the grounds including the payment of principal or interest having been delayed for a certain period of time (excluding the portions where the bad loans were written off; hereinafter called "loans with unrecorded accrued and unpaid interest").</p> <p>The delinquent loans are the loans with unrecorded accrued and unpaid interest and the funds other than those granted a respite in the interest payment to rehabilitate or support the loans to failed party and debtor's business.</p> <p>*3 Among "Loans and bills discounted," the 3 months or more delinquent loans account for 310 million yen.</p> <p>The 3 months or more delinquent loans are the loans, which do not fall under the categories of the loans to failed party or delinquent loans, and in which the principal or interest payment has been delayed for 3 months or more from the next day of the stipulated payday.</p>



Previous (from Apr 1, 2004 to Mar 31, 2005)	Current (from Apr 1, 2005 to Mar 31, 2006)
<p>*4 Among "Loans and bills discounted," the loans with relaxed lending terms account for 27,931 million yen. The loans with relaxed lending terms are the loans, which do not fall under the categories of the loans to failed party, delinquent loans or 3 months or more delinquent loans, with advantageous agreements to debtors including the reduction and exemption of interest, grace for interest payment, moratorium on principal repayment or debt waiver to rehabilitate or support the debtors' business.</p> <p>*5 The sum of the loans to failed party, delinquent loans, 3 months or more delinquent loans and loans with relaxed lending terms is 59,919 million yen. The figures shown from 2 to 5 are the amounts before the deduction of bad-debt provision.</p> <p>*6 The bill discount is handled as financial transactions based on the "Handling of Application of Financial Product Accounting Standards by Banking Industry when Accounting or Auditing" (The Report No. 24 by Industry-classified Audit Committee, Japanese Institute of Certified Public Accountants). While we still have the right to freely dispose in the ways of sellout or collateral of the accepted commercial bills and foreign currencies bought, the face value is 24,985 million yen.</p> <p>*7 The assets used as collateral are as follows: Assets used as collateral Securities: 50,116 million yen Cash : 8 million yen Liabilities corresponding to the pledged asset Deposits : 2,041 million yen. Guarantee deposit received under securities lending transactions: 44,789 million yen Other than these, 37,347 million yen of securities are pledged as the collateral of exchange settlement transactions or substitutions for margin money of futures. Of the premises and equipment, the concession money for the margin money account for 332 million yen.</p> <p>*8 The commitment line contracts associated with the overdraft agreements and loans are the contracts agreeing to extend a loan to a given limit at the request of a customer only when there is no discrepancy with the terms of the contract. The outstanding of the unrealized loan related to these contracts is 158.512 million yen. Of these, the contracts with the period of within one year (or those revocable unconditionally at any give point in time) account for 158.512 million yen. Many of these contracts terminate without making any loan so that the outstanding does not necessarily affect the future cash flows of the bank and its subsidiaries. Many of them also have the provision where the bank and its subsidiaries may reject the applied loans or reduce the agreed limits. In addition to requiring the collaterals such as fixed property or securities as occasion arises at the time of the signing, we also periodically (semiannually) examine the client's business performance, etc. after the signing according to the internal procedures, review the contract and take protective measures if necessary.</p> <p>*9 The profits and losses or variance of the estimate associated with the hedge instruments are recorded as deferred hedge profits in net amounts under "Other liabilities." The sum of the deferred hedge losses was 0 million yen and deferred hedge profits was 0 million yen before the above setoff.</p>	<p>*4 Among "Loans and bills discounted," the loans with relaxed lending terms account for 15,793 million yen. The loans with relaxed lending terms are the loans, which do not fall under the categories of the loans to failed party, delinquent loans or 3 months or more delinquent loans, with advantageous agreements to debtors including the reduction and exemption of interest, grace for interest payment, moratorium on principal repayment or debt waiver to rehabilitate or support the debtors' business.</p> <p>*5 The sum of the loans to failed party, delinquent loans, 3 months or more delinquent loans and loans with relaxed lending terms is 56,638 million yen. The figures shown from 2 to 5 are the amounts before the deduction of bad-debt provision.</p> <p>*6 The bill discount is handled as financial transactions based on the "Handling of Application of Financial Product Accounting Standards by Banking Industry when Accounting or Auditing" (The Report No. 24 by Industry-classified Audit Committee, Japanese Institute of Certified Public Accountants). While we still have the right to freely dispose in the ways of sellout or collateral of the accepted commercial bills and foreign currencies bought, the face value is 23,801 million yen.</p> <p>*7 The assets used as collateral are as follows: Assets used as collateral Securities: 43,055 million yen Liabilities corresponding to the pledged asset Deposits: 2,417 million yen. Guarantee deposit received under securities lending transactions: 39,182 million yen Other than these, 34,965 million yen of securities are pledged as the collateral of exchange settlement transactions or substitutions for margin money of futures. Of the premises and equipment, the concession money for the margin money account for 326 million yen.</p> <p>*8 The commitment line contracts associated with the overdraft agreements and loans are the contracts agreeing to extend a loan to a given limit at the request of a customer only when there is no discrepancy with the terms of the contract. The outstanding of the unrealized loan related to these contracts is 171.119 million yen. Of these, the contracts with the period of within one year (or those revocable unconditionally at any give point in time) account for 169.353 million yen. Many of these contracts terminate without making any loan so that the outstanding does not necessarily affect the future cash flows of the bank and its subsidiaries. Many of them also have the provision where the bank and its subsidiaries may reject the applied loans or reduce the agreed limits. In addition to requiring the collaterals such as fixed property or securities as occasion arises at the time of the signing, we also periodically (semiannually) examine the client's business performance, etc. after the signing according to the internal procedures, review the contract and take protective measures if necessary.</p> <p>*9 The profits and losses or variance of the estimate associated with the hedge instruments are recorded as deferred hedge profits in net amounts under "Other liabilities." The sum of the deferred hedge losses was 0 million yen and deferred hedge profits was 0 million yen before the above setoff.</p>

