Consolidated Statements of Cash Flows

The Kiyo Bank, Ltd. and its consolidated subsidiaries Years ended March 31, 2008 and 2007

and retirement benefits		Million	s of yen	Thousands of U.S. dollars
Income before income taxes and minority interests \$\frac{9}{0,915} \		2008	2007	2008
Income before income taxes and minority interests \$\frac{9}{0,915} \	Cash flows from operating activities:			
Depreciation 4,945 4,868 49,359 Impairment loss on fixed assets 248 292 2,484 Amortization of negative goodwill (24) (34) (242) Investment income on equity method — (43) — Decrease in reserve for possible loan losses (4,280) (7,591) (42,719) Decrease in accrued employees' severance and retirement benefits 84 — 840 Increase in accrued directors' retirement benefits 84 — 840 Increase in accrued directors' retirement benefits 84 — 840 Increase in reserve for reimbursement of deposits 552 — 5,515 Increase in provision for contingent loss 77 — 778 Interest income (63,554) (54,342) (634,339) Interest expenses 11,449 7,054 114,276 Losses on securities transactions 7,351 1,346 73,377 Losses (gains) on foreign exchange transactions 1,356 (5,447) 13,541 Losses (gains) on disposal of fixed assets		¥ 9,058	¥ 12,546	\$ 90,415
Impairment loss on fixed assets 248 292 2,484 Amortization of negative goodwill (24) (34) (242) Investment income on equity method - (43) - (242) Decrease in reserve for possible loan losses (4,280) (7,591) (42,719) Decrease in accrued employees' severance and retirement benefits (1,467) (1,464) (14,651) Increase in accrued directors' retirement benefits 84 - 840 Increase in reserve for reimbursement of deposits 552 - 5,515 Increase in provision for contingent loss 77 - 778 Interest income (63,554) (54,342) (634,339) Interest expenses 11,449 7,054 114,276 Losses on securities transactions 7,351 1,346 73,377 Losses (gains) on foreign exchange transactions 1,356 (5,447) 13,541 Losses (gains) on disposal of fixed assets 666 (117) 667 Net decrease (increase) in trading account securities 10,052 (11,586) 100,337 Net increase in loans and bills discounted (161,178) (106,259) (1,608,724) Net increase in deposits 145,813 187,002 1,455,375 Net increase in due from banks (excluding cash equivalents) - (1,000) - Net decrease (increase) in call loans 76,031 (13,548) 758,874 Net decrease (increase) in pledged money for securities borrowing transactions 40,985 (134,060) 409,077 Net increase (decrease) in deposits received for securities lending transactions 13,959 (69,901) 139,328 Net decrease (increase) in foreign exchange assets 713 (198) 7,124 Net increase (decrease) in foreign exchange liabilities 42 (9) 426 Interest ceived 65,007 54,758 648,838 Interest paid (8,222) (5,879) (82,069) Other, net (4,645) 477 (46,365) Increase (accrease) and money (46,465) 477 (46,365) Combetaxes paid (8,722) (8,762)			4,868	49,359
Amortization of negative goodwill (24) (34) (242) Investment income on equity method — (43) — (247) Decrease in reserve for possible loan losses (4,280) (7,591) (42,719) Decrease in accrued employees' severance and retirement benefits (1,467) (1,464) (14,651) Increase in accrued directors' retirement benefits 84 — 840 Increase in reserve for reimbursement of deposits 552 — 5,515 Increase in provision for contingent loss 77 — 778 Interest income (63,554) (54,342) (634,339) Interest expenses 11,449 7,054 114,276 Losses on securities transactions 7,351 1,346 73,377 Losses (gains) on foreign exchange transactions 1,356 (5,447) 13,541 Losses (gains) on foreign exchange transactions 10,052 (11,586) 100,337 Net increase in loans and bills discounted (161,178) (106,259) (1,608,724) Net increase in deposits 145,813 187,002 1,455,375 Net increase in deposits 145,813 187,002 1,455,375 Net increase in deform banks (excluding cash equivalents) — (1,000) — Net decrease (increase) in call loans 76,031 (13,548) 758,874 Net decrease (increase) in call loans 76,031 (13,548) 758,874 Net decrease (increase) in pledged money for securities borrowing transactions 40,985 (134,060) 409,077 Net increase (decrease) in call money 2,274 (41) 22,707 Net increase (decrease) in deposits received for securities lending transactions 13,959 (69,901) 139,328 Net decrease (increase) in foreign exchange assets 713 (198) 7,124 Net increase (decrease) in foreign exchange liabilities 42 (9) 426 Interest received 65,007 54,758 648,838 Interest paid (8,222) (5,879) (82,069) Other, net (4,645) 477 (46,365)	1	248	292	2,484
Investment income on equity method	-	(24)	(34)	(242)
Decrease in reserve for possible loan losses (4,280) (7,591) (42,719)	e e		(43)	_
Decrease in accrued employees' severance and retirement benefits	1 ,	(4,280)	(7,591)	(42,719)
Increase in accrued directors' retirement benefits 84	Decrease in accrued employees' severance		(1,464)	
