

# Consolidated Statements of Cash Flows

The Kiyo Bank, Ltd. and its consolidated subsidiaries

Years ended March 31, 2006 and 2005	Millions of yen		Thousands of U.S. dollars
	2006	2005	2006
<b>Cash flows from operating activities:</b>			
Income before income taxes and minority interests .....	¥ 11,940	¥ 8,595	\$ 101,643
Depreciation .....	5,564	6,002	47,369
Impairment loss on fixed assets .....	294	—	2,503
Amortization of goodwill .....	—	(281)	—
Investment income on equity method .....	(98)	(42)	(836)
Increase in reserve for possible loan losses .....	10,368	3,759	88,261
Increase (decrease) in accrued employees' severance and retirement benefits .....	3,230	(1,014)	27,501
Interest income .....	(48,936)	(48,492)	(416,585)
Interest expenses .....	4,142	4,058	35,261
Gains on securities transactions .....	(8,604)	(4,766)	(73,245)
Gains on foreign exchange transactions .....	(6,934)	(4,150)	(59,035)
Losses on disposal of premises and equipment .....	289	253	2,467
Increase in settlement of the trust fund operation for employees' retirement benefits .....	(14,352)	—	(122,180)
Net decrease in trading account securities .....	2,305	352	19,626
Net decrease (increase) in loans and bills discounted .....	(18,127)	48,360	(154,317)
Net increase (decrease) in deposits .....	1,184	(28,691)	10,083
Net increase in due from banks (excluding cash equivalents) .....	(3,000)	—	(25,538)
Net increase in call loans .....	(50,251)	(29,292)	(427,784)
Net decrease (increase) in pledged money for securities borrowing transactions .....	86,489	(8,242)	736,269
Net decrease in call money .....	(36)	(3,837)	(313)
Net increase in deposits received for securities lending transactions .....	43,391	19,630	369,380
Net increase in foreign exchange assets .....	(354)	(149)	(3,018)
Net increase (decrease) in foreign exchange liabilities .....	12	(67)	108
Interest income received .....	50,473	50,199	429,671
Interest paid .....	(4,362)	(4,202)	(37,141)
Other, net .....	835	5,696	7,115
Sub-total .....	65,461	13,676	557,265
Payment of income taxes .....	(163)	(440)	(1,394)
Net cash provided by operating activities .....	65,298	13,235	555,871
<b>Cash flows from investing activities:</b>			
Purchases of securities .....	(474,212)	(535,525)	(4,036,878)
Proceeds from sales of securities .....	323,883	191,318	2,757,163
Redemption of securities .....	131,388	343,261	1,118,487
Purchases of premises and equipment .....	(2,255)	(2,248)	(19,202)
Proceeds from sales of premises and equipment .....	1,438	317	12,248
Purchases of equity in additional consolidated subsidiary .....	—	(141)	—
Net cash used in investing activities .....	(19,756)	(3,019)	(168,182)
<b>Cash flows from financing activities:</b>			
Increase in subordinated loans .....	2,500	8,000	21,282
Decrease in subordinated loans .....	(2,000)	(16,000)	(17,026)
Proceeds from subordinated bonds .....	—	10,000	—
Proceeds from issuance of stock .....	8,000	—	68,103
Payment of cash dividends .....	(934)	(2,447)	(7,955)
Payment of cash dividends to minority interests .....	(4)	(1)	(36)
Net cash provided by (used in) financing activities .....	7,561	(448)	64,368
<b>Foreign currency translation adjustments of cash and cash equivalents .....</b>			
	22	10	191
Net increase in cash and cash equivalents .....	53,125	9,778	452,248
Cash and cash equivalents at beginning of year .....	51,536	41,731	438,724
Increase of due to additional consolidated subsidiary .....	—	27	—
Cash and cash equivalents at end of year .....	¥104,662	¥ 51,536	\$ 890,972