## Consolidated Information-12

Previous (from Apr 1, 2004 ) (to Mar 31, 2005 )	Current (from Apr 1, 2005 ) (to Mar 31, 2006 )
<p>*10 Based on the Law concerning Revaluation of Land (Law No. 34 issued on March 31, 1988), we revaluated our land for business use. We recorded the equivalent of the tax applicable to the revaluation differential as "Deferred tax liabilities for land revaluation" under "Liabilities" and the remaining amount as the "land revaluation differential" under the assets. Date of Revaluation: Mar 31, 1988 The revaluation methods stipulated by the Article 3.3 of the law: Based on the method stipulated and declared by the commissioner of the National Tax Administration Agency to calculate the land price, which becomes the basis for figuring out the land price taxes provided by the Land Price Taxation Law Article 16 stipulated in the Article 2.4 of the Law concerning Revaluation of Land (Law No. 34 issued on March 31, 1988), the amount is to be computed through rational adjustments such as the one by the depth of land. The sum of the actual cash value of the land for our business use at the end of this consolidated fiscal year after the revaluation as provided in the Article 10 of the law was 11,160 million lower than the sum of the book value after the land revaluation.</p> <p>*11 The accumulated depreciation of the premises and equipment: 19,269 million yen</p> <p>*13 "Borrowed money" includes 20,800 million yen of subordinated borrowed money, which has the supplementary contract of lower priority in fulfilling the obligation compared to the others.</p> <p>*14 "Corporate bonds" are 6,000 million yen of subordinated bonds, notes and bonds with stock options.</p> <p>*15 The number of the bank's stocks held by the consolidated companies: Common stock: 307 thousand</p> <p>*16 The number of the treasury stocks held by the parent company (the bank): Common stock: 235 thousand</p> <p>*17 The bank's issued number of stocks: Commons stock: 149,817 thousand</p>	<p>*10 Based on the Law concerning Revaluation of Land (Law No. 34 issued on March 31, 1988), we revaluated our land for business use. We recorded the equivalent of the tax applicable to the revaluation differential as "Deferred tax liabilities for land revaluation" under "Liabilities" and the remaining amount as the "land revaluation differential" under the assets. Date of Revaluation: Mar 31, 1988 The revaluation methods stipulated by the Article 3.3 of the law: Based on the method stipulated and declared by the commissioner of the National Tax Administration Agency to calculate the land price, which becomes the basis for figuring out the land price taxes provided by the Land Price Taxation Law Article 16 stipulated in the Article 2.4 of the Law concerning Revaluation of Land (Law No. 34 issued on March 31, 1988), the amount is to be computed through rational adjustments such as the one by the depth of land. The sum of the actual cash value of the land for our business use at the end of this consolidated fiscal year after the revaluation as provided in the Article 10 of the law was 10,918 million lower than the sum of the book value after the land revaluation.</p> <p>*11 The accumulated depreciation of the premises and equipment: 19,253 million yen</p> <p>*12 The advanced depreciation of the premises and equipment: 1,384 million yen</p> <p>*13 "Borrowed money" includes 11,300 million yen of subordinated borrowed money, which has the supplementary contract of lower priority in fulfilling the obligation compared to the others.</p> <p>*14 "Corporate bonds" are 13,000 million yen of subordinated bonds, notes and bonds with stock options.</p> <p>*16 The number of the treasury stocks held by the parent company (the bank): Common stock: 302 thousand</p> <p>*17 The bank's issued number of stocks: Commons stock: 159,817 thousand</p>

