

# BANK OF IKEDA

FINANCIAL STATEMENTS 2005

# 安心、先進、そして前進……

Being a fully reliable bank,  
Opening up new frontiers,  
Creating innovative financial services

I would first like to thank our customers for their continued patronage.

We continue to stress our founding concept of “kindness and innovation,” and face the challenges of the future with relish. We have recently achieved the following results:

During the term under review, we expanded our revenue while strengthening our operating structure. Our financial position was reinforced by improving our profitability, enhancing capital adequacy and reducing our NPL ratio.

In June 2005, we started to sell the “+sa-ica” smart card. Developed in collaboration with NTT Communications, this IC card offers added security and convenience features. Its biometric technology has been thoroughly tested in research and trials.

In July 2004, we built up, as a fourth pillar of our community revitalization initiative featuring support for new businesses, a consortium-based R&D grant program. The program operates in this fashion: a small or medium-sized enterprise forms an alliance with an academic institution to jointly apply to the Bank for a grant to finance an R&D project. Together with the new business grant program, our two grant programs attracted 210 applications over a one-year period.

In December 2004 we teamed up with Nomura Securities to launch a securities trading intermediary service.

Ahead of the 55th anniversary of our establishment in autumn 2006, we decided to construct a building in Umeda, Osaka to house several head office departments. Umeda occupies a pivotal place in our branch network. In November, we also opened a branch at Senrioka, our second in Settsu City in Osaka Prefecture, to provide more convenient service for local residents.



Inspired by our commitments to reliability, the pioneering of new services, and continuous innovation, we are putting our full efforts into helping build useful networks for our customers.

At the Bank of Ikeda, we have always pursued added value for our customers.

A handwritten signature in black ink, appearing to read 'Moritaka Hattori'.

Moritaka Hattori  
*President*

# Consolidated Balance Sheets

The Bank of Ikeda, Ltd. and consolidated subsidiaries  
As of March 31, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
<b>ASSETS</b>			
Cash and Due from Banks	¥ 200,002	¥ 101,141	\$ 1,862,389
Other Debt Purchased	1,156	2,129	10,766
Trading Account Securities	91	103	855
Money Held in Trust	20,790	20,000	193,602
Securities	864,969	634,683	8,054,466
Loans and Bills Discounted	1,353,377	1,257,843	12,602,455
Foreign Exchange	1,743	2,278	16,235
Other Assets	41,364	54,781	385,179
Premises and Equipment	25,764	24,622	239,918
Deferred Tax Assets	16,536	14,748	153,980
Customers' Liabilities for Acceptances and Guarantees	27,202	30,845	253,304
Reserve for Possible Loan Losses	(14,551)	(15,479)	(135,505)
<b>Total Assets</b>	<b>¥2,538,447</b>	<b>¥2,127,694</b>	<b>\$23,637,649</b>
<b>LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY</b>			
<b>Liabilities</b>			
Deposits	¥1,925,048	¥1,820,327	\$17,925,773
Call Money and Bills Sold	322	—	3,000
Collateral on Loaned Securities	423,514	128,948	3,943,706
Borrowed Money	27,629	33,015	257,285
Foreign Exchange	51	57	478
Straight Bonds	23,200	6,200	216,035
Bonds with Non-Detachable Warrants	13,245	14,057	123,335
Other Liabilities	20,504	16,877	190,932
Reserve for Employee Retirement Benefits	822	926	7,660
Consolidation Adjustment	18	—	176
Acceptances and Guarantees	27,202	30,845	253,304
<b>Total Liabilities</b>	<b>2,461,560</b>	<b>2,051,252</b>	<b>22,921,689</b>
<b>Minority Interests</b>	<b>1,002</b>	<b>902</b>	<b>9,339</b>
<b>Shareholders' Equity</b>			
Common Stock	35,645	35,239	331,928
Capital Surplus	19,413	19,007	180,777
Retained Earnings	11,081	7,323	103,189
Net Unrealized Gain on Available-for-Sale Securities	9,850	14,047	91,727
Treasury Stock	(107)	(77)	(1,003)
<b>Total Shareholders' Equity</b>	<b>75,884</b>	<b>75,540</b>	<b>706,620</b>
<b>Total Liabilities, Minority Interests and Shareholders' Equity</b>	<b>¥2,538,447</b>	<b>¥2,127,694</b>	<b>\$23,637,649</b>

