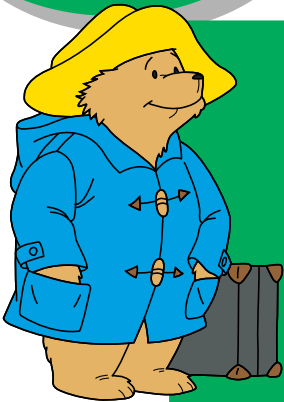


OGAKI KYORITSU



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THE OGAKI KYORITSU BANK, LTD.

ANNUAL REPORT 2006

TRY!! BEST FIT BANK





● A MESSAGE FROM THE PRESIDENT

Thanks to all of you, we finally celebrate our 110th anniversary this year, and I look forward to continuing to serve you in the future.

Until now, there have not been too many opportunities to look back on our past. Also, it is not as if we have been focusing on our 110th anniversary particularly. It might be strange to say “finally,” because it has just crept up on us. Nonetheless, it is an important milestone.

During the past 15 years or so, we have seen the aftermath of the bursting of the asset-inflation economy in Japan. The mountain of non-performing loans, financial deregulation.... Yes, it has been quite an eventful period for banks. At present, our operating environment, in many respects, is still thought by many to be rather challenging. We have always focused on one question: How to further raise customer satisfaction?

And here we are, now celebrating our 110th anniversary.

I would like to extend my heartfelt thanks to everyone who has contributed to the success of our operations over all these years: our customers, the citizens of our region, and our stockholders.

We will continue looking for new opportunities, and will make utmost efforts to achieve our targets.

We have prepared this year’s annual report with the aim of introducing the Bank and its activities.

We began our operations as a bank on March 9, 1896. So, what is the Ogaki Kyoritsu Bank doing these days? I hope you enjoy reading this report, and learn something new about the Ogaki Kyoritsu Bank.



Takashi Tsuchiya
President

● PROFILE

The Ogaki Kyoritsu Bank, founded in 1896, is a regional financial institution headquartered in Gifu Prefecture, close to the center of the Japanese archipelago. Since its establishment, the Bank has made a valuable contribution to the economic development of the Tokai region, which plays a pivotal role in the national economy.

The Bank's network embraces 142 branches in Japan and 3 overseas offices. While continuing to perform its traditional banking role, amidst the ongoing reform of Japan's financial system, the Ogaki Kyoritsu Bank Group continues to concentrate the strengths of all its members in providing a comprehensive range of financial services to meet the increasingly diverse and sophisticated needs of its customers.

As of March 31, 2006, the Bank's capitalization was ¥26,985 million (US\$229 million). Total assets amounted to ¥3,674 billion (US\$31,280 million), and total deposits were ¥3,183 billion (US\$27,101 million). The Bank's capital adequacy ratio according to domestic standards was 9.25%.



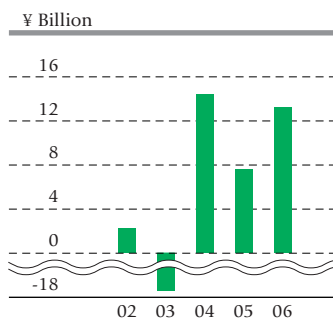
● FINANCIAL HIGHLIGHTS

Years ended March 31	Consolidated		
	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
For the Year			
Total Income	¥ 109,925	¥ 99,962	\$ 935,770
Total Expenses	86,926	84,799	739,984
Income before Income Taxes.....	22,998	15,163	195,777
Net Income	13,177	7,589	112,173
At Year-End			
Deposits	¥3,183,660	¥3,107,281	\$27,101,898
Loans and Bills Discounted	2,268,232	2,138,452	19,309,032
Securities	1,138,340	1,077,829	9,690,474
Total Assets	3,674,497	3,508,353	31,280,301
Stockholders' Equity	185,860	140,134	1,582,191
Common Stock	26,985	24,516	229,718

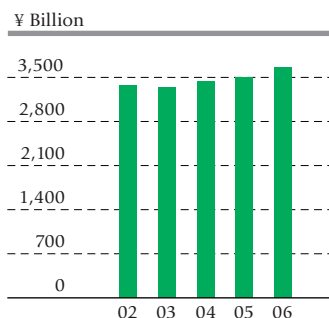
Notes: 1. In this annual report, the Japanese yen in millions are indicated with fractions omitted.

2. Figures stated in U.S. dollars in this annual report are translated from Japanese yen, solely for convenience, at the rate of ¥117.47 per U.S.\$1.00, the rate prevailing at March 31, 2006.

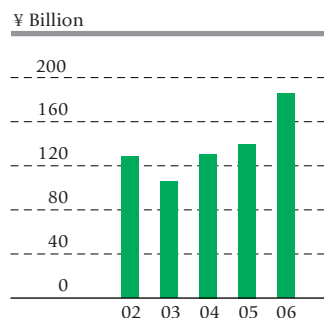
Net Income (Loss)



Total Assets



Stockholders' Equity



● OPERATING ENVIRONMENT

In fiscal 2005, the Japanese economy continued on an expansionary track, carrying over the momentum of rising private capital investment as a result of improvements in corporate earnings performances and steady consumer spending. It was clearly beginning to exhibit signs of a recovery from the previous deflationary trend.

Housing investment showed a rising trend amid a recovery in the employment and income situation, and a bottoming out of interest rates and land prices.

Despite the support of post-disaster restoration work, public investment remained at a low ebb, reflecting stringent fiscal policy at the national and local government level.

In the Tokai region, the economic revival continued. Industrial production was robust against a backdrop of continuing buoyancy in production and exports in automaking and electronic machinery, two mainstay local industries, and further impetus came from the 2005 Aichi World Exposition. Consumer spending was also robust.

● PERFORMANCE

The overall balance of deposits on a non-consolidated basis grew ¥82.6 billion to end the term at ¥3,152.3 billion (US\$26,835 million), chiefly reflecting firm growth in ordinary deposits.

At the same time, the balance of loans and bills discounted grew ¥128.3 billion during the period under review to end the term at ¥2,273.5 billion (US\$19,354 million). This performance reflected our success in meeting local corporate funding demand and individual customer needs, particularly for mortgage loans. The term-end balance of securities rose ¥58.8 billion to ¥1,133.9 billion (US\$9,653 million), reflecting our agile response to market fluctuations.

Ordinary income totaled ¥16,067 million (US\$136 million) and net income came to ¥12,844 million (US\$109 million), as a result of efficient fund management and procurement as well as across-the-board improvements in efficiency in our business operations amid a harsh business environment. On a consolidated basis, the capital ratio stood at 9.25%, and at 8.97% on a non-consolidated basis.

The balance of risk-managed loans under the Banking Law stood at ¥104.7 billion (US\$891 million), or 4.60% of total loans and bills discounted. Loans and other claims disclosed under the Financial Revitalization Law standards totaled ¥105.5 billion (US\$898 million), and these were, for the most part, covered by the reserve for possible loan losses and collateral or guarantees to the value of ¥92.5 billion (US\$787 million). (The coverage ratio was 87.72%.)

● DIVIDEND POLICY

Ogaki Kyoritsu Bank regards it as a public mission to maintain stable operations over the long term, in light of its important status as an institution serving the public within the regional economy. Therefore, we attach great importance to operational soundness. We have a basic policy of paying a stable dividend to our stockholders, with due consideration to the need to bolster our financial strength through retained earnings.

Taking into consideration our favorable performance in the term ended March 2006, we wanted to show our appreciation to our investors by increasing our cash dividend at term-end by ¥1, to ¥3.50, and taking into account that the term under review is our 110th anniversary, we added a commemorative dividend payment of ¥1.10. Thus, we declared a cash dividend payment for the year of ¥7.10, including an interim dividend of ¥2.50 and a term-end dividend of ¥4.60.

