

Consolidated Statements of Cash Flows

THE KIYO BANK, LTD. and its consolidated subsidiaries Years ended March 31, 2005 and 2004

	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 1)
	2005	2004	2005
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 8,595	¥ 13,245	\$ 80,039
Depreciation	6,002	2,188	55,890
Amortization of goodwill	(281)	—	(2,623)
Investment income on equity method	(42)	(52)	(393)
Increase (decrease) in reserve for possible loan losses	3,759	(127)	35,007
Decrease in reserve for residual losses on loans sold	—	(4,957)	—
Decrease in accrued employees' severance and retirement benefits	(1,014)	(2,020)	(9,449)
Interest income	(48,492)	(53,033)	(451,553)
Interest expenses	4,058	4,009	37,795
Gains on securities transactions	(4,766)	(4,269)	(44,385)
Losses (gains) on foreign exchange transactions	(4,150)	7,686	(38,648)
Losses on sales of premises and equipment	253	170	2,357
Net decrease in trading account securities	352	886	3,279
Net decrease (increase) in loans and bills discounted	48,360	(19,403)	450,328
Net decrease in deposits	(28,691)	(13,148)	(267,172)
Net decrease (increase) in call loans	(29,292)	13,695	(272,767)
Net decrease (increase) in pledged money for securities lending transactions	(8,242)	47,564	(76,751)
Net decrease in call money	(3,837)	(8,144)	(35,732)
Net increase in deposits received for securities lending transactions.....	19,630	11,207	182,795
Net decrease (increase) in foreign exchange assets	(149)	362	(1,388)
Net increase (decrease) in foreign exchange liabilities	(67)	34	(632)
Interest income received	50,199	55,307	467,446
Interest paid	(4,202)	(4,211)	(39,134)
Other, net	5,696	(1,073)	53,041
Sub-total	13,676	45,916	127,350
Payment of income taxes	(440)	(90)	(4,100)
Net cash provided by operating activities	13,235	45,825	123,250
Cash flows from investing activities:			
Purchase of securities	(535,525)	(676,959)	(4,986,735)
Proceeds from sales of securities	191,318	296,465	1,781,525
Redemption of securities	343,261	313,357	3,196,397
Purchase of premises and equipment	(2,248)	(4,561)	(20,942)
Proceeds from sales of premises and equipment	317	477	2,958
Purchase of equity in additional consolidated subsidiary	(141)	—	(1,316)
Net cash used in investing activities	(3,019)	(71,219)	(28,113)
Cash flows from financing activities:			
Increase in subordinated loans	8,000	—	74,495
Decrease in subordinated loans	(16,000)	—	(148,990)
Proceeds from subordinated bonds	10,000	1,000	93,118
Payment of cash dividends	(2,447)	—	(22,790)
Payment of cash dividends to minority interests.....	(1)	(1)	(11)
Net cash provided by (used in) financing activities	(448)	998	(4,178)
Foreign currency translation adjustments of cash and cash equivalents			
10	(38)	98	
Net increase (decrease) in cash and cash equivalents	9,778	(24,433)	91,057
Cash and cash equivalents at beginning of year	41,731	66,164	388,596
Increase of due to additional consolidated subsidiary	27	—	252
Cash and cash equivalents at end of year	¥ 51,536	¥ 41,731	\$ 479,905

See accompanying notes.