

Consolidated Statements of Cash Flows

The Kiyo Bank, Ltd. and its consolidated subsidiaries

Years ended March 31, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 12,546	¥ 11,940	\$ 106,282
Depreciation	4,868	5,564	41,241
Impairment loss on fixed assets.....	292	294	2,476
Amortization of negative goodwill	(34)	—	(289)
Investment income on equity method	(43)	(98)	(368)
Increase (decrease) in reserve for possible loan losses	(7,591)	10,368	(64,308)
Increase (decrease) in accrued employees' severance and retirement benefits	(1,464)	3,230	(12,408)
Interest income	(54,342)	(48,936)	(460,337)
Interest expenses	7,054	4,142	59,756
Losses (gains) on securities transactions	1,346	(8,604)	11,406
Gains on foreign exchange transactions	(5,447)	(6,934)	(46,144)
Gains on disposal of fixed assets.....	(117)	—	(991)
Losses on disposal of premises and equipment	—	289	—
Increase in settlement of the trust fund operation for employees' retirement benefits	—	(14,352)	—
Net decrease (increase) in trading account securities	(11,586)	2,305	(98,153)
Net increase in loans and bills discounted	(106,259)	(18,127)	(900,121)
Net increase in deposits	187,002	1,184	1,584,097
Net increase in due from banks (excluding cash equivalents).....	(1,000)	(3,000)	(8,471)
Net increase in call loans	(13,548)	(50,251)	(114,769)
Net decrease (increase) in pledged money for securities borrowing transactions	(134,060)	86,489	(1,135,625)
Net decrease in call money	(41)	(36)	(352)
Net increase (decrease) in deposits received for securities lending transactions	(69,901)	43,391	(592,133)
Net increase in foreign exchange assets	(198)	(354)	(1,679)
Net increase (decrease) in foreign exchange liabilities	(9)	12	(77)
Interest income received	54,758	50,473	463,857
Interest paid	(5,879)	(4,362)	(49,802)
Other, net	477	835	4,047
Sub-total	(143,178)	65,461	(1,212,865)
Payment of income taxes	(372)	(163)	(3,153)
Net cash provided by (used in) operating activities	(143,550)	65,298	(1,216,018)
Cash flows from investing activities:			
Purchase of securities	(489,780)	(474,212)	(4,148,921)
Proceeds from sales of securities	364,701	323,883	3,089,384
Redemption of securities	119,725	131,388	1,014,194
Purchase of tangible fixed assets	(1,196)	—	(10,139)
Prurchase of intangible fixed assets	(520)	—	(4,408)
Purchase of premises and equipment	—	(2,255)	—
Proceeds from sales of tangible fixed assets	1,386	—	11,743
Proceeds from sales of premises and equipment	—	1,438	—
Net cash used in investing activities	(5,683)	(19,756)	(48,147)
Cash flows from financing activities:			
Increase in subordinated loans	—	2,500	—
Decrease in subordinated loans	(5,000)	(2,000)	(42,355)
Proceeds from issuance of subordinated bonds	5,000	—	42,355
Redemption of subordinated bonds	(2,000)	—	(16,942)
Proceeds from issuance of stock	31,500	8,000	266,836
Payment of cash dividends	(7,999)	(934)	(67,765)
Payment of cash dividends to minority interests	(4)	(4)	(35)
Net cash provided by financing activities	21,496	7,561	182,094
Foreign currency translation adjustments of cash and cash equivalents			
	26	22	225
Net increase (decrease) in cash and cash equivalents	(127,711)	53,125	(1,081,846)
Cash and cash equivalents at beginning of year	104,662	51,536	886,595
Increase in cash and cash equivalents due to merger	79,233	—	671,183
Cash and cash equivalents at end of year	¥ 56,183	¥104,662	\$ 475,932