CONSOLIDATED BALANCE SHEETS

March 31, 2006 and 2005	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
ASSETS			
Cash and Due from Banks (Notes 6 and 16)	¥ 123,281	¥ 113,482	\$ 1,049,467
Call Loans and Bills Bought	1,713	40,021	14,582
Monetary Claims Bought	4,000	2,856	34,051
Trading Account Securities (Notes 3 and 6)	3,510	4,237	29,879
Securities (Notes 3 and 6)	1,138,340	1,077,829	9,690,474
Loans and Bills Discounted (Notes 4, 5 and 7)	2,268,232	2,138,452	19,309,032
Foreign Exchanges	4,013	3,867	34,161
Other Assets (Note 6)	44,809	36,867	381,450
Premises and Equipment (Notes 6, 8, 9 and 15)	95,150	91,513	809,994
Deferred Tax Assets (Note 10)	1,881	12,308	16,012
Consolidation Difference	12	9	102
Customers' Liabilities for Acceptances and Guarantees (Note 13)	43,667	50,616	371,728
Less Reserve for Possible Loan Losses	(54,007)	(63,599)	(459,751)
Less Reserve for Possible Investment Losses	(109)	(109)	(927)
Total Assets	¥3,674,497	¥3,508,353	\$31,280,301
LIABILITIES, MINORITY INTEREST AND STOCKHOLDERS' EQUITY			
LIABILITIES			
Deposits (Note 6)	¥3,183,660	¥3,107,281	\$27,101,898
Call Money and Bills Sold	26,750	26,585	227,717
Payables for Securities Lending Transactions (Note 6)	50,023	41,417	425,836
Borrowed Money (Notes 6 and 11)	85,793	86,564	730,339
Foreign Exchanges	502	474	4,273
Other Liabilities	64,441	39,410	548,574
Accrued Employees' Bonuses	1,587	1,368	13,509
Employees' Severance and Retirement Benefits (Note 12)	4,907	4,887	41,772
Deferred Tax Liabilities (Note 10)	16,195	129	137,864
Deferred Taxes on Revaluation Excess (Note 8)	3,778	3,817	32,161
Acceptances and Guarantees (Notes 6 and 13)	43,667	50,616	371,728
Total Liabilities	3,481,308	3,362,553	29,635,719
MINORITY INTERESTS	7,327	5,665	62,373
STOCKHOLDERS' EQUITY			
Common Stock:			
Authorized—400,000,000 shares			
Issued —299,768,975 shares	26,985	24,516	229,718
Capital Surplus	16,255	13,790	138,375
Retained Earnings	84,464	72,725	719,026
Land Revaluation Reserve (Note 8)	2,914	2,962	24,806
Net Unrealized Holding Gains on Securities (Note 3)	55,610	26,468	473,397
Less Treasury Stock:			
—602,076 shares in 2005	—	(328)	—
—653,169 shares in 2006	(369)	—	(3,141)
Total Stockholders' Equity	185,860	140,134	1,582,191
Total Liabilities, Minority Interests and Stockholders' Equity	¥3,674,497	¥3,508,353	\$31,280,301

See Notes to Consolidated Financial Statements.

● CONSOLIDATED STATEMENTS OF INCOME

For the Years Ended March 31, 2006 and 2005	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
INCOME			
Interest and Dividends on:			
Loans and Bills Discounted	¥ 40,576	¥41,809	\$345,415
Securities	13,101	11,224	111,526
Other	729	275	6,205
Fees and Commissions	15,610	12,152	132,884
Other Operating Income	2,721	3,464	23,163
Other Income	37,185	31,037	316,548
Total Income	109,925	99,962	935,770
EXPENSES			
Interest on:			
Deposits	1,500	1,052	12,769
Borrowings and Rediscounts	3,178	2,113	27,053
Other	3,079	2,385	26,210
Fees and Commissions	5,088	3,882	43,313
Other Operating Expenses	2,946	6,306	25,078
General and Administrative Expenses.....	40,783	38,894	347,178
Other Expenses (Note 14)	30,349	30,164	258,355
Total Expenses.....	86,926	84,799	739,984
Income before Income Taxes.....	22,998	15,163	195,777
Income Taxes:			
Current	1,477	1,929	12,573
Deferred.....	7,054	4,086	60,049
Minority Interest	1,288	1,557	10,964
Net Income	¥ 13,177	¥ 7,589	\$112,173
Per Share of Common Stock (Yen and U.S. Dollars):			
Net Income	¥ 44.87	¥ 25.99	\$0.38
Diluted Net Income	44.75	—	0.38
Dividends	7.10	5.00	0.06
Stockholders' Equity	621.25	482.00	5.28

● CONSOLIDATED STATEMENTS OF CAPITAL SURPLUS AND RETAINED EARNINGS

For the Years Ended March 31, 2006 and 2005	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Capital Surplus:			
Balance at Beginning of Year	¥13,790	¥13,790	\$117,391
Increase Due to Exercise of Stock Options	2,462	—	20,958
Profits on Sales of Treasury Stock.....	3	0	25
Balance at End of Year	¥16,255	¥13,790	\$138,375
Retained Earnings:			
Balance at the Beginning of the Year	¥72,725	¥66,591	\$619,094
Net Income	13,177	7,589	112,173
Land Revaluation	48	37	408
Appropriations:			
Cash Dividends.....	(1,454)	(1,454)	(12,377)
Bonuses to Directors and Statutory Auditors.....	(33)	(37)	(280)
Balance at End of Year	¥84,464	¥72,725	\$719,026

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended March 31, 2006 and 2005	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Cash Flows from Operating Activities:			
Income before Income Taxes	¥ 22,998	¥ 15,163	\$ 195,777
Depreciation	19,033	18,392	162,024
Amortization of Consolidated Difference.....	(3)	(115)	(25)
Decrease in Reserve for Possible Loan Losses	(9,592)	(6,027)	(81,654)
Decrease in Reserve for Investment Losses	—	(79)	—
Increase in Accrued Employees' Bonuses.....	219	130	1,864
Increase (Decrease) in Employees' Severance and Retirement Benefits	19	(68)	161
Interest and Dividend Income	(54,407)	(53,308)	(463,156)
Interest Expense	7,759	5,551	66,050
Impairment Losses	849	—	7,227
Securities Gains, net	(634)	(596)	(5,397)
Losses on Sale of Premises and Equipment, net	307	142	2,613
Net Changes in Trading Account Securities	727	(1,956)	6,188
Net Changes in Loans and Bills Discounted.....	(129,780)	(67,967)	(1,104,792)
Net Changes in Deposits	76,379	80,428	650,200
Net Changes in Borrowed Money	(770)	1,471	(6,554)
Net Changes in Deposits with Banks	3,979	2,569	33,872
Net Changes in Call Loans.....	37,164	19,147	316,370
Net Changes in Call Money.....	164	17,428	1,396
Net Changes in Payables for Securities Lending Transactions	8,605	(3,251)	73,252
Net Changes in Foreign Exchange Assets	(146)	(574)	(1,242)
Net Changes in Foreign Exchange Liabilities	28	92	238
Interest Income Received	56,363	57,386	479,807
Interest Expense Paid	(7,746)	(5,409)	(65,940)
Net Changes in Lease Assets	(20,782)	(19,793)	(176,913)
Other	(6,167)	4,722	(52,498)
Sub-Total	4,568	63,477	38,886
Income Taxes Paid.....	(2,028)	(216)	(17,263)
Net Cash Provided by Operating Activities	2,539	63,260	21,614
Cash Flows from Investing Activities:			
Purchases of Securities	(771,870)	(902,798)	(6,570,784)
Proceeds from Sales of Securities.....	620,666	755,595	5,283,612
Proceeds from Maturities of Securities	161,991	133,359	1,378,998
Purchases of Premises and Equipment	(2,495)	(1,349)	(21,239)
Proceeds from Sales of Premises and Equipment.....	75	128	638
Net Cash Provided by (Used in) Investing Activities.....	8,368	(15,064)	71,235
Cash Flows from Financing Activities:			
Increase in Subordinated Loans.....	3,000	—	25,538
Decrease in Subordinated Loans	(3,500)	—	(29,794)
Issuance of Common Stock	4,903	—	41,738
Cash Dividends Paid	(1,454)	(1,454)	(12,377)
Cash Dividends Paid to Minority Interests.....	(5)	(3)	(42)
Purchases of Treasury Stock.....	(64)	(53)	(544)
Proceeds from Sales of Treasury Stock	9	10	76
Net Cash Provided by (Used in) Financing Activities	2,889	(1,501)	24,593
Effect of Foreign Exchange Rate Changes	(19)	7	(161)
Net Increase in Cash and Cash Equivalents	13,778	46,701	117,289
Cash and Cash Equivalents at Beginning of Year	95,330	48,628	811,526
Cash and Cash Equivalents at End of Year (Note 16)	¥109,108	¥ 95,330	\$ 928,815