## Consolidated Information-13

### (On Consolidated Statements of Income)

Previous (from Apr 1, 2004 to Mar 31, 2005)	Current (from Apr 1, 2005 to Mar 31, 2006)
<p>*1 "Other expenses" include 6,918 million yen of amortization of loans and 846 million yen of losses by supporting.</p> <p>*2 "Other extraordinary losses" include 993 million yen of the differential disposed amount at the time of the standard change due to the introduction of the retirement benefit accounting.</p> <p>*3 Due to continuously falling land prices, we lowered the book value of the following asset group to the recoverable value and recorded the diminution, 94 million yen, as "Losses due to impairment" under "Extraordinary losses."</p> <p>Category: dormant assets, etc.</p> <p>Area: inside Ehime prefecture      outside Ehime prefecture</p> <p>Main Use: dormant assets, etc. in 6 locations      dormant assets, etc. in 2 locations</p> <p>Types: land and building      land</p> <p>Losses due to Impairment: 72 million yen      22 million yen</p> <p>Total: (land: 70 million yen) (building: 2 million yen) 94 million yen (land: 92 million yen) (building: 2 million yen)</p> <p>We group the assets by each operational branch, which is the smallest classification in the administrative accounting. As for the consolidated subsidiaries, the grouping is based on each subsidiary. The recoverable value of the asset group was determined through the net sale value and calculated by deducting the estimated disposal expenses from the estimated value obtained based on the "Real-estate Appraisal Standards" (Land, Infrastructure and Transportation Ministry July 3, 2002).</p>	<p>*1 "Other expenses" include 3,909 million yen of amortization of loans, 352 million yen of other losses incurred by selling the loans and 41 million yen of losses by supporting.</p>

### (On Consolidated Statements of Cash Flows)

Previous (from Apr 1, 2004 to Mar 31, 2005)	Current (from Apr 1, 2005 to Mar 31, 2006)																
<p>Relation between "Cash and Cash Equivalents at End of Year" and the figure stated under the account in the consolidated balance sheets.</p> <p>As of March 31, 2005 (unit: million yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Cash and due from Banks:</td> <td style="text-align: right;">134,779</td> </tr> <tr> <td>Fixed Deposits:</td> <td style="text-align: right;">△ 83</td> </tr> <tr> <td>Other Deposits:</td> <td style="text-align: right;">△ 814</td> </tr> <tr> <td style="border-top: 1px solid black;">Cash and Cash Equivalents at End of Year:</td> <td style="text-align: right; border-top: 1px solid black;"><u>133,811</u></td> </tr> </table>	Cash and due from Banks:	134,779	Fixed Deposits:	△ 83	Other Deposits:	△ 814	Cash and Cash Equivalents at End of Year:	<u>133,811</u>	<p>Relation between "Cash and Cash Equivalents at End of Year" and the figure stated under the account in the consolidated balance sheets.</p> <p>As of March 31, 2006 (unit: million yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Cash and due from Banks:</td> <td style="text-align: right;">116,206</td> </tr> <tr> <td>Fixed Deposits:</td> <td style="text-align: right;">△ 84</td> </tr> <tr> <td>Other Deposits:</td> <td style="text-align: right;">△ 708</td> </tr> <tr> <td style="border-top: 1px solid black;">Cash and Cash Equivalents at End of Year:</td> <td style="text-align: right; border-top: 1px solid black;"><u>115,413</u></td> </tr> </table>	Cash and due from Banks:	116,206	Fixed Deposits:	△ 84	Other Deposits:	△ 708	Cash and Cash Equivalents at End of Year:	<u>115,413</u>
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On Lease Transactions

