

Consolidated Statements of Cash Flows (Unaudited)

The Wakayama Bank, Ltd. and its consolidated subsidiaries

Years ended March 31, 2006 and 2005	Millions of yen		Thousands of U.S. dollars
	2006	2005	2006
Cash flows from operating activities:			
Income (loss) before income taxes and minority interests	¥(10,061)	¥ 1,198	\$ (85,653)
Depreciation	383	330	3,268
Impairment loss on fixed assets	85	—	726
Amortization of goodwill	(6)	(6)	(58)
Increase (decrease) in reserve for possible loan losses	3,084	(604)	26,261
Decrease in accrued employees' bonuses	(2)	(50)	(21)
Decrease in accrued employees' severance and retirement benefits.....	(17)	(21)	(150)
Interest income	(9,197)	(9,287)	(78,300)
Interest expenses	307	293	2,619
Gains on securities transactions	(918)	(866)	(7,823)
Gains on money held in trust	(195)	(66)	(1,663)
Losses (gains) on disposal of premises and equipment	(215)	6	(1,831)
Net decrease (increase) in loans and bills discounted	45,054	(5,567)	383,542
Net increase (decrease) in deposits	(36,186)	1,066	(308,046)
Net increase in due from banks (excluding deposits at the Bank of Japan)	(683)	(2,037)	(5,820)
Net decrease (increase) in call loans	(18,605)	6,076	(158,383)
Net increase (decrease) in call money	53	(25)	452
Net increase in foreign exchange assets	(333)	(263)	(2,839)
Net increase (decrease) in foreign exchange liabilities	(0)	9	(8)
Interest income received	9,394	9,387	79,974
Interest paid	(298)	(282)	(2,540)
Other, net	(143)	68	(1,222)
Sub-total	(18,503)	(642)	(157,515)
Payment of income taxes	(74)	(23)	(632)
Net cash used in operating activities	(18,577)	(666)	(158,147)
Cash flows from investing activities:			
Purchases of securities	(13,524)	(7,573)	(115,127)
Proceeds from sales of securities	25,231	9,457	214,790
Purchases of premises and equipment	(25)	(1,990)	(220)
Proceeds from sales of premises and equipment	1,646	26	14,016
Other, net	(133)	—	(1,137)
Net cash provided by (used in) investing activities	13,194	(80)	112,322
Cash flows from financing activities:			
Increase in subordinated loans	5,000	—	42,564
Proceeds from issuance of stock	9,000	—	76,615
Payment of cash dividends	(249)	(249)	(2,123)
Payment of cash dividends to minority interests.....	(2)	(2)	(17)
Purchases of treasury stock	—	(2)	—
Net cash provided by (used in) financing activities	13,748	(253)	117,039
Foreign currency translation adjustments of cash and cash equivalents			
	0	0	0
Net increase (decrease) in cash and cash equivalents	8,365	(999)	71,214
Cash and cash equivalents at beginning of year	14,014	15,014	119,301
Cash and cash equivalents at end of year	¥ 22,379	¥14,014	\$190,515