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended March 31, 2006 and 2005

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of The Ogaki Kyoritsu Bank, Ltd. ("the Bank") and its consolidated subsidiaries (together "the Group") have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions) from the consolidated financial statements of the Bank and its subsidiaries prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Securities and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2006, which was ¥117.47 to U.S.\$1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Significant Accounting Policies

(a) Consolidation

The consolidated financial statements include the accounts of the Bank and nine significant subsidiaries. In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are evaluated using the fair value at the time the Bank acquired control of the respective subsidiaries.

One unconsolidated subsidiary is excluded from consolidation due to insignificance that would not mislead judgment as to financial condition or result of operations considering total assets, operating income, net income, retained earnings, etc.

(b) Cash Flow Statement

In preparing the consolidated statements of cash flows, cash on hand and deposits with the Bank of Japan are considered to be cash and cash equivalents.

(c) Appropriations of Retained Earnings

Appropriations of retained earnings approved by the stockholders after the end of the year are recorded in the consolidated financial statements in the year approved.

(d) Trading Account Securities

Trading account securities of the Bank are stated at fair market value. Gains and losses realized on disposal and unrealized gains and losses from market value fluctuations are recognized as gains and losses in the period of the change.

(e) Securities

Held-to-maturity debt securities are stated at amortized cost. Equity securities issued by subsidiaries that are not consolidated or accounted for using the equity method are stated at moving-average cost. Available-for-sale securities with available fair market values are stated at fair market value. Unrealized gains and

unrealized losses on these securities are reported, net of applicable income taxes, as a separate component of stockholders' equity. Realized gains and losses on the sale of such securities are computed using moving-average cost. Other securities with no available fair market value are stated at moving-average cost or at amortized cost.

(f) Premises and Equipment

Premises and equipment are generally stated at cost less accumulated depreciation and deferred gains on sale of real estate. Depreciation of premises and equipment is computed primarily using the declining-balance method. Estimated useful lives range from three to 60 years for buildings and two to 20 years for equipment. Depreciation of capital leases of the consolidated subsidiaries is computed using the straight-line method over the lives of the respective leases.

(g) Software Costs

Internal use software costs of the Bank and its consolidated subsidiaries are amortized using the straight-line method over the estimated useful life of the software (mainly five years).

The software of certain consolidated subsidiaries that is for sale is depreciated using the straight-line method based on the estimated useful life of the software.

(h) Deferred Charges

All costs incurred in connection with the issuance of new shares are amortized over three years using the straight-line method.

(i) Foreign Currency Translation

Foreign currency denominated assets and liabilities of consolidated banking subsidiaries (the "Banks") are translated into yen, primarily at the exchange rates on the date of the consolidated balance sheet.

Foreign currency denominated assets and liabilities of other consolidated subsidiaries are translated into yen at the exchange rates on the dates of respective balance sheets.

(j) Reserve for Possible Investment Losses

The Bank makes provisions for possible investment losses based on evaluations of its investments.

(k) Reserve for Possible Loan Losses

The reserve for possible loan losses was provided according to the following write-off/reserve standards. For loans to normal borrowers and borrowers requiring special attention as stipulated in the "Practical Guidelines for the Verification of Compliance with Internal Regulations Governing Asset Self-Assessment by Banks and Other Financial Institutions and for Audits of Bad Loan Write-offs and Bad Loan Reserves" (Report No. 4 of the Special Committee for Audits of Banks and Other Financial Institutions by the Japanese Institute of Certified Public Accountants), a reserve was provided based on the loan loss ratio, which is calculated for each category of loan using the actual loan losses during a specified period in the past. For loans to borrowers threatened with bankruptcy, after deducting the portion deemed recoverable through the disposal of collateral and the enforcement of guarantees, a reserve was provided for the remainder in an amount deemed necessary. For loans to borrowers who were legally bankrupt or otherwise deemed insolvent, a reserve was provided to cover the losses after deducting the portion deemed recoverable through the disposal of collateral and the enforcement of guarantees.

Self-assessments of assets were conducted for all loans by the Bank's divisions in charge of self-assessment in cooperation with the relevant business divisions and in compliance with the Bank's asset self-assessment standards. The loans were classified in the accounts according to the results of this asset assessment.

The consolidated subsidiaries write off loans and make provisions for possible loan losses based on their actual rate of loan losses in the past. However, unrecoverable portions of loans to customers who have a high probability of becoming bankrupt are estimated and a reserve for possible loan losses is provided based on the estimation.

(l) Accrued Employees' Bonuses

Accrued employees' bonuses are provided for the payment of employees' bonuses based on estimated amounts of future payments attributed to the current fiscal year.

(m) Employees' Severance and Retirement Benefits

The Bank and the consolidated subsidiaries provide two post-employment benefit plans, an unfunded lump-sum payment plan and a funded contributory pension plan, under which all eligible employees are entitled to benefits based on the level of wages and salaries at the time of retirement or termination, length of service and certain other factors.

The liability and expenses for severance and retirement benefits are determined based on the amounts actuarially calculated using certain assumptions.

The Bank and the consolidated subsidiaries provided for employees' severance and retirement benefits based on the estimated amounts of projected benefit obligation and the fair value of the plan assets.

The remaining net transition obligation amounting to ¥5,736 million is being recognized in expenses in equal amounts primarily over five years, commencing with the year ended March 31, 2001. As a result of the release from the substitutional portion of the government's Welfare Pension Insurance Scheme in the year ended March 31, 2003, the remaining cost of ¥1,181 million is being recognized in expenses using the straight-line method over two years.

Prior service costs are recognized in expenses using the straight-line method over five years, and actuarial differences are recognized as expenses using the straight-line method over 15 years, within the estimated average remaining service years, commencing with the following period.

<Change in Significant Accounting Policies >

Effective from the fiscal year 2005, the Group adopted "Revised Accounting Standards for Retirement Benefits" (Financial Accounting Standards No.3 on March 16, 2005). There is no effect from the adoption of the revised standards on the Group's net income.

(n) Accounting for Leases

Finance leases that do not transfer ownership are accounted for in the same manner as operating leases under Japanese GAAP.

(o) Derivatives and Hedge Accounting

Derivative financial instruments are carried at market value.

(1) Hedge of interest risk

In order to hedge the interest rate risk associated with various financial assets and liabilities, the Bank applies the deferred hedge method which is stipulated in "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No.24).

In assessing the effectiveness of cashflow hedges, the correlation between the interest sensitivities of the hedged instruments and the hedging instruments is examined.

Deferred hedge losses recorded on the consolidated balance sheet based on the previous macro-hedge approach are allocated as interest expense over the specified remaining term of 10 years.

Such deferred hedge losses were ¥1,197 million (\$10,189 thousand) at March 31, 2006.

(2) Hedge of foreign currency risk

The Bank applies the deferred method of hedge accounting to hedge foreign exchange risks associated with various foreign currency denominated monetary assets and liabilities, as stipulated in "Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No.25).

Assessment of the effectiveness of these hedge transactions is conducted by confirming whether notional amounts of hedging foreign exchange swaps, etc., for correspond to hedged foreign currency denominated receivables or payables.