## Consolidated Statements of Income

The Bank of Ikeda, Ltd. and consolidated subsidiaries  
For the years ended March 31, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
<b>Income</b>	<b>¥72,549</b>	<b>¥69,943</b>	<b>\$675,574</b>
Interest Income:	45,452	39,678	423,247
Interest on Loans and Bills Discounted	27,742	28,125	258,332
Interest and Dividends on Securities	17,621	11,450	164,089
Interest on Call Loans and Bills Purchased	15	33	143
Others	73	70	681
Fees and Commissions	6,759	6,058	62,944
Other Operating Income	11,039	11,335	102,800
Others	9,297	12,872	86,580
<b>Expenses</b>	<b>66,064</b>	<b>62,101</b>	<b>615,179</b>
Interest Expenses:	11,583	8,431	107,866
Interest on Deposits	1,825	2,067	16,994
Interest on Call Money and Bills Sold	79	14	741
Interest on Loaned Securities	5,786	1,650	53,885
Interest on Borrowed Money	754	977	7,027
Interest on Straight Bonds	187	147	1,746
Interest on Bonds with Non-Detachable Warrants	202	138	1,883
Others	2,747	3,438	25,586
Fees and Commissions	3,209	3,118	29,888
Other Operating Expenses	5,796	4,185	53,974
General and Administrative Expenses	24,571	22,804	228,803
Other Expenses:	20,903	23,563	194,647
Provision for Possible Loan Losses	1,372	1,978	12,780
Others	19,530	21,585	181,866
<b>Ordinary Income</b>	<b>6,485</b>	<b>7,842</b>	<b>60,394</b>
<b>Extraordinary Income</b>	<b>438</b>	<b>843</b>	<b>4,079</b>
Gain on Disposal of Premises and Equipment	—	323	—
Gain on Collection of Claims Written-Off	419	520	3,909
Others	18	—	170
<b>Extraordinary Losses</b>	<b>818</b>	<b>305</b>	<b>7,623</b>
Loss on Sale of Premises and Equipment	818	304	7,620
Others	0	1	3
<b>Income before Income Taxes</b>	<b>6,105</b>	<b>8,380</b>	<b>56,850</b>
<b>Income Taxes—Current</b>	<b>315</b>	<b>223</b>	<b>2,941</b>
<b>Income Taxes—Deferred</b>	<b>1,072</b>	<b>3,577</b>	<b>9,989</b>
<b>Minority Interests</b>	<b>139</b>	<b>212</b>	<b>1,298</b>
<b>Net Income</b>	<b>¥ 4,577</b>	<b>¥ 4,368</b>	<b>\$ 42,620</b>

## Consolidated Statements of Capital Surplus and Retained Earnings

The Bank of Ikeda, Ltd. and consolidated subsidiaries  
For the years ended March 31, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
<b>Capital Surplus</b>			
Capital Surplus at Beginning of Term	¥19,007	¥17,844	\$176,997
Increase in Capital Surplus:			
Share Issuance Resulting from Conversion of Bonds with Non-Detachable Warrants	405	1,163	3,780
Gain on Disposal of Treasury Stock	0	—	0
<b>Capital Surplus at End of Term</b>	<b>¥19,413</b>	<b>¥19,007</b>	<b>\$180,777</b>
<b>Retained Earnings</b>			
Retained Earnings at Beginning of Term	¥ 7,322	¥ 3,253	\$ 68,186
Increase in Retained Earnings:			
Net Income	4,577	4,369	42,620
Decrease in Retained Earnings:			
Cash Dividends	817	300	7,616
<b>Retained Earnings at End of Term</b>	<b>¥11,081</b>	<b>¥ 7,322</b>	<b>\$103,189</b>

