

Consolidated Statements of Cash Flows
 Kiyo Holdings, Inc. and its consolidated subsidiaries
 Years ended March 31, 2013 and 2012

| | Millions of yen (Note 1) | | Thousands of U.S. dollars (Note 1) |
|---|--------------------------|-----------|--|
| | 2013 | 2012 | 2013 |
| Cash flows from operating activities: | | | |
| Income before income taxes and minority interests | ¥ 27,152 | ¥ 16,054 | \$ 288,699 |
| Depreciation | 4,106 | 4,233 | 43,658 |
| Impairment loss on fixed assets | 32 | 37 | 340 |
| Amortization of goodwill | 1,679 | 1,681 | 17,861 |
| Increase (decrease) in reserve for possible loan losses | (2,023) | (1,514) | (21,514) |
| Increase (decrease) in accrued employees' severance and retirement benefits | 2 | 0 | 22 |
| Increase (decrease) in reserve for reimbursement of deposits | 32 | 63 | 343 |
| Increase (decrease) in provision for contingent loss | 34 | (56) | 366 |
| Interest income | (56,316) | (59,305) | (598,793) |
| Interest expense | 5,513 | 7,020 | 58,623 |
| (Gains) losses on securities transactions | (8,799) | 1,865 | (93,563) |
| (Gains) losses on foreign exchange transactions | (14,945) | 94 | (158,915) |
| (Gains) losses on sales or disposal of fixed assets | 58 | 50 | 624 |
| Net (increase) decrease in trading account securities | 595 | 2,108 | 6,332 |
| Net (increase) decrease in loans and bills discounted | (36,680) | (40,688) | (390,009) |
| Net increase (decrease) in deposits | 84,504 | 53,551 | 898,509 |
| Net (increase) decrease in due from banks | (70,000) | - | (744,285) |
| Net increase (decrease) in borrowed money (excluding subordinated loans) | (5,208) | 4,644 | (55,381) |
| Net (increase) decrease in call loans | (46,865) | 112,399 | (498,304) |
| Net increase (decrease) in payables under securities lending transactions | (10,287) | 32,038 | (109,385) |
| Net (increase) decrease in foreign exchange assets | (237) | (6) | (2,528) |
| Net increase (decrease) in foreign exchange liabilities | (3) | (23) | (35) |
| Interest received | 56,577 | 58,419 | 601,573 |
| Interest paid | (9,927) | (9,351) | (105,552) |
| Other, net | 1,243 | (8,860) | 13,219 |
| Subtotal | (79,763) | 174,457 | (848,095) |
| Income taxes paid | (492) | (590) | (5,238) |
| Net cash provided by (used in) operating activities | (80,255) | 173,867 | (853,333) |
| Cash flows from investing activities: | | | |
| Purchases of securities | (383,575) | (602,540) | (4,078,421) |
| Proceeds from sales of securities | 377,877 | 248,229 | 4,017,836 |
| Redemption of securities | 145,171 | 155,798 | 1,543,560 |
| Purchases of tangible fixed assets | (1,545) | (1,356) | (16,429) |
| Proceeds from sales of tangible fixed assets | 16 | 53 | 176 |
| Purchases of intangible fixed assets | (1,405) | (847) | (14,948) |
| Expenses on execution of asset retirement obligations | - | (5) | - |
| Net cash provided by (used in) investing activities | 136,539 | (200,668) | 1,451,774 |
| Cash flows from financing activities: | | | |
| Increase in subordinated loans | - | 3,000 | - |
| Repayment of subordinated loans | - | (3,000) | - |
| Proceeds from issuance of subordinated bonds | - | 3,000 | - |
| Redemption of subordinated bonds | (3,000) | (5,000) | (31,898) |
| Payment of cash dividends | (2,708) | (2,775) | (28,800) |
| Payment of cash dividends to minority interests | (4) | (4) | (48) |
| Purchases of treasury stock | (17,737) | (21) | (188,597) |
| Proceeds from sales of treasury stock | 269 | 259 | 2,869 |
| Net cash used in financing activities | (23,180) | (4,542) | (246,474) |
| Foreign currency translation adjustments for cash and cash equivalents | 54 | (6) | 574 |
| Net increase (decrease) in cash and cash equivalents | 33,156 | (31,349) | 352,541 |
| Cash and cash equivalents at beginning of year | 84,887 | 116,236 | 902,577 |
| Cash and cash equivalents at end of year (Note 3) | ¥ 118,043 | ¥ 84,887 | \$ 1,255,118 |

See accompanying notes.