The hedging of certain assets and liabilities is accounted for by special treatment for interest rate swaps. Certain consolidated subsidiaries adopt special treatment for interest rate swaps.

(p) Stockholders' Equity

The maximum amount that the Bank can distribute as dividends is calculated based on the unconsolidated financial statements of the Bank in accordance with the Commercial Code of Japan.

(q) Consolidation Difference

The differences between the cost and underlying net equity of investments in consolidated subsidiaries are presented as consolidation differences. Consolidation differences are amortized by the straight-line method over a period of five years.

(r) Enterprise Taxes

With the promulgation of the "Revision of the Local Tax Law" (Legislation No.9, 2003) on March 31, 2003, the tax basis for assessing enterprise taxes comprises "amount of income," "amount of added value" and "amount of capital" as of April 1, 2004.

Enterprise taxes based on "amount of added value" and "amount of capital" are included in "General and administrative expenses" since the fiscal year 2004 pursuant to "Practical Solutions on Presentation for Size-Based Components of Corporate Enterprise Tax on the Income Statement" (Accounting Standards Board, Practical Solution Report No.12 issued on February 13, 2004).

<Change in Significant Accounting Policies>

Accounting Standard for Impairment losses on Fixed Assets

Effective from the fiscal year 2005, the Group adopted "Accounting Standard on Impairment losses on Fixed Assets" (Opinion Statement for Impairment losses on Fixed Assets issued by Accounting Standards Board of Japan on August 9, 2002) and "Implementation Guidance for Accounting Standards for Impairment losses on Fixed Assets" (Financial Accounting Standards Implementation Guidance No.6 on October 31, 2003).

As a result, income before income taxes decreased by ¥814 million (\$6,929 thousand). In our banking operations, amounts equivalent to accumulated impairment losses are directly charged to assets employed for the operations, in accordance with the relevant regulations (Enforcement Regulations to the Banking Law (1982, Ministry of Finance Order No. 10).

3. Market Value Information for Securities

Securities

A. The following tables summarize acquisition costs, book values and fair values of securities with available fair values as of March 31, 2006 and 2005.

(a) Trading securities

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	(Note 1) 2006
Book Value (Fair Value)	¥3,510	¥4,237	\$29,879
Amount of Net Unrealized Gains or Losses Included in the Statement of Income	(9)	11	(76)

(b) Held-to-maturity debt securities

Millions of Yen					
2006					
	Book Value	Fair Value	Difference	Unrecognized Gain	Unrecognized Loss
Japanese Government Bonds	¥1,500	¥1,472	¥(27)	¥ 0	¥27
Municipal Bonds	541	562	21	21	—
Corporate Bonds	5,909	5,942	33	60	26
Total	¥7,950	¥7,977	¥ 26	¥81	¥54

Thousands of U.S. Dollars (Note 1)					
2006					
	Book Value	Fair Value	Difference	Unrecognized Gain	Unrecognized Loss
Japanese Government Bonds	\$12,769	\$12,530	\$(229)	\$ 0	\$229
Municipal Bonds	4,605	4,784	178	178	—
Corporate Bonds	50,302	50,583	280	510	221
Total	\$67,676	\$67,906	\$ 221	\$689	\$459

Millions of Yen					
2005					
	Book Value	Fair Value	Difference	Unrecognized Gain	Unrecognized Loss
Japanese Government Bonds	¥ 500	¥ 502	¥ 2	¥ 2	¥—
Municipal Bonds	945	1,003	57	57	—
Corporate Bonds	7,426	7,591	164	170	5
Total	¥8,872	¥9,096	¥224	¥230	¥ 5

(c) Available-for-sale securities

Millions of Yen					
2006					
	Acquisition Cost	Book Value (Fair Value)	Difference	Unrealized Gains	Unrealized Losses
Equity Securities	¥ 67,581	¥ 163,695	¥96,114	¥ 96,440	¥ 325
Bonds					
Japanese Government Bonds	433,838	431,486	(2,352)	302	2,654
Municipal Bonds	105,447	104,200	(1,247)	115	1,362
Corporate Bonds	236,060	234,348	(1,712)	67	1,779
Other	163,263	165,757	2,493	5,965	3,471
Total	¥1,006,191	¥1,099,487	¥93,295	¥102,891	¥9,595

Thousands of U.S. Dollars (Note 1)					
2006					
	Acquisition Cost	Book Value (Fair Value)	Difference	Unrealized Gains	Unrealized Losses
Equity Securities	\$ 575,304	\$1,393,504	\$ 818,200	\$820,975	\$ 2,766
Bonds					
Japanese Government Bonds	3,693,181	3,673,159	(20,022)	2,570	22,593
Municipal Bonds	897,650	887,034	(10,615)	978	11,594
Corporate Bonds	2,009,534	1,994,960	(14,573)	570	15,144
Other	1,389,827	1,411,058	21,222	50,778	29,547
Total	\$8,565,514	\$9,359,725	\$(794,202)	\$875,891	\$81,680

Millions of Yen					
2005					
	Acquisition Cost	Book Value (Fair Value)	Difference	Unrealized Gains	Unrealized Losses
Equity Securities	¥ 64,542	¥ 104,352	¥39,810	¥40,434	¥ 624
Bonds					
Japanese Government Bonds	384,227	387,331	3,104	3,108	3
Municipal Bonds	104,516	105,824	1,308	1,386	78
Corporate Bonds	315,934	316,472	537	808	270
Other	121,005	120,692	(313)	1,457	1,770
Total	¥990,227	¥1,034,674	¥44,447	¥47,195	¥2,747

B. The following table summarizes book values of securities with no available fair values as of March 31, 2006 and 2005.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Held-to-Maturity Debt Securities			
Corporate Bonds	¥26,932	¥29,529	\$229,267
Other	597	597	5,082
Available-for-Sale Securities			
Corporate Bonds	¥ 61	¥ 20	\$ 519
Non-Listed Equity Securities	4,657	4,439	39,644
Other	48	293	408

C. Available-for-sale securities with maturities and held-to-maturity debt securities mature as follows:

	Millions of Yen			
	2006			
	Within One Year	Over One Year but within Five Years	Over Five Years but within Ten Years	Over Ten Years
Bonds				
Japanese Government Bonds	¥ 13,996	¥359,733	¥ 59,255	¥ —
Municipal Bonds	10,658	63,465	30,616	—
Corporate Bonds	67,322	180,272	19,656	—
Other	10,824	53,221	11,091	61,848
Total	¥102,802	¥656,693	¥120,620	¥61,848

	Thousands of U.S. Dollars (Note 1)			
	2006			
	Within One Year	Over One Year but within Five Years	Over Five Years but within Ten Years	Over Ten Years
Bonds				
Japanese Government Bonds	\$119,145	\$3,062,339	\$ 504,426	\$ —
Municipal Bonds	90,729	540,265	260,628	—
Corporate Bonds	573,099	1,534,621	167,327	—
Other	92,142	453,060	94,415	526,500
Total	\$875,134	\$5,590,303	\$1,026,815	\$526,500

	Millions of Yen			
	2005			
	Within One Year	Over One Year but within Five Years	Over Five Years but within Ten Years	Over Ten Years
Bonds				
Japanese Government Bonds	¥13,658	¥292,483	¥ 78,620	¥ 3,069
Municipal Bonds	13,815	66,546	26,408	—
Corporate Bonds	47,308	294,375	11,764	—
Other	10,823	52,684	6,765	38,062
Total	¥85,605	¥706,089	¥123,559	¥41,132

D. There were no sales of held-to-maturity debt securities in the year ended March 31, 2006. Total sales of held-to-maturity debt securities in the year ended March 31, 2005 amounted to ¥52 million, and the related gains amounted to ¥2 million.

E. Total sales of available-for-sale securities in the year ended March 31, 2006 amounted to ¥621,368 million (\$5,289,588 thousand), and the related gains and losses amounted to ¥3,897 million (\$33,174 thousand) and ¥3,048 million (\$25,947 thousand), respectively.