# Consolidated Statements of Cash Flows

The Bank of Ikeda, Ltd. and consolidated subsidiaries  
For the years ended March 31, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
<b>Cash Flows from Operating Activities</b>			
Income before Income Taxes	¥ 6,105	¥ 8,380	\$ 56,850
Depreciation	1,585	1,544	14,765
Amortization of Consolidation Adjustments	(2)	(2)	(19)
Increase in Reserve for Possible Loan Losses	6,851	1,573	63,802
Decrease in Reserve for Possible Loss on Sale of Claims	—	(5,252)	—
Decrease in Reserve for Employee Retirement Benefits	(103)	(173)	(962)
Income from Fund Operations	(45,452)	(39,678)	(423,247)
Expenses for Fund Procurement	11,583	8,430	107,866
Gain on Securities	(7,768)	(12,636)	(72,335)
Gain on Money Held in Trust	(271)	(511)	(2,526)
Loss (Gain) on Foreign Exchange Translation	(5,359)	31,096	(49,903)
Loss (Gain) on Disposal of Premises and Equipment	818	(18)	7,620
Net Increase in Loans and Bills Discounted	(103,289)	(50,107)	(961,816)
Net Increase in Deposits	104,648	118,512	974,473
Net Decrease in Trading Account Securities	10	153	101
Net Decrease in Borrowed Money (Excluding Subordinated Debt)	(5,385)	(2,144)	(50,149)
Net Decrease (Increase) in Due from Banks (Excluding Due from the Bank of Japan)	(160)	1,341	(1,498)
Net Decrease in Call Loans	973	658	9,067
Net Increase in Call Money	314	—	2,925
Net Increase in Collateral Money Deposited for Loaned Securities	285,860	79,168	2,661,891
Net Decrease (Increase) in Foreign Exchange (Assets)	550	(1,054)	5,127
Net Decrease in Foreign Exchange (Liabilities)	(5)	(3)	(52)
Proceeds from Fund Operations	45,149	41,940	420,428
Expenditure for Fund Procurement	(11,418)	(7,646)	(106,327)
Others	19,620	(21,179)	182,699
<b>Subtotal</b>	<b>304,856</b>	<b>152,392</b>	<b>2,838,778</b>
Income Taxes Paid	(240)	(164)	(2,242)
<b>Net Cash Provided by Operating Activities</b>	<b>304,615</b>	<b>152,228</b>	<b>2,836,536</b>
<b>Cash Flows from Investing Activities</b>			
Expenditure for Acquisition of Securities	(1,571,516)	(1,320,360)	(14,633,730)
Proceeds from Sale of Securities	1,208,913	1,133,827	11,257,229
Proceeds from Redemption of Bonds	143,802	73,904	1,339,064
Expenditure for Increase in Money Held in Trust	(802)	(6,020)	(7,469)
Proceeds from Decrease in Money Held in Trust	18	1,032	175
Expenditure for Acquisition of Premises and Equipment	(2,708)	(1,322)	(25,218)
Proceeds from Sale of Premises and Equipment	189	570	1,763
<b>Net Cash Used in Investing Activities</b>	<b>(222,102)</b>	<b>(118,369)</b>	<b>(2,068,184)</b>
<b>Cash Flows from Financing Activities</b>			
Expenditure for Repayment of Subordinated Debt	—	(1,000)	—
Proceeds from Issuance of Subordinated Bonds and Bonds with Non-Detachable Warrants	17,000	10,000	158,301
Cash Dividend Paid	(817)	(301)	(7,616)
Cash Dividend Paid to Minority Shareholders	(1)	(6)	(16)
<b>Net Cash Provided by Financing Activities</b>	<b>16,180</b>	<b>8,693</b>	<b>150,667</b>
Effect of Exchange Rate on Cash and Cash Equivalents	6	6	63
<b>Increase in Cash and Cash Equivalents</b>	<b>98,700</b>	<b>42,559</b>	<b>919,082</b>
<b>Cash and Cash Equivalents at Beginning of Term</b>	<b>100,492</b>	<b>57,933</b>	<b>935,767</b>
<b>Cash and Cash Equivalents at End of Term</b>	<b>¥ 199,192</b>	<b>¥ 100,492</b>	<b>\$ 1,854,849</b>

## Selected Financial Data

The Bank of Ikeda, Ltd. and consolidated subsidiaries  
For the years ended March 31, 2005, 2004 and 2003

	Millions of Yen			Thousands of U.S. Dollars
	2005	2004	2003	2005
<b>For the Year:</b>				
Income	¥ 72,549	¥ 69,943	¥ 55,702	\$ 675,574
Ordinary Income	6,485	7,842	1,665	60,394
Income before Income Taxes	6,105	8,380	3,066	56,850
Net Income	4,577	4,368	2,734	42,620
Cash Dividends	817	300	—	7,616
<b>At Year-End:</b>				
Deposits	¥1,925,048	¥1,820,327	¥1,701,950	\$17,925,773
Loans and Bills Discounted	1,353,377	1,257,843	1,209,104	12,602,455
Securities	864,969	634,683	516,489	8,054,466
Total Assets	2,538,447	2,127,694	1,923,806	23,637,649
Shareholders' Equity	75,884	75,540	54,192	706,620

