

# CONSOLIDATED STATEMENTS OF CASH FLOWS

THE KIYO BANK, LTD. AND ITS CONSOLIDATED SUBSIDIARIES      Years ended March 31, 2004 and 2003

	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 1)
	2004	2003	2004
<b>Cash flows from operating activities:</b>			
Income (loss) before income taxes and minority interests .....	¥ 13,245	¥ (5,778)	\$ 125,326
Depreciation .....	2,188	2,221	20,705
Investment income on equity method .....	(52)	(48)	(493)
Decrease in reserve for possible loan losses .....	(127)	(8,511)	(1,207)
Decrease in reserve for residual losses on loans sold .....	(4,957)	(17,348)	(46,903)
Decrease in accrued employees' severance and retirement benefits.....	(2,020)	(8,641)	(19,117)
Interest income .....	(53,033)	(49,889)	(501,786)
Interest expense .....	4,009	3,421	37,937
Losses (gains) on securities transactions .....	(4,269)	3,875	(40,401)
Losses (gains) on foreign exchange transactions .....	7,686	(854)	72,726
Losses on sales of premises and equipment .....	170	110	1,611
Net decrease in trading account securities .....	886	458	8,385
Net decrease (increase) in loans and bills discounted .....	(19,403)	75,769	(183,586)
Net decrease in deposits .....	(13,148)	(21,694)	(124,405)
Net decrease in call loans .....	13,695	17,113	129,583
Net decrease (increase) in pledged money for securities lending transactions .....	47,564	(65,248)	450,037
Net increase (decrease) in call money .....	(8,144)	5,208	(77,059)
Net increase in deposits received for securities lending transactions ...	11,207	—	106,045
Net decrease (increase) in foreign exchange assets .....	362	(201)	3,427
Net increase in foreign exchange liabilities .....	34	0	330
Interest income received .....	55,307	54,119	523,301
Interest paid .....	(4,211)	(3,643)	(39,849)
Other, net .....	(1,073)	8,336	(10,161)
Sub-total .....	45,916	(11,225)	434,446
Payment of income taxes .....	(90)	(153)	(859)
Net cash provided by (used in) operating activities .....	45,825	(11,378)	433,587
<b>Cash flows from investing activities:</b>			
Purchase of securities .....	(676,959)	(670,817)	(6,405,139)
Proceeds from sales of securities .....	296,465	237,221	2,805,051
Redemption of securities .....	313,357	456,962	2,964,870
Increase in money held in trust .....	—	(2,000)	—
Decrease in money held in trust .....	—	2,000	—
Purchase of premises and equipment .....	(4,561)	(1,225)	(43,158)
Sales of premises and equipment .....	477	167	4,521
Net cash provided by (used in) investing activities .....	(71,219)	22,309	(673,855)
<b>Cash flows from financing activities:</b>			
Proceeds from subordinated bonds .....	1,000	—	9,462
Payments of subordinated loans .....	—	(2,500)	—
Payment of cash dividends to minority interests .....	(1)	(1)	(11)
Net cash provided by (used in) financing activities .....	998	(2,501)	9,451
<b>Foreign currency translation adjustments of cash and cash equivalents .....</b>			
	(38)	(18)	(362)
Net increase (decrease) in cash and cash equivalents .....	(24,433)	8,411	(231,179)
Cash and cash equivalents at beginning of the year .....	66,164	57,753	626,026
Cash and cash equivalents at end of the year .....	¥ 41,731	¥ 66,164	\$ 394,847

See accompanying notes.