Total sales of available-for-sale securities in the year ended March 31, 2005 amounted to ¥732,628 million, and the related gains and losses amounted to ¥5,021 million and ¥4,299 million, respectively.

F. Net Unrealized Holding Gains on Securities

Net unrealized holding gains on securities that have been stated at market value were as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Available-for-Sale Securities	¥93,295	¥44,447	\$794,202
Deferred Tax Liabilities	(37,049)	(17,651)	(315,391)
Net Unrealized Holding Gains on Securities (before Adjustment for Minority Interests)	56,246	26,795	478,811
Minority Interests	(635)	(326)	(5,405)
Net Unrealized Holding Gains on Securities	¥55,610	¥26,468	\$473,397

4. Loans under Risk Management Review

Loans under risk management review at March 31, 2006 and 2005 were as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Loans to Companies			
Legally Bankrupt	¥ 18,072	¥ 5,374	\$153,843
Non-accrual Delinquent Loans	58,648	83,276	499,259
Loans Past Due Over 3 Months	681	1,098	5,797
Restructured Loans	27,663	34,126	235,489
Total	¥105,067	¥123,876	\$894,415

Notes:

1. Loans to Companies Legally Bankrupt:

The term "Loans to Companies Legally Bankrupt" refers to loans, excluding those written off as bad debts, for which interest is not being accrued, owing to the fact that there is no hope of repayment of the principal or collection of interest because repayment or collection has been overdue for a considerable period of time or there is another valid reason.

2. Non-accrual Delinquent Loans:

Non-accrual Delinquent Loans are loans for which interest is not being accrued. This category excludes Restructured Loans described below, as well as Loans to Companies Legally Bankrupt.

3. Loans Past Due Over 3 Months:

Loans Past Due Over 3 Months are loans for which the payment of principal or interest is delayed three months or more, excluding Loans to Companies Legally Bankrupt and Non-accrual Delinquent Loans.

4. Restructured Loans:

Restructured Loans are loans provided to facilitate loan recovery by making certain concessions to borrowers, such as reduced or waived interest, payment of interest suspended, or repayment of principal delayed, to allow borrowers to implement business reconstruction or otherwise provide them support. This category excludes loans in the above three categories.

5. Commercial Bills

The total face value of commercial bills and documentary bills of exchange obtained as a result of discounting was ¥43,722 million (\$372,197 thousand) and ¥41,774 million at March 31, 2006 and 2005, respectively.

6. Assets Pledged

Assets pledged as collateral at March 31, 2006 and 2005 were as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Securities	¥96,016	¥87,916	\$817,366
Lease Receivables and Installment Receivables	24,487	36,685	208,453
Due from Banks	225	270	1,915
Other	275	39	2,341

The above pledged assets secure the following liabilities:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Deposits	¥45,024	¥55,681	\$383,280
Borrowed Money	17,458	41,150	148,616
Payables for Securities Lending Transactions	50,023	41,417	425,836
Acceptances and Guarantees	212	254	1,804

At March 31, 2006, certain investment and trading securities aggregating ¥60,936 million (\$518,736 thousand) and ¥103 million (\$876 thousand), respectively, were pledged as collateral for settlement of exchange at the Bank of Japan, as a substitute for margin payments and for other purposes. Premises and Equipment included guarantees of ¥1,830 million (\$15,578 thousand), and Other Assets included margin payments of ¥196 million (\$1,668 thousand).

At March 31, 2005, certain investment and trading securities aggregating ¥60,983 million and ¥103 million, respectively, were pledged as collateral for settlement of exchange at the Bank of Japan, as a substitute for margin payments and for other purposes. Premises and Equipment included guarantees of ¥1,863 million and Other Assets included margin payments of ¥244 million.

Bills rediscounted are accounted for as financial transactions in accordance with "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (Industry Audit Committee Report No.24), issued by JICPA. There were no rediscounted bills at March 31, 2006. The total face amount of foreign exchanges bought that have been pledged were ¥1 million at March 31, 2005.

7. Commitment Lines

Commitment-line agreements relating to loans oblige the Group to lend funds up to a certain limits, agreed to in advance. The Group lends funds upon the request of an obligor to draw down funds under such agreements, as long as there is no breach of the terms and conditions stipulated in the relevant loan agreement. The unused commitment balances relating to these agreements at March 31, 2006 and 2005 amounted to ¥970,769 million (\$8,263,973 thousand) and ¥962,111 million, respectively. Of these amounts, ¥963,753 million (\$8,204,247 thousand) and ¥957,220 million related to loans in which the term of the agreement was one year or less, or unconditional cancellation of the agreement was allowed at any time.

In many cases, the term of the agreement runs its course without the loan ever being drawn down. Therefore, the unused loan commitment does not necessarily affect future cash flow. Conditions are included in certain loan agreements which allow the Group either to decline a request for a loan draw down or to reduce the agreed limit when there is cause to do so, such as when there is a change in financial condition or it is necessary to protect the Group's credit. The Group takes various measures to

protect its credit, measures including having the obligor pledge collateral such as real estate to the Group on signing the loan agreement or confirming the obligor's financial condition at regular intervals in accordance with the Group's established internal procedures.

8. Land Revaluation Reserve

Land for commercial use was revalued in accordance with the Land Revaluation Law in the year ended March 31, 1998. The Bank recorded in the consolidated balance sheets the difference in value before and after revaluation, net of taxes, as "Land Revaluation Reserve" in stockholders' equity, and an amount equivalent to accrued taxes in relation to the revaluation difference as "Deferred Tax Liability for Land Revaluation" in liabilities.

At March 31, 2006 and 2005 the total market price of land for commercial use, which was revalued in accordance with the above law, was below the book value by ¥10,000 million (\$85,128 thousand) and ¥9,774 million, respectively.

9. Premises and Equipment

Accumulated depreciation amounted to ¥116,289 million (\$989,946 thousand) and ¥116,285 million as of March 31, 2006 and 2005, respectively.

Accumulated capital gains directly offset against the acquisition costs of premises and equipment to obtain tax benefits at March 31, 2006 amounted to ¥1,367 million (\$11,637 thousand). For the year ended March 31, 2006, capital gains offset from acquisition costs were ¥101 million (\$859 thousand).

10. Deferred Tax Assets and Liabilities

The following table summarizes the significant differences between the aggregate statutory income tax rate and the Bank's effective income tax rate for financial statement purposes for the year ended March 31, 2006.

	2006
Statutory Income Tax Rate	39.7%
Expenses not Deductible for Income Tax Purposes	0.2
Non-Taxable Dividend Income	(1.8)
Increase in Valuation Allowance	(0.6)
Per Capital Inhabitants Tax	0.3
Other	(0.7)
Effective Tax Rate	<u>37.0%</u>

The difference between the effective income tax rate and the statutory income tax rate reflected in the accompanying consolidated statement of income for the year ended March 31, 2005 is less than 5%, and therefore, no reconciliation has been disclosed.

Significant components of the Group's deferred tax assets and liabilities as of March 31, 2006 and 2005 were as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Deferred Tax Assets			
Excess Reserve for Possible Loan Losses	¥ 15,841	¥22,494	\$ 134,851
Unrealized Losses of Unlisted Securities	2,997	3,346	25,512
Excess Depreciation	2,043	2,663	17,391
Excess Employees' Severance and Retirement Benefits	2,230	2,143	18,983
Accrued Employees' Bonuses	632	545	5,380
Other	2,225	2,194	18,941
Valuation Reserve	(3,234)	(3,377)	(27,530)
Total Deferred Tax Assets	22,735	30,010	193,538
Deferred Tax Liabilities			
Net Unrealized Holding Gains on Securities	(37,039)	(17,651)	(315,306)
Other	(10)	(179)	(85)
Total Deferred Tax Liabilities	(37,049)	(17,831)	(315,391)
Net Deferred Tax Assets	<u>¥(14,314)</u>	<u>¥12,178</u>	<u>\$(121,852)</u>

11. Borrowed Money

Borrowed money at March 31, 2006 and 2005 consisted of the following:

	Millions of Yen		Average	Thousands of
	2006	2005	Rate	U.S. Dollars (Note 1)
Borrowings from Banks, Life Insurance Companies and Others	¥85,793	¥86,564	1.58%	\$730,339

At March 31, 2006 and 2005 borrowed money included subordinated loans of ¥32,000 million (\$272,409 thousand) and ¥32,500 million, respectively, whose subordinated status is expressly stated in the underlying loan agreements.