## Capital Ratio (on a Consolidated Basis)

The Bank of Ikeda, Ltd. and consolidated subsidiaries  
As of March 31, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
<b>Tier I Capital:</b>			
Common Stock	¥ 35,645	¥ 35,240	\$ 331,928
Capital Surplus	19,413	19,007	180,777
Retained Earnings	10,064	6,526	93,722
Minority Interests of Consolidated Subsidiaries	871	787	8,116
Treasury Stock	(107)	(77)	(1,003)
Total (A)	65,888	61,483	613,542
<b>Tier II Capital:</b>			
General Reserve for Possible Loan Losses	6,880	6,438	64,070
Subordinated Debt	46,805	32,323	435,841
Exclusion	13,860	1,581	129,070
Total (B)	39,824	37,179	370,842
<b>Deduction:</b>			
Crossholdings with Other Financial Institutions (C)	240	240	2,237
Total Qualifying Capital (D) = (A) + (B) - (C)	¥ 105,472	¥ 98,422	982,147
<b>Risk-Adjusted Assets:</b>			
On-Balance-Sheet Assets	¥1,072,712	¥ 998,901	\$ 9,988,940
Off-Balance-Sheet Assets	28,180	31,133	262,412
Total (E)	¥1,100,892	¥1,030,034	\$10,251,353
Consolidated Capital Ratio (Domestic Standard) = $\frac{(D)}{(E)} \times 100$	9.58%	9.56%	

## Notes

- The accompanying consolidated financial statements of the Bank of Ikeda, Ltd. and its consolidated subsidiaries as of March 31, 2005 and 2004, and for the years then ended have been prepared in accordance with accounting principles and practices generally accepted and applied in Japan, which may differ in certain material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. They are compiled from the consolidated financial statements prepared by the Bank of Ikeda, Ltd. as required by the Securities and Exchange Law of Japan, which have been audited by Shin Nihon & Co. in accordance with auditing standards, procedures and practices generally accepted and applied in Japan.
- Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥107.39 = US\$1, the rate of exchange on March 31, 2005, has been used in translation.

## Board of Directors

As of June 29, 2005

### President and Chief Executive Officer

Moritaka Hattori

### Deputy President and Senior Executive Officer

Shoichi Ogawa

### Senior Managing Directors and Senior Executive Officers

Noboru Komiya  
Toshiyuki Matsushima  
Sadayoshi Soematsu  
Kazuhiro Masao

### Managing Directors

Masato Yamagiwa  
Shigeru Aoyagi  
Hirohisa Fujita

### Directors

Yukio Ueda\*  
Toshiki Mitani\*  
Ryoji Aoki  
Akira Uchimura\*

\* : concurrently Managing Executive Officer

### Corporate Auditors

Motohiro Sugai  
Toshiaki Imanaka  
Katsutoshi Horii (Full-time)  
Yoshio Matsumura (Full-time)  
Masaya Kiyotaki

### Senior Managing Executive Officer

Toru Moriwaki

### Managing Executive Officers

Yutaka Himeno  
(Appointment: July 1, 2005)  
Yasuo Kitamura  
Noriyuki Miyata  
Tatsuhiko Yakushigawa  
Kazuhiro Isumi

### Executive Officers

Hiroshi Fujita  
Tomio Morita  
Hironobu Sugita  
Hirokazu Morihata

## Corporate Outline

### Head Office:

1-11, Jonan 2-chome, Ikeda, Osaka 563-0025, Japan  
Phone: 072-751-3521  
Facsimile: 072-751-2716  
URL: <http://www.ikedabank.co.jp>

### International Division:

1-11, Jonan 2-chome, Ikeda, Osaka 563-0025, Japan  
Phone: 072-751-6186  
Facsimile: 072-751-6193  
E-mail: [intl-div2@ikedabank.co.jp](mailto:intl-div2@ikedabank.co.jp)  
SWIFT Address: BIKEJPJS

### Financial Markets Division:

1-11, Jonan 2-chome, Ikeda, Osaka 563-0025, Japan  
Phone: 072-751-6079  
Facsimile: 072-751-6241

**Date of Establishment:** September 1951

**Network:** Head Office and 71 Branches

**Number of Employees:** 1,277

**Stock Exchange Listing:** Tokyo Stock Exchange,  
Osaka Securities Exchange

**Capital:** ¥35,645 million

**Number of Shareholders:** 4,410

### Major Shareholders:

Name	Number of Shares Owned (Thousands)	Proportion of Total Shares (%)
Mizuho Corporate Bank, Ltd.	710	3.44
Hankyu Corporation	671	3.25
The Bank of Tokyo-Mitsubishi, Ltd.	609	2.95
Japan Trustee Services Bank, Ltd. (trust account)	532	2.58
Obayashi Corporation	500	2.42
The Master Trust Bank of Japan, Ltd. (trust account)	453	2.19
Mizuho Bank, Ltd.	399	1.93
Itami Sangyo Co., Ltd.	384	1.86
Shinko Securities Co., Ltd.	378	1.83
Tokio Marine & Nichido Fire Insurance Co., Ltd.	352	1.71

