

Consolidated Statements of Cash Flows
Kiyo Holdings, Inc. and its consolidated subsidiaries
Years ended March 31, 2010 and 2009

| | Millions of yen (Note 1) | | Thousands of U.S. dollars (Note 1) |
|---|--------------------------|-----------|---------------------------------------|
| | 2010 | 2009 | 2010 |
| Cash flows from operating activities: | | | |
| Income (loss) before income taxes and minority interests | ¥ 8,850 | ¥ (3,851) | \$ 95,124 |
| Depreciation | 2,742 | 2,915 | 29,473 |
| Impairment loss on fixed assets | 7 | 415 | 82 |
| Amortization of goodwill | 1,679 | 1,679 | 18,055 |
| Amortization of negative goodwill | (26) | — | (282) |
| Decrease in reserve for possible loan losses | (1,391) | (7,259) | (14,951) |
| Decrease in accrued employees' severance and retirement benefits | (430) | (1,164) | (4,632) |
| Decrease in accrued directors' retirement benefits | (31) | (11) | (340) |
| (Decrease) increase in reserve for reimbursement of deposits | (14) | 52 | (157) |
| Increase in provision for contingent loss | 132 | 194 | 1,419 |
| Interest income | (61,414) | (64,897) | (660,082) |
| Interest expense | 10,276 | 11,617 | 110,453 |
| Losses on securities transactions | 3,401 | 21,252 | 36,561 |
| Losses on foreign exchange transactions | 1,222 | 886 | 13,144 |
| Losses (gains) on disposal of fixed assets | 53 | (29) | 580 |
| Net increase in trading account securities | (316) | (2,151) | (3,401) |
| Net increase in loans and bills discounted | (67,013) | (113,893) | (720,269) |
| Net increase (decrease) in deposits | 199,624 | (29,323) | 2,145,580 |
| Net (decrease) increase in borrowed money (excluding subordinated loans) | (11,869) | 17,151 | (127,577) |
| Net increase in due from banks (excluding cash equivalents) | 4,000 | - | 42,992 |
| Net increase in call loans | (53,436) | (9,506) | (574,335) |
| Net decrease in pledged money for securities borrowing transactions | 20,882 | 61,321 | 224,446 |
| Net decrease in call money | - | (2,304) | - |
| Net increase (decrease) in deposits received for securities lending transactions | 27,145 | (18,287) | 291,761 |
| Net decrease (increase) in foreign exchange assets | 2,399 | (2,468) | 25,795 |
| Net (decrease) increase in foreign exchange liabilities | (108) | 68 | (1,170) |
| Interest received | 61,311 | 64,357 | 658,983 |
| Interest paid | (8,104) | (9,239) | (87,106) |
| Other, net | (1,747) | 1,630 | (18,785) |
| Subtotal | 137,825 | (80,846) | 1,481,361 |
| Income taxes paid | (654) | (716) | (7,036) |
| Net cash provided by (used in) operating activities | 137,171 | (81,562) | 1,474,325 |
| Cash flows from investing activities: | | | |
| Purchases of securities | (709,906) | (559,280) | (7,630,121) |
| Proceeds from sales of securities | 458,895 | 503,667 | 4,932,237 |
| Redemption of securities | 130,767 | 139,858 | 1,405,496 |
| Purchases of tangible fixed assets | (2,487) | (2,065) | (26,738) |
| Proceeds from sales of tangible fixed assets | 48 | 266 | 520 |
| Purchases of intangible fixed assets | (3,442) | (5,063) | (36,997) |
| Net cash (used in) provided by investing activities | (126,125) | 77,381 | (1,355,609) |
| Cash flows from financing activities: | | | |
| Increase in subordinated loans | 12,000 | 3,000 | 128,977 |
| Repayment of subordinated loans | (8,000) | - | (85,985) |
| Proceeds from issuance of subordinated bonds | 3,000 | - | 32,244 |
| Redemption of subordinated bonds | (8,800) | (2,200) | (94,583) |
| Payment of cash dividends | (2,940) | (2,898) | (31,608) |
| Payment of cash dividends to minority interests | (4) | (4) | (49) |
| Purchases of treasury stock | (1,161) | (29) | (12,483) |
| Proceeds from sales of treasury stock | 1 | 7 | 17 |
| Net cash used in financing activities | (5,905) | (2,124) | (63,470) |
| Foreign currency translation adjustments for cash and cash equivalents | | | |
| | (10) | (35) | (113) |
| Net increase (decrease) in cash and cash equivalents | 5,130 | (6,340) | 55,139 |
| Cash and cash equivalents at beginning of year | 56,991 | 63,332 | 612,551 |
| Cash and cash equivalents at end of year (Note 26) | ¥ 62,121 | ¥ 56,991 | \$ 667,690 |

See accompanying notes.