The aggregate annual maturities of borrowed money outstanding at March 31, 2006 were as follows:

Year ending March 31	Millions of Yen	Thousands of U.S. Dollars (Note 1)
2007.....	¥19,932	\$169,677
2008.....	12,043	102,519
2009.....	9,603	81,748
2010.....	6,159	52,430
2011.....	5,076	43,211
2012 and thereafter	32,978	280,735
Total.....	¥85,793	\$730,339

12. Severance and Retirement Benefits

The following table sets forth the changes in benefit obligations, plan assets and funded status of the Group's severance and retirement benefit plans at March 31, 2006 and 2005.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Benefit Obligation at End of Year	¥(30,929)	¥(30,673)	\$(263,292)
Fair Value of Plan Assets at End of Year (Including Employees' Retirement Benefit Trust)	30,381	24,445	258,627
Funded Status:			
Benefit Obligation in Excess of Plan Assets.....	(547)	(6,228)	(4,656)
Less Unamortized Net Transition Obligation	—	—	—
Unrecognized Actuarial Differences.....	603	6,390	5,133
Unrecognized Prior Service Costs ...	(757)	(1,009)	(6,444)
Accrued Retirement Benefits	(701)	(847)	(5,967)
Prepaid Pension Expense	4,205	4,040	35,796
Employees' Severance and Retirement Benefits in the Consolidated Balance Sheets	¥ (4,907)	¥ (4,887)	\$ (41,772)

Note: Some consolidated subsidiaries have adopted allowed alternative accounting standards allowed for the treatment of retirement benefits for small business entities.

Expenses for severance and retirement benefits of the Group include the following components for the years ended March 31, 2006 and 2005:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Service Cost	¥1,043	¥ 992	\$8,878
Interest Cost	606	729	5,158
Expected Return on Plan Assets	(783)	(722)	(6,665)
Amortization:			
Amortization of Prior Service Costs ...	(252)	(252)	(2,145)
Amortization of Actuarial Differences ...	531	387	4,520
Amortization of Net Transition Obligation	—	590	—
Other	10	13	85
Severance and Retirement Benefits Expense	¥1,155	¥1,738	\$9,832

Note: Contributions of employees to the funded contributory pension plan are not included in service cost.

Assumptions used in the accounting for the severance and retirement plans for the years ended March 31, 2006 and 2005 were as follows:

	2006	2005
Discount Rate	2.00%	2.00%
Long-Term Rates of Return on Fund Assets		
A Funded Contributory Pension Plan	4.00%	4.00%
Employees' Retirement Benefit Trust	4.00%	4.00%
Method of Attributing Benefits to Periods of Service	Straight-Line Basis	Straight-Line Basis
Amortization Period for Prior Service Cost ...	5 years	5 years
Amortization Period for Actuarial Differences	15 years	15 years
Amortization Period for Transition Obligation at Date of Adoption of New Accounting Standard	—	5 years

13. Acceptances and Guarantees

All commitments and contingent liabilities arising in compliance with customers' needs in foreign trade and other transactions are included in "Acceptances and guarantees." As a contra account, "Customers' liabilities for acceptances and guarantees" is shown as an asset, representing the Bank's right of indemnity from customers.

14. Other Expenses

For the year ended March 31, 2006, other expenses included loans written off in the amount of ¥840 million (\$7,150 thousand), losses on sale of securities in the amount of ¥657 million (\$5,592 thousand) and sale of delinquent loans in the amount of ¥797 million (\$6,784 thousand).

For the year ended March 31, 2005 other expenses include loans written off of ¥1,064 million.

15. Impairment Losses

Impairment losses for the year ended March 31, 2006 were as follows:

Location	Use	Category	Millions of yen	Thousands of U.S. Dollars (Note 1)
Gifu Prefecture	Operating assets (4 branches)	Land	374	3,183
		Building	298	2,536
		Equipment	34	289
Gifu Prefecture	Idle Assets (7 assets)	Land	82	698
		Building	14	119
		Equipment	0	0
Aichi Prefecture	Idle Assets (3 assets)	Land	36	306
		Building	8	68

An impairment loss are recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group.

Operating assets are grouped by branch and idle assets are grouped by asset.

Head office, business centers, training institutes and company residences are classified as shared assets.

Recoverable amounts are determined by net realizable value calculated based on real estate appraisal values less estimated disposal costs.

16. Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statements of cash flows for the years ended March 31, 2006 and 2005 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Cash and Due from Banks in Consolidated Balance Sheets	¥123,281	¥113,482	\$1,049,467
Due from Banks except Deposits with the Bank of Japan.....	(14,172)	(18,151)	(120,643)
Cash and Cash Equivalents in the Consolidated Statements of Cash Flows	¥109,108	¥ 95,330	\$ 928,815

Significant non-cash transactions for the years ended March 31, 2006 and 2005 were provided for as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Increase in Common Stock			
Due to Exercise of Stock Options...	¥14	¥ —	\$119
Increase in Capital Surplus			
Due to Exercise of Stock Options...	¥14	¥ —	\$119
Decrease in Balance of Stock			
Options	¥28	¥ —	\$238

17. Leases

(a) Finance Leases

(1) As Lessee

Non-capitalized finance leases at March 31, 2006 and 2005 were as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Equipment, Cost if Capitalized.....	¥80	¥42	\$681
Other, Cost if Capitalized	29	27	246
Less: Accumulated Depreciation	(62)	(35)	(527)
Total	¥47	¥34	\$400
Lease Commitments:			
Due within One Year.....	¥21	¥13	\$178
Due after One Year	31	24	263
Total	¥52	¥37	\$442
For the Years Ended			
March 31, 2006 and 2005:			
Lease Expense.....	¥25	¥18	\$212
Depreciation Expense, if Capitalized...	21	16	178
Interest Expense, if Capitalized.....	1	0	8

Note: The above "as if capitalized" depreciation is calculated on the straight-line method over lease terms.

(2) As Lessor

Premises and equipment include the following leased assets at March 31, 2006 and 2005:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Equipment.....	¥88,743	¥86,145	\$755,452
Other	9,707	9,183	82,633
Less: Accumulated Depreciation.....	(44,796)	(44,987)	(381,339)
Total	¥53,655	¥50,342	\$456,754
Future Lease Payments:			
Due within One Year.....	¥16,141	¥15,723	\$137,405
Due after One Year	38,500	36,467	327,743
Total	¥54,642	¥52,190	\$465,157

For the Years Ended

March 31, 2006 and 2005:

Lease Income.....	¥19,526	¥19,003	\$166,221
Depreciation Expense	16,506	16,885	140,512
Interest Income Included			
in Other Income	2,130	2,069	18,132

(b) Operating Leases

(1) As Lessee

Future minimum lease payments payable for operating leases at March 31, 2006 and 2005 were as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Future Minimum Lease Payments			
Due within One Year.....	¥ 1	¥ 2	\$ 8
Due after One Year	—	—	—
Total	¥ 1	¥ 2	\$ 8

(2) As Lessor

Future minimum lease payments receivable for operating leases at March 31, 2006 and 2005 were as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Future Minimum Lease Payments			
Due within One Year.....	¥321	¥243	\$2,732
Due after One Year	542	429	4,613
Total	¥863	¥672	\$7,346

18. Derivative Transactions

The Group enters into various contracts, including swaps, options, forwards and futures covering interest rates, foreign currencies, bonds and stocks in order to meet customers' needs and manage risk of market fluctuations related to the assets, liabilities and interest rates of the Group. The Group has established procedures and controls to minimize market and credit risk including limits on transaction levels, hedging exposed positions, daily reporting to management, and outside review of trading department activities.