## Correspondents

**Amsterdam:** ABN AMRO Bank NV **Bangkok:** Standard Chartered Bank **Beijing:** Bank of China Ltd. **Brussels:** The Bank of Tokyo-Mitsubishi Ltd.; Fortis Bank NV/SA **Copenhagen:** Danske Bank Aktieselskab **Dublin:** AIB Group **Frankfurt am Main:** The Bank of New York; Deutsche Bank AG **Helsinki:** Nordea Bank Finland PLC **Hong Kong:** The Bank of Tokyo-Mitsubishi Ltd.; Mizuho Corporate Bank Ltd.; The Hongkong and Shanghai Banking Corporation Limited; Standard Chartered Bank (Hong Kong) Ltd. **Jakarta:** The Bank of Tokyo-Mitsubishi Ltd. **Kuala Lumpur:** Standard Chartered Bank Malaysia Bhd **London:** The Bank of Tokyo-Mitsubishi Ltd.; Barclays Bank PLC; Mizuho Corporate Bank Ltd. **Madrid:** Banco Santander Central Hispano SA **Milan:** Banca Intesa S.P.A **Mumbai:** The Bank of Tokyo-Mitsubishi Ltd. **Munich:** Bayerische Hypo-und Vereinsbank AG

**New York City:** HSBC Bank USA. NA. The Bank of New York; The Bank of Tokyo-Mitsubishi Ltd.; J. P. Morgan Chase Bank N.A.; Mizuho Corporate Bank Ltd. **Oslo:** DNB NOR BANK ASA **Paris:** The Bank of Tokyo-Mitsubishi Ltd.; Société Générale **Rome:** Banca di Roma **San Francisco:** Bank of America NA; The Bank of Tokyo-Mitsubishi Ltd.; Union Bank of California NA; Wells Fargo Bank NA **São Paulo:** Banco do Brasil SA **Seoul:** Woori Bank **Singapore:** The Bank of Tokyo-Mitsubishi Ltd.; Mizuho Corporate Bank Ltd.; Standard Chartered Bank **Stockholm:** Skandinaviska Enskilda Banken AB (Publ) **Sydney:** Westpac Banking Corporation **Tokyo:** J. P. Morgan Chase Bank N.A. **Toronto:** Royal Bank of Canada **Vienna:** Bank Austria Creditaustalt AG **Wellington:** Bank of New Zealand **Zürich:** UBS AG

## Standard Settlement Instructions

For foreign exchange and money market transactions

Currency	Account with Bank	SWIFT Address	Account No.
USD	The Bank of New York, New York (New York Delivery)	IRVTUS3N	890-0045-965
USD	J. P. Morgan Chase Bank N.A., Tokyo (Tokyo Delivery)	CHASJPJT	41504142
GBP	Barclays Bank PLC., London	BARCGB22	40492930
CHF	UBS AG, Zürich	UBSWCHZH80A	9811505A
SEK	Skandinaviska Enskilda Banken, Stockholm	ESSESESS	5201-8533258
DKK	Danske Bank Aktieselskab, Copenhagen	DABADKKK	539622
NOK	DNB NOR BANK ASA, Oslo (H. O.)	DNBANOKK	7001.02.24703
EUR	Deutsche Bank AG, Frankfurt	DEUTDEFF	953746510
CAD	Royal Bank of Canada, Toronto	ROYCCAT2	2102226
AUD	Westpac Banking Corporation, Sydney	WPACAU2F	IKE0001972
NZD	Bank of New Zealand, Wellington	BKNZNZ22	0999261108000
HKD	Standard Chartered Bank (Hong Kong) Ltd., Hong Kong	SCBLHKHH	447-094-7945-2
SGD	Standard Chartered Bank, Singapore	SCBLSGSG	01-0931910-9
THB	Standard Chartered Bank, Bangkok	SCBLTHBX	013-45-65287-00
MYR	Standard Chartered Bank Malaysia Berhad, Kuala Lumpur	SCBLMYKX	312-151791846
JPY	The Bank of Tokyo-Mitsubishi, Ltd., Tokyo	BOTKJPJT	653-0801089

## THE BANK OF IKEDA, LTD.

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