Previous ( from Apr 1, 2004 ) ( to Mar 31, 2005 )	Current ( from Apr 1, 2005 ) ( to Mar 31, 2006 )																																																																
<p>1. Finance lease transactions in which the ownership of the leased property are considered to be transferred to the borrower</p> <ul style="list-style-type: none"> <li>The amounts equivalent to the acquisition prices of leased property, cumulative amount of depreciation and balance at the end of year:</li> </ul> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th colspan="3" style="text-align: center;">(Unit: million yen)</th> </tr> <tr> <th></th> <th style="text-align: center;">Chattels</th> <th style="text-align: center;">Other</th> <th style="text-align: center;">Total</th> </tr> </thead> <tbody> <tr> <td>Amount equivalent to Acquisition Prices</td> <td style="text-align: center;">11</td> <td style="text-align: center;">0</td> <td style="text-align: center;">11</td> </tr> <tr> <td>Amount equivalent to Cumulative Amount of Depreciation</td> <td style="text-align: center;">9</td> <td style="text-align: center;">0</td> <td style="text-align: center;">9</td> </tr> <tr> <td>Amount equivalent to Balance at End of Year</td> <td style="text-align: center;">2</td> <td style="text-align: center;">0</td> <td style="text-align: center;">2</td> </tr> </tbody> </table> <p>Note: Since the balance of the unearned lease payments at the end of the year accounts for only a fraction of the balance of the tangible fixed assets, etc., "Amount equivalent to Acquisition Prices" is based on the paid interest inclusive method.</p> <ul style="list-style-type: none"> <li>Amount equivalent to unearned lease payments at the end of year:</li> </ul> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th colspan="3" style="text-align: center;">(Unit: million yen)</th> </tr> <tr> <th></th> <th style="text-align: center;">Within one year</th> <th style="text-align: center;">Over one year</th> <th style="text-align: center;">Total</th> </tr> </thead> <tbody> <tr> <td></td> <td style="text-align: center;">1</td> <td style="text-align: center;">1</td> <td style="text-align: center;">2</td> </tr> </tbody> </table> <p>Note: Since the balance of the unearned lease payments at the end of the year accounts for only a fraction of the balance of the tangible fixed assets, the amount equivalent to unearned lease payments at the end of year is based on the paid interest inclusive method.</p> <ul style="list-style-type: none"> <li>Paid lease payments of the current consolidated fiscal year: 2 million yen</li> <li>Amount equivalent to depreciation costs: 2 million yen</li> <li>Calculation method for the amount equivalent to depreciation costs: By adopting the lease period as its service life, we apply the fixed amount method in which the remaining value is set as zero.</li> </ul>		(Unit: million yen)				Chattels	Other	Total	Amount equivalent to Acquisition Prices	11	0	11	Amount equivalent to Cumulative Amount of Depreciation	9	0	9	Amount equivalent to Balance at End of Year	2	0	2		(Unit: million yen)				Within one year	Over one year	Total		1	1	2	<p>1. Finance lease transactions in which the ownership of the leased property are considered to be transferred to the borrower</p> <ul style="list-style-type: none"> <li>The amounts equivalent to the acquisition prices of leased property, cumulative amount of depreciation and balance at the end of year:</li> </ul> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th colspan="3" style="text-align: center;">(Unit: million yen)</th> </tr> <tr> <th></th> <th style="text-align: center;">Chattels</th> <th style="text-align: center;">Other</th> <th style="text-align: center;">Total</th> </tr> </thead> <tbody> <tr> <td>Amount equivalent to Acquisition Prices</td> <td style="text-align: center;">5</td> <td style="text-align: center;">0</td> <td style="text-align: center;">5</td> </tr> <tr> <td>Amount equivalent to Cumulative Amount of Depreciation</td> <td style="text-align: center;">4</td> <td style="text-align: center;">0</td> <td style="text-align: center;">4</td> </tr> <tr> <td>Amount equivalent to Balance at End of Year</td> <td style="text-align: center;">1</td> <td style="text-align: center;">0</td> <td style="text-align: center;">1</td> </tr> </tbody> </table> <p>Note: Since the balance of the unearned lease payments at the end of the year accounts for only a fraction of the balance of the tangible fixed assets, etc., "Amount equivalent to Acquisition Prices" is based on the paid interest inclusive method.</p> <ul style="list-style-type: none"> <li>Amount equivalent to unearned lease payments at the end of year:</li> </ul> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th colspan="3" style="text-align: center;">(Unit: million yen)</th> </tr> <tr> <th></th> <th style="text-align: center;">Within one year</th> <th style="text-align: center;">Over one year</th> <th style="text-align: center;">Total</th> </tr> </thead> <tbody> <tr> <td></td> <td style="text-align: center;">1</td> <td style="text-align: center;">0</td> <td style="text-align: center;">1</td> </tr> </tbody> </table> <p>Note: Since the balance of the unearned lease payments at the end of the year accounts for only a fraction of the balance of the tangible fixed assets, the amount equivalent to unearned lease payments at the end of year is based on the paid interest inclusive method.</p> <ul style="list-style-type: none"> <li>Paid lease payments of the current consolidated fiscal year: 2 million yen</li> <li>Amount equivalent to depreciation costs: 2 million yen</li> <li>Calculation method for the amount equivalent to depreciation costs: By adopting the lease period as its service life, we apply the fixed amount method in which the remaining value is set as zero.</li> </ul>		(Unit: million yen)				Chattels	Other	Total	Amount equivalent to Acquisition Prices	5	0	5	Amount equivalent to Cumulative Amount of Depreciation	4	0	4	Amount equivalent to Balance at End of Year	1	0	1		(Unit: million yen)				Within one year	Over one year	Total		1	0	1
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2. Operating Lease Transaction    Not applicable	2. Operating Lease Transaction    Not applicable																																																																

## Consolidated Information-14

(On Retirement Benefits)

### 1. Overview of Our Retirement Benefit Scheme

The bank has been adopting the approved retirement annuity scheme for the entire retirement money since the FY March 1990.

### 2. With respect to Retirement Benefit Liabilities

(Unit: million yen)

Classification	Previous (from Apr 1, 2004 to Mar 31, 2005)	Current (from Apr 1, 2005 to Mar 31, 2006)
Retirement benefit liabilities (A)	△ 8,858	△ 8,991
Pension assets (B)	5,358	7,958
Unreserved retirement benefit liabilities (C)=(A)+(B)	△ 3,499	△ 1,033
Unprocessed amount of differential at the time of accounting standard change (D)	—	—
Unrecognized actuarial gains and losses (E)	△ 25	△ 1,755
Unrecognized prior service liabilities (F)	—	—
Net amount recorded on consolidated balance sheets (G)=(C)+(D)+(E)+(F)	△ 3,525	△ 2,789
Prepaid pension expenses (H)	—	—
Reserve for retirement benefits (G)-(H)	△ 3,525	△ 2,789

Note: Our consolidated subsidiaries use the simplified method in calculating their retirement benefit liabilities.