Outstanding derivatives at March 31, 2006 and 2005 were as follows:

(a) Interest rate related transactions

	Millions of Yen			Thousands of U.S. Dollars (Note 1)	
	2006			2006	
	Contract Amount	Portion Maturing over One Year	Market Value	Unrealized Gain (Loss)	Unrealized Gain (Loss)
Over-the-Counter Transactions:					
Interest Swaps					
Receive Fixed Rate and Pay Floating Rate	¥ 600	¥ 600	¥ (0)	¥ (0)	\$ (0)
Receive Floating Rate and Pay Fixed Rate	49,173	41,818	(524)	(524)	(4,460)
	Millions of Yen			Thousands of U.S. Dollars (Note 1)	
	2005			2005	
	Contract Amount	Portion Maturing over One Year	Market Value	Unrealized Gain (Loss)	Unrealized Gain (Loss)
Over-the-Counter Transactions:					
Interest Swaps					
Receive Fixed Rate and Pay Floating Rate	¥ 300	¥ 300	¥ 7	¥ 7	
Receive Floating Rate and Pay Fixed Rate	65,203	56,027	(2,326)	(2,326)	

The above transactions were recorded at market values and unrealized gains (losses) were included in the consolidated statements of income.

The derivative transactions for which hedge accounting has been applied were excluded from the above transactions.

Market values for over-the-counter transactions are calculated at discounted present values and formulas for option prices.

(b) Currency and foreign exchange transactions

	Millions of Yen				Thousands of U.S. Dollars (Note 1)
	2006				2006
	Contract Amount	Portion Maturing over One Year	Market Value	Unrealized Gain (Loss)	Unrealized Gain (Loss)
Over-the-Counter Transactions:					
Currency Swaps	¥217,508	¥174,391	¥ 52	¥ 52	\$ 442
Exchange Contracts (Sell)	3,894	67	(78)	(78)	(663)
Exchange Contracts (Buy)	3,446	67	115	115	978
Currency Options (Sell)	82,107	67,955	3,836	634	5,397
Currency Options (Buy)	81,945	67,944	3,829	209	1,779
Total	—	—	¥7,755	¥933	\$7,942

	Millions of Yen			
	2005			
	Contract Amount	Portion Maturing over One Year	Market Value	Unrealized Gain (Loss)
Over-the-Counter Transactions:				
Currency Swaps	¥154,111	¥127,039	¥ 55	¥ 55
Exchange Contracts (Sell)	3,941	136	(162)	(162)
Exchange Contracts (Buy)	3,286	134	155	155
Currency Options (Sell)	34,143	26,393	1,367	182
Currency Options (Buy)	34,229	26,393	1,367	115
Total	—	—	¥2,783	¥346

The above transactions were listed at market values and unrealized gains (losses) were included in the consolidated statements of income.

(c) Bond transactions

	Millions of Yen				Thousands of U.S. Dollars (Note 1)
	2006				2006
	Contract Amount	Portion Maturing over One Year	Market Value	Unrealized Gain (Loss)	Unrealized Gain (Loss)
Exchange Transactions:					
Bond Futures (Sell)	¥269	¥ —	¥2	¥2	\$17

	Millions of Yen			
	2005			
	Contract Amount	Portion Maturing over One Year	Market Value	Unrealized Gain (Loss)
Exchange Transactions:				
Bond Futures (Sell)	¥27,716	¥ —	¥(166)	¥(166)

The above transactions were listed at market values and unrealized gains (losses) were included in the consolidated statements of income.

(d) Credit Derivatives

	Millions of Yen				Thousands of U.S. Dollars (Note 1)
	2006				2006
	Contract Amount	Portion Maturing over One Year	Market Value	Unrealized Gain (Loss)	Unrealized Gain (Loss)
Over-the-Counter Transactions:					
Credit Default Swap (Sell)	¥4,933	¥4,933	¥9	¥9	\$76

The above transactions were listed at market values and unrealized gains (losses) were included in the consolidated statements of income.

19. Segment Information

(a) Segment Information by Type of Business

Segment information by type of business for the years ended March 31, 2006 and 2005 was as follows:

Millions of Yen						
2006						
	Banking Operations	Leasing & Installment Sales	Other	Total	Elimination	Consolidated
Ordinary Income:						
Ordinary Income from External Customers	¥ 72,578	¥26,588	¥ 5,167	¥ 104,334	¥ —	¥ 104,334
Ordinary Income from Internal Transactions	448	367	3,891	4,707	(4,707)	—
Total	73,027	26,956	9,058	109,042	(4,707)	104,334
Ordinary Expenses	56,959	25,287	8,155	90,402	(4,635)	85,766
Ordinary Income	¥ 16,067	¥ 1,668	¥ 903	¥ 18,640	¥ (72)	¥ 18,568
Assets	¥3,604,513	¥73,160	¥21,547	¥3,699,221	¥(24,724)	¥3,674,497
Depreciation	1,954	17,033	111	19,099	(66)	19,033
Impairment losses	830	19	—	849	—	849
Capital Expenditure	3,523	22,635	48	26,207	(26)	26,181

Thousands of U.S. Dollars (Note 1)						
2006						
	Banking Operations	Leasing & Installment Sales	Other	Total	Elimination	Consolidated
Ordinary Income:						
Ordinary Income from External Customers	\$ 617,842	\$226,338	\$ 43,985	\$ 888,175	\$ —	\$ 888,175
Ordinary Income from Internal Transactions	3,813	3,124	33,123	40,069	(40,069)	—
Total	621,665	229,471	77,109	928,254	(40,069)	888,175
Ordinary Expenses	484,881	215,263	69,421	769,575	(39,456)	730,109
Ordinary Income	\$ 136,775	\$ 14,199	\$ 7,687	\$ 158,678	\$ (612)	\$ 158,065
Assets	\$30,684,540	\$622,797	\$183,425	\$31,490,772	\$(210,470)	\$31,280,301
Depreciation	16,634	144,998	944	162,586	(561)	162,024
Impairment losses	7,065	161	—	7,227	—	7,227
Capital Expenditure	29,990	192,687	408	223,095	(221)	222,873

Millions of Yen						
2005						
	Banking Operations	Leasing & Installment Sales	Other	Total	Elimination	Consolidated
Ordinary Income:						
Ordinary Income from External Customers	¥ 69,072	¥25,515	¥ 4,634	¥ 99,222	¥ —	¥ 99,222
Ordinary Income from Internal Transactions	443	443	4,158	5,045	(5,045)	—
Total	69,515	25,958	8,793	104,267	(5,045)	99,222
Ordinary Expenses	57,071	24,286	7,664	89,022	(5,057)	83,964
Ordinary Income	¥ 12,444	¥ 1,672	¥ 1,128	¥ 15,245	¥ 11	¥ 15,257
Assets	¥3,442,181	¥72,202	¥19,542	¥3,533,926	¥(25,572)	¥3,508,353
Depreciation	2,007	16,360	87	18,454	(61)	18,392
Capital Expenditure	1,252	20,907	76	22,236	(5)	22,231

Ordinary income represents total income excluding gains on dispositions of premises and equipment, collection of written-off claims and gains on release from the substitutional portion of the government's Welfare Pension Scheme, etc.

Ordinary expenses represent total expenses excluding losses on disposition of premises and equipment, impairment losses, and losses of liquidated subsidiaries, etc.

(b) Segment Information by Location

Segment information by location is not shown as the Bank has no overseas subsidiaries or foreign branches.

(c) Ordinary Income from International Operations

As ordinary income from international operations is under 10% of total ordinary income for the years ended March 31, 2006 and 2005, information concerning ordinary income from international operations has been omitted.

20. Transactions with Related Parties

There are no significant transactions with related parties.