### 3. With respect to Retirement Benefit Expenses

(Unit: million yen)

Classification	Previous (from Apr 1, 2004 to Mar 31, 2005)	Current (from Apr 1, 2005 to Mar 31, 2006)
Service cost	444	432
Interest cost	176	175
Expected return on assets	△ 61	△ 80
Amortization of prior service liabilities	—	—
Amortization of actuarial gains and losses	254	169
Amortization of differential at the time of accounting standard change	993	—
Other (extra retirement money paid ad hoc, etc.)	—	—
Retirement Benefit Expenses	1,806	698

Note: The retirement benefit expenses of our consolidated subsidiaries employing the simplified method are recorded under "Service cost" and "Processed amount of differential at the time of accounting standard change."

### 4. With respect to Basis of Calculation of Retirement Benefit Liabilities

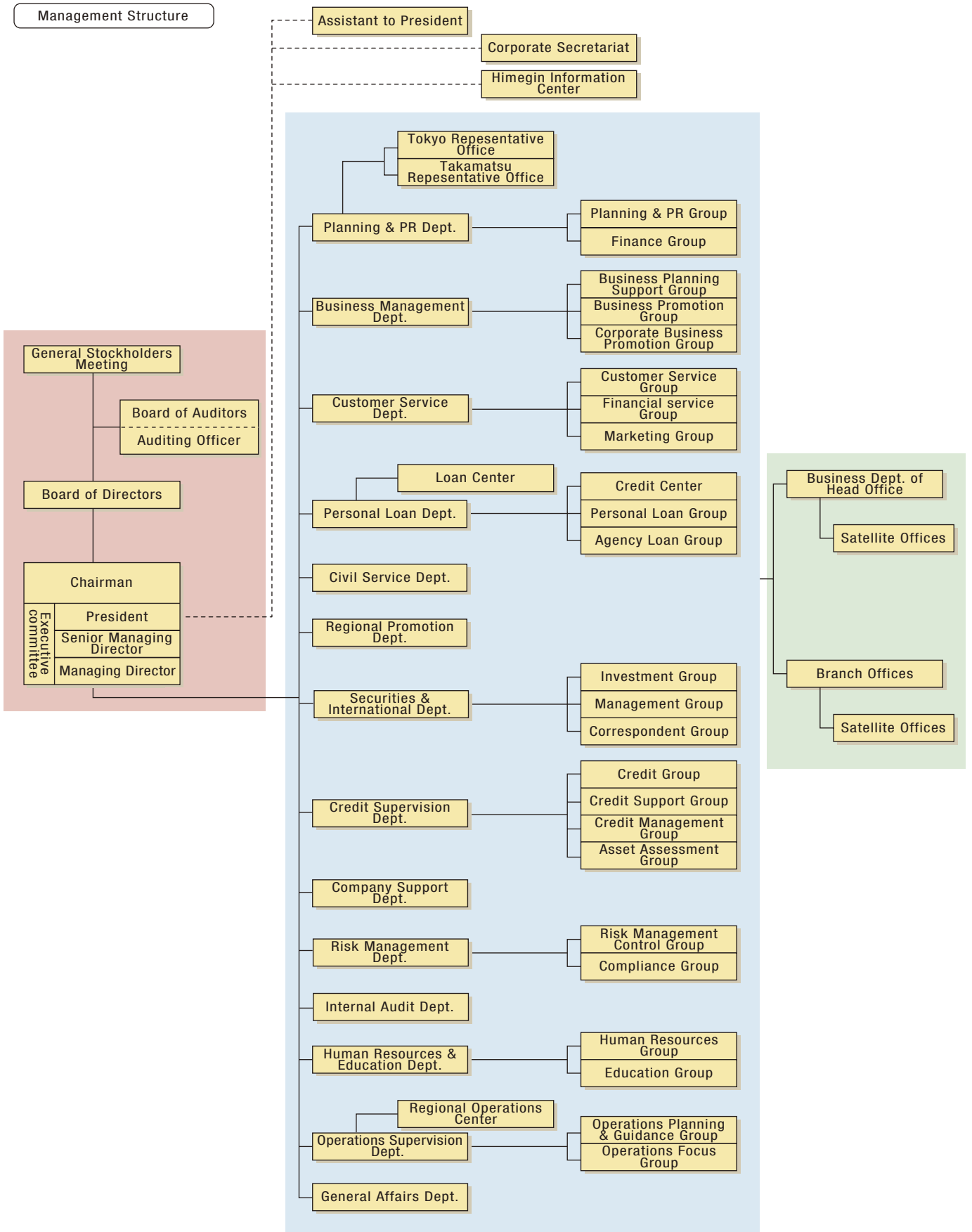
Classification	Previous (from Apr 1, 2004 to Mar 31, 2005)	Current (from Apr 1, 2005 to Mar 31, 2006)
(1) Discount rate	2.0%	2.0%
(2) Expected rate of return	1.5%	1.5%
(3) Periodic allocation method of projected benefits	Mainly straight line standard	same as on the left
(4) Years over which prior service cost is amortized	Five years (using the straight line method over the fixed number of years within the employees' average remaining length of services at the time of occurrence)	same as on the left
(5) Years over which net actuarial gains and losses are amortized	Five years (We are to proportionally distribute the amounts using the straight line method over the fixed number (usually 5 years) within the employees average remaining length of service at the time of occurrence and to process the amounts starting from the next fiscal year of each occurrence.)	same as on the left
(6) Years over which differential at the time of accounting standard change is amortized	Mainly five years	—

### (With respect to Tax Effect Accounting)

Previous ( from Apr 1, 2004 to Mar 31, 2005 )	Current ( from Apr 1, 2005 to Mar 31, 2006 )
<p>1. Breakdown based on basis for accrual for deferred income tax assets and deferred income tax liabilities</p> <p>Deferred Income Tax Assets</p> <p style="padding-left: 20px;">Amount of loss carried forward for tax purposes 447</p> <p style="padding-left: 20px;">Reserve for retirement benefits 1,423</p> <p style="padding-left: 20px;">Reserve for loan loss 16,732</p> <p style="padding-left: 20px;">Write-off of internal profit among consolidated companies 168</p> <p style="padding-left: 20px;">Depreciation cost 579</p> <p style="padding-left: 20px;">Others 1,000</p> <p>Subtotal of Deferred Income Tax Assets 20,352</p> <p>Reserve for valuation △ 1,345</p> <p>Total of Deferred Income Tax Assets 19,007</p> <p>Deferred Income Tax Liabilities</p> <p style="padding-left: 20px;">Valuation differentials of other securities △ 3,678</p> <p style="padding-left: 20px;">Premises and equipment compressed reserve △ 26</p> <p>Total of Deferred Income Tax Liabilities △ 3,704</p> <p>Net Deferred Income Tax Assets 15,302</p>	<p>1. Breakdown based on basis for accrual for deferred income tax assets and deferred income tax liabilities</p> <p>Deferred Income Tax Assets</p> <p style="padding-left: 20px;">Amount of loss carried forward for tax purposes 360</p> <p style="padding-left: 20px;">Reserve for retirement benefits 1,125</p> <p style="padding-left: 20px;">Reserve for loan loss 15,554</p> <p style="padding-left: 20px;">Write-off of internal profit among consolidated companies 159</p> <p style="padding-left: 20px;">Depreciation cost 512</p> <p style="padding-left: 20px;">Others 985</p> <p>Subtotal of Deferred Income Tax Assets 18,698</p> <p>Reserve for valuation △ 1,440</p> <p>Total of Deferred Income Tax Assets 17,257</p> <p>Deferred Income Tax Liabilities</p> <p style="padding-left: 20px;">Valuation differentials of other securities △ 5,192</p> <p style="padding-left: 20px;">Premises and equipment compressed reserve △ 25</p> <p>Total of Deferred Income Tax Liabilities △ 5,218</p> <p>Net Deferred Income Tax Assets 12,039</p>
<p>2. Breakdown of main items that lead to difference between statutory effective tax rates of company submitted consolidated financial statements and corporate tax rates, etc. after applying tax effect accounting, in case this difference is significant.</p> <p>Breakdown</p> <p>Statutory effective tax rates 40.4%</p> <p>(Adjustment)</p> <p style="padding-left: 20px;">Items, which will never be included in expenses such as entertainment expenses 1.5%</p> <p style="padding-left: 20px;">Items, which will never be included in income such as dividend received △ 4.3%</p> <p style="padding-left: 20px;">Resident tax on per capita basis 1.2%</p> <p style="padding-left: 20px;">Unrecognized taxation profits 4.3%</p> <p style="padding-left: 20px;">Others 1.1%</p> <p>Corporate tax rates, etc. after the application of the tax effect accounting 44.2%</p>	<p>2. Breakdown of main items that lead to difference between statutory effective tax rates of company submitted consolidated financial statements and corporate tax rates, etc. after applying tax effect accounting, in case this difference is significant.</p> <p>We will leave out the entry because the difference was 5/100 or less of the statutory effective tax rates</p>



# Organization & Himegin Group



(As of July 1, 2006)

## Overview of Corporate Group

### ■ Description of Business

The bank and its four consolidated subsidiaries offer, in addition to our core business of banking, financial services such as leasing. The following chart shows our business operation scheme.

### ■ Business Performance This Term

As a result of our drive focusing on individual deposits in the midst of the removal of deposit insurance expanding since April 2005, the deposits and negotiable deposits increased 23.3 billion yen compared to the previous term, amounting to 1.4475 trillion yen at the end of this consolidated fiscal year.

Due to our efforts to enhance the contents of our products in response to the current shifts from savings to investments, the remaining assets in our custody increased 33 billion yen compared to the previous term, amounting to 69.3 billion yen at the end of this consolidated fiscal year.

Because of our proactive response to the capital demands focusing on facility-related areas, the loans and bills discounted increased 69.4 billion yen compared to the previous term, amounting to 1.2144 trillion yen at the end of this consolidated fiscal year.

In regard to securities, we focused our management on public bonds however the redemption of the bonds progressed and the remaining value declined 11.3 billion yen compared to the previous term, amounting to 228.7 billion yen.