Independent Auditors' Report

To the Board of Directors and the Stockholders of The Ogaki Kyoritsu Bank, Ltd.:

We have audited the accompanying consolidated balance sheets of The Ogaki Kyoritsu Bank, Ltd. (the "Bank") and its consolidated subsidiaries as of March 31, 2006 and 2005 and the related consolidated statements of income, capital surplus and retained earnings and cash flows for the years then ended, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Ogaki Kyoritsu Bank, Ltd. and its subsidiaries as of March 31, 2006 and 2005 and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to the following:

(1) As discussed in Note 2(m) to the consolidated financial statements, effective April 1, 2005, The Ogaki Kyoritsu Bank, Ltd. and its consolidated subsidiaries adopted the new accounting standards for retirement benefits.

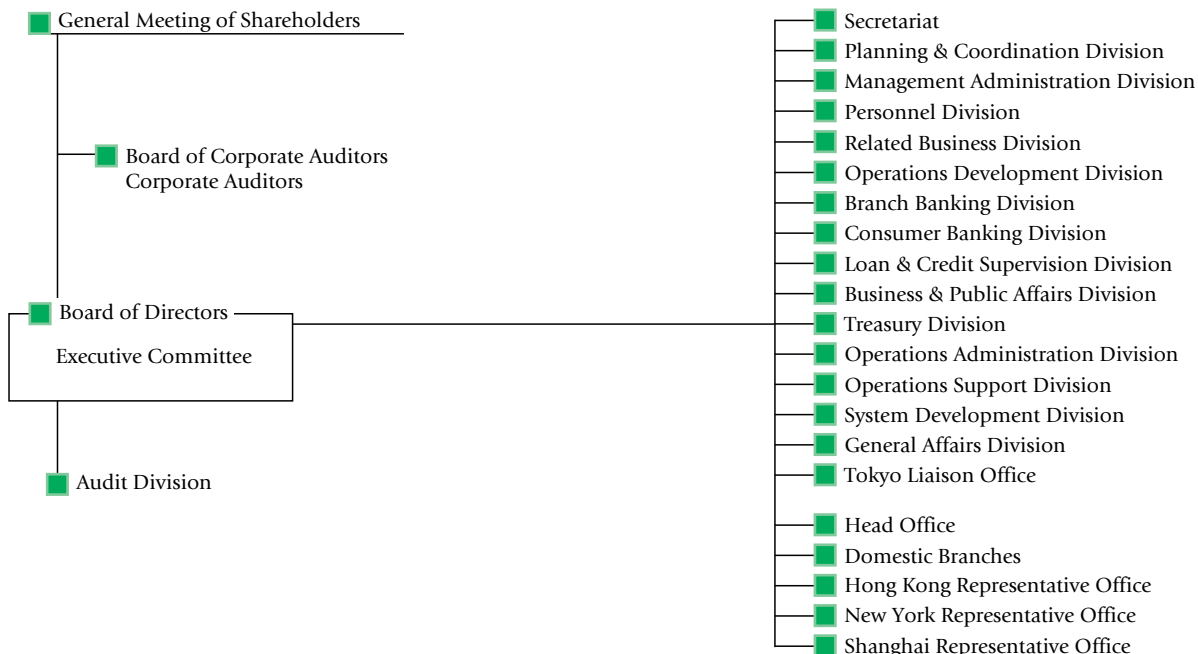
(2) As discussed in Change in Significant Accounting Policies to the consolidated financial statements, effective April 1, 2005, The Ogaki Kyoritsu Bank, Ltd. and consolidated subsidiaries adopted the new accounting standards for impairment of fixed assets.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2006 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Gifu, Japan
June 22, 2006

KPMG AZSA & Co.
KPMG AZSA & Co.

● Organization Chart



(as of June 30, 2006)

Subsidiaries and Affiliates

(as of March 31, 2005)

Company Name	Business Lines	Established	Capital (Millions of Yen)	Equity stake of the Bank (%)	Equity stakes of the Bank's subsidiaries (%)
Kyoyu Lease Co., Ltd.	Leasing	July 14, 1964	120	5.0	80.2
Kyoritsu Computer Service Co., Ltd.	Computing service and software development	December 3, 1980	45	5.0	75.7
Kyoritsu Research Institute Co., Ltd.	Research on economy, industry, information processing technology, and culture	July 22, 1996	50	5.0	80.5
Kyoritsu Guarantee Co., Ltd.	Credit guarantee and investigation	July 1, 1982	90	5.0	65.1
Kyoritsu Credit Co., Ltd.	Credit card business	July 15, 1983	30	5.0	71.6
Kyoritsu Capital Co., Ltd.	Securities investment	October 1, 1984	80	5.0	65.0
Kyoritsu Business Service Co., Ltd.	Close examination and adjustment of cash accounts, maintenance of CDs, clerical operations for the Bank, centralized processing	December 15, 1979	20	100.0	—
Kyoritsu Bunsho Daiko Co., Ltd.	Forms order control, receiving and forwarding, preparation and printing of documents	April 3, 1984	10	100.0	—
Kyoritsu Fudosan Chosa Co., Ltd.	Appraisal of real estate collateral	June 20, 2000	10	100.0	—

Service Network

HEAD OFFICE

98, Kuruwamachi 3-chome, Ogaki, Gifu
Phone: (0584) 74-2111
WEB: <http://www.okb.co.jp/>

OPERATIONS SUPPORT DIVISION

98, Kuruwamachi 3-chome, Ogaki, Gifu
Phone: (0584) 74-2111
SWIFT Address: OGAK JPJT

OVERSEAS OFFICES

Hong Kong Representative Office

Suite 1005, One Pacific Place, 88 Queensway, Hong Kong S. A. R. The People's Republic of China
Phone: 2523-2058

New York Representative Office

630 Fifth Avenue, 22nd Floor, New York, N.Y. 10111, U.S.A.
Phone: (212) 962-5800

Shanghai Representative Office

Room 4406A, 44th Floor, Jin Mao Tower, 88 Century Boulevard, Pudong New Area, Shanghai, The People's Republic of China
Phone: (21) 5047-2700

FOREIGN EXCHANGE OFFICES

Head Office Business Division

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Nagoya Branch

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Phone: (052) 263-2111

Seki Branch

20, Honmachi 6-chome, Seki, Gifu
Phone: (0575) 22-2031

Osaka Branch

3-7, Awajimachi 3-chome, Chuo-ku, Osaka
Phone: (06) 6202-4461

Tokyo Branch

6-1, Hatchobori 2-chome, Chuo-ku, Tokyo
Phone: (03) 3552-5151

Tajimi Branch

6-1, Shinmachi 2-chome, Tajimi, Gifu
Phone: (0572) 22-6101

Ozone Branch

2-4, Ozone 2-chome, Kita-ku, Nagoya
Phone: (052) 911-7521

Kikuicho Branch

10-17, Nagono 2-chome, Nishi-ku, Nagoya
Phone: (052) 571-3571

Arimatsu Branch

200, Arimatsuura, Narumi-cho, Midori-ku, Nagoya
Phone: (052) 624-1211

Kakamigahara Branch

16, Higashi-nakamachi, Naka, Kakamigahara, Gifu
Phone: (058) 382-1221

Kuwana Branch

39, Misakidori, Kuwana, Mie
Phone: (0594) 22-3321

Gifu-ekimae Branch

7, Koganemachi 7-chome, Gifu
Phone: (058) 265-5171

Konan Branch

24, Oyado, Akadoji-cho, Konan, Aichi
Phone: (0587) 55-6111

Hashima Branch

102-1, Takehana-cho, Hashima, Gifu
Phone: (058) 392-5511

Akasaka Branch

265-2, Akasaka-cho, Ogaki, Gifu
Phone: (0584) 71-1151

Nagahama Branch

4-2, Takada-cho, Nagahama, Shiga
Phone: (0749) 62-1800

Bisai Branch

51, Gouminami, Konobunakashima, Bisai, Aichi
Phone: (0586) 62-5181

Takayama Branch

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