As for the profit and loss, we conducted more rigorous self-assessments of the assets, actively pushed our reserve preparation and proactively worked on affairs such as effective operation of the funds and sales of investment trusts. As a result, we recorded the net core business profits of 13.136 billion yen, the highest ever as our bank alone as well as the fees and commissions increased 1.09 billion yen, recording 4.414 billion yen. The consolidated profits also increased 1.754 billion yen, amounting to 6.809 billion yen and we were able to record the current net income of 3.309 billion yen, an increase of 1.165, which was more than what we had expected.

## [Overview of Group Companies]

### THE EHIME BANK, LTD.

93 locations in Japan (including 3 satellite offices), 3 subsidiaries and 1 affiliate

#### Subsidiaries

(As of March 31, 2006)

Name	Address Telephone	Services	Foundation	Capital or Investment to Capital	Share (%)
Himegin Business Service Co., Ltd.	〒790-0011 5-6-1 Chifunemachi, Matsuyama-shi, Ehime Japan +81- (0)89-932-3486	<ul style="list-style-type: none"> <li>Detailed check &amp; disposition of cash, etc.</li> <li>Money collection for specific clients</li> <li>Maintenance and Management of ATM facilities</li> <li>Pickup and delivery services of documents, etc and traffic control of delivery vehicles</li> </ul>	July 2, 1984	10	100
Himegin Soft Co., Ltd.	〒790-0874 27-1 Minami- mochidamachi, Matsuyama-shi, Ehime Japan +81- (0)89-943-7767	<ul style="list-style-type: none"> <li>Development of computer software</li> <li>Information processing by computers</li> <li>Management and administration of computer systems</li> <li>Sales of ancillary equipment associated with computer software</li> <li>Management of FB terminals</li> </ul>	December 6, 1984	30	60
Himegin Sogo Lease Co., Ltd.	〒790-0878 2-1 Katsuyamacho Matsuyama-shi, Ehime Japan +81- (0)89-933-8383	<ul style="list-style-type: none"> <li>Leasing</li> <li>Investment</li> </ul>	May 10, 1986	30	100
Himegin JCB Co., Ltd.	〒790-0878 2-4-7 Katsuyamacho Matsuyama-shi, Ehime Japan +81- (0)89-921-2303	<ul style="list-style-type: none"> <li>Credit card services</li> <li>Credit guarantee services</li> </ul>	January 29, 1987	50	90

#### Affiliate

Ehime Venture Fund 2004 Corporation Limited	(Head Office) 〒790-8580 2-1 Katsuyamacho Matsuyama-shi, Ehime Japan +81- (0)89-933-1111	<ul style="list-style-type: none"> <li>Investment for venture companies</li> </ul>	August 31, 2004	336	90
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# Stocks and Employees

## Changes in Capital

(Unit: 100 million yen)

Date	Increased Amount	After Increase	Abstract
April 1, 1968	4.0	10.0	Stockholder allocation 1:0.5, Public issue 2 million stocks
April 1, 1971	6.5	16.5	Stockholder allocation 1:0.5, Public issue 3 million stocks
October 1, 1973	9.5	26.0	Stockholder allocation 1:0.5, Public issue 2.5 million stocks
April 1, 1976	2.6	28.6	Gratis 1:0.1
October 1, 1977	15.4	44.0	Stockholder allocation 1:0.5, Public issue 2.2 million stocks
April 1, 1983	17.9	61.9	Stockholder allocation 1:0.2, Gratis 1:0.125, Public issue 3.4 million stocks
May 19, 1989	1.1	63.0	Gratis 1:0.05
February 22, 1990	72.4	135.4	Public issue 10 million stocks
May 18, 1990	—	135.4	Gratis 1:0.1
October 1, 2000	0.1	135.5	The bank merged with Hokuon Credit Corporation on Oct. 1, 2000 with the ratio of one share of Ehime Bank for 0.25 of Hokuon Credit Corporation.
February 22, 2006	17.2	152.7	Public issue 9 million stocks
March 16, 2006	1.9	154.6	Allocation to third party 1 million stocks

## Stocks

(As of March 31, 2006)

Category	Stocks (1 unit=1000 stocks)							Total	Stocks less than a unit (stocks)
	Government & Local authority	Financial institution	Securities firm	Other corporate body	Foreign corporation, etc.		Individual and other		
					Other than individual	Individual			
Number of stockholders (persons)	—	79	31	984	43	1	7,108	8,246	—
Number of stocks owned (unit)	—	70,353	5,355	37,147	2,620	2	42,677	158,154	1,663,664
Share (%)	—	44.48	3.39	23.49	1.66	0.00	26.98	100.00	—

Notes: 1. Of 305,933 stocks of the treasury stocks, 305 units are included in "Individual and other" and 933 stocks in "Stocks less than a unit." The number of the treasury stocks, 305,933 is the number on the list of stockholders.  
The real number of the ownership at the end of the term was 302,933.  
2. "Other corporate body" includes 22 units of stocks under the name of Japan Securities Depository Center, Inc.

## Major Stockholders

(As of March 31, 2006)

Name	Address	Number of Stocks Owned (thousands of stocks)	Percentage of Number of Stocks Owned in Total Number of Stocks Issued
Japan Trustee Services Bank, Ltd. (Account)	1-8-11 Harumi Chuo-ku, Tokyo	6,991	4.37%
Mizuho Corporate Bank, Ltd.	1-3-3 Marunouchi Chiyoda-ku, Tokyo	5,394	3.37
Aozora Bank, Ltd.	1-3-1 Kudanminami Chiyoda-ku, Tokyo	5,352	3.34
Ehime bank, Employees' Stockholding Association	2-1 Katuyamacho Matsuyama-shi, Ehime	3,955	2.47
Japan Trustee Services Bank, Ltd. (Account 4)	1-8-11 Harumi Chuo-ku, Tokyo	3,792	2.37
Sumitomo Life Insurance Co.	7-18-24 Tsukiji Chuo-ku, Tokyo	2,999	1.87
Sompo Japan Insurance Inc.	1-26-1 Nishi-Shinjuku Shinjuku-ku, Tokyo	2,795	1.74
Mizuho Bank, Ltd.	1-1-5 Uchisaiwaicho Chiyoda-ku, Tokyo	2,763	1.72
The Bank of Nagoya, Ltd.	3-19-17 Nishiki Naka-ku Nagoya-shi, Aichi	2,391	1.49
Daiwa Securities Group, Inc.	2-6-4 Ootemachi Chiyoda-ku, Tokyo	2,292	1.43
Total		38,726	24.23

Notes: 1. Of the number of stocks owned by the above trust bank, the number of stocks involved in its trust services is as follows:  
Japan Trustee Services Bank, Ltd. (Account, Account 4): 10,783 thousands of stocks.  
2. Aozora Bank, Ltd. mentioned in the above is the stockholder on the list of stockholders. The actual stockholder at the end of this term was Deposit Insurance Corporation of Japan.

## Changes in Dividend, etc. per Stock

Category	As of March 2005	As of March 2006
Dividend per Stock (yen)	5.00	5.50
(Interim Dividend per Stock)	(2.50)	(2.50)
Dividend Payout Ratio (%)	30.50	26.18

Note: The board of directors made its decision on the interim dividend for the March 2006 term on November 25, 2005.

## Our Employees

Category	As of March 31, 2005	As of March 31, 2006
Number of Employee	1,443	1,455
Male	1,014	1,018
Female	429	437
Average Age	38 years 7 months	38 years 10 months
Male	43 years 2 months	43 years 5 months
Female	27 years 10 months	28 years 2 months
Average Years of Service	16 years 4 months	16 years 5 months
Male	20 years 7 months	20 years 8 months
Female	6 years 6 months	6 years 9 months
Average Monthly Payroll (thousands of yen) (Unit: thousand yen)	404	401
Male	487	483
Female	212	213
Number of Temporary Employees and Locally-hired employees outside of Japan	338	349

Notes: 1. Number of Employee does not include the temporary employees but includes the employee temporarily transferred from the affiliated companies.  
2. The figures under the units in Average Age, Average Years of Service and Average  
3. Monthly Payroll are truncated.  
Average Monthly Payroll is the average monthly payroll in March excluding overtime payments. The amount does not include bonuses.



**THE EHIME BANK, LTD.**

■Year of Establishment	1943
■Paid-in Capital	¥15,460 million
■Number of Branches	93 (including 3 satellite offices)
■Number of Employees	1,422
■Stock Listings	Tokyo Stock Exchange Osaka Securities Exchange

■Directory

**Head Office**

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Phone : 089-933-1111      <http://www.himegin.co.jp/>

**Securities & International Department**

Phone : 089-947-6090      Fax : 089-947-6099  
SWIFT : HIMEJPJT      E-mail : [intl@himegin.co.jp](mailto:intl@himegin.co.jp)



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**Mishima Branch**

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**Imabari Branch**

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**Hashihama Branch**

2-1, Jibori 1-chome, Imabari, Ehime 799-2117, Japan  
Phone : 0898-41-9500

**Hakata Branch**

3437-3, Kinoura Ko, Hakata-cho, Imabari Ehime  
794-2305, Japan Phone : 0897-72-1155

**Uwajima Branch**

4-3, Shinmachi 1-chome, Uwajima, Ehime 798-0035, Japan  
Phone : 0895-22-5730

■Board of Directors & Corporate Auditors (as of July 1, 2006)

**Chairman**

Tetsuaki Isshiki

**President**

Kojiro Nakayama

**Senior Managing Directors**

Kimihide Ikeda

**Managing Directors**

Hideo Hisaga  
Yukiyoshi Yano  
Hiroshi Aoki  
Motohiro Honda

**Directors**

Hidetoshi Tamai	Takeshi Shimamoto	Kenichi Tokumaru
Takeshi Yasui	Eiji Saiki	Mitsuo Harada
Takatomo Morisawa	Kyosuke Matsumoto	
Shoichi Hiasa	Eiki Shimizu	

**Standing Corporate Auditor**

Kunihiro Morita

**Corporate Auditors**

Shozo Suyama  
Akishi Sanada  
Masaru Mori