Increase in reserve for reimbursement of deposits 552 — 5,515 Increase in provision for contingent loss 77 — 778 Interest income (63,554) (54,342) (634,339) Interest expenses 11,449 7,054 114,276 Losses on securities transactions 7,351 1,346 73,377 Losses (gains) on foreign exchange transactions 1,356 (5,447) 13,541 Losses (gains) on disposal of fixed assets 66 (117) 667 Net decrease (increase) in trading account securities 10,052 (11,586) 100,337 Net increase in loans and bills discounted (161,178) (106,259) (1,608,724) Net increase in deposits 145,813 187,002 1,455,375 Net increase in due from banks (excluding cash equivalents) — (1,000) — Net decrease (increase) in call loans 76,031 (13,548) 758,874 Net decrease (increase) in pledged money for securities borrowing transactions 40,985 (134,060) 409,077 Net increase (decrease) in call money 2,274 (41) 22,707 Net increase (decrease) in call money 13,959 (69,901) 139,328 Net decrease (increase) in foreign exchange assets 713 (198) 7,124 Net increase (decrease) in foreign exchange liabilities 42 (9) 426 Interest received 65,007 54,758 648,838 Interest paid (8,222) (5,879) (82,069) Other, net (4,645) 477 (46,365) Subtotal 146,701 (143,178) 1,464,229 Income taxes paid (877) (372) (8,762)				
Increase in provision for contingent loss			_	
Interest income (63,554) (54,342) (634,339) Interest expenses 11,449 7,054 114,276 Losses on securities transactions 7,351 1,346 73,377 Losses (gains) on foreign exchange transactions 1,356 (5,447) 13,541 Losses (gains) on disposal of fixed assets 66 (117) 667 Net decrease (increase) in trading account securities 10,052 (11,586) 100,337 Net increase in loans and bills discounted (161,178) (106,259) (1,608,724) Net increase in deposits 145,813 187,002 1,455,375 Net increase in due from banks (excluding cash equivalents) — (1,000) — Net decrease (increase) in call loans 76,031 (13,548) 758,874 Net decrease (increase) in pledged money for securities borrowing transactions 40,985 (134,060) 409,077 Net increase (decrease) in call money 2,274 (41) 22,707 Net increase (decrease) in foreign exchange assets 713 (198) 7,124 Net increase (decrease) in foreign exchange liabilities 42 (9) 426 Interest rec	=		_	•
Interest expenses	•	(63,554)	(54,342)	(634,339)
Losses on securities transactions 7,351 1,346 73,377 Losses (gains) on foreign exchange transactions 1,356 (5,447) 13,541 Losses (gains) on disposal of fixed assets 66 (117) 667 Net decrease (increase) in trading account securities 10,052 (11,586) 100,337 Net increase in loans and bills discounted (161,178) (106,259) (1,608,724) Net increase in deposits 145,813 187,002 1,455,375 Net increase in due from banks (excluding cash equivalents) — (1,000) — Net decrease (increase) in call loans 76,031 (13,548) 758,874 Net decrease (increase) in pledged money for securities borrowing transactions 40,985 (134,060) 409,077 Net increase (decrease) in deposits received for securities lending transactions 13,959 (69,901) 139,328 Net decrease (increase) in foreign exchange assets 713 (198) 7,124 Net increase (decrease) in foreign exchange liabilities 42 (9) 426 Interest received 65,007 54,758 648,838 Interest paid (8,222) (5,879) (82,069)			, , ,	
Losses (gains) on foreign exchange transactions 1,356 (5,447) 13,541 Losses (gains) on disposal of fixed assets 66 (117) 667 Net decrease (increase) in trading account securities 10,052 (11,586) 100,337 Net increase in loans and bills discounted (161,178) (106,259) (1,608,724) Net increase in deposits 145,813 187,002 1,455,375 Net increase in due from banks (excluding cash equivalents) — (1,000) — Net decrease (increase) in call loans 76,031 (13,548) 758,874 Net decrease (increase) in pledged money for securities borrowing transactions 40,985 (134,060) 409,077 Net increase (decrease) in call money 2,274 (41) 22,707 Net increase (decrease) in deposits received for securities lending transactions 13,959 (69,901) 139,328 Net decrease (increase) in foreign exchange assets 713 (198) 7,124 Net increase (decrease) in foreign exchange liabilities 42 (9) 426 Interest received 65,007 54,758 648,838 Interest paid (8,222) (5,879) (82,069) Other, net (4,645) 477 (46,365) Subtotal 146,701 (143,178) 1,464,229 Income taxes paid (877) (372) (8,762)	Losses on securities transactions			
Losses (gains) on disposal of fixed assets 66 (117) 667 Net decrease (increase) in trading account securities 10,052 (11,586) 100,337 Net increase in loans and bills discounted (161,178) (106,259) (1,608,724) Net increase in deposits 145,813 187,002 1,455,375 Net increase in due from banks (excluding cash equivalents) — (1,000) — Net decrease (increase) in call loans 76,031 (13,548) 758,874 Net decrease (increase) in pledged money for securities borrowing transactions 40,985 (134,060) 409,077 Net increase (decrease) in call money 2,274 (41) 22,707 Net increase (decrease) in deposits received for securities lending transactions 13,959 (69,901) 139,328 Net decrease (increase) in foreign exchange assets 713 (198) 7,124 Net increase (decrease) in foreign exchange liabilities 42 (9) 426 Interest received 65,007 54,758 648,838 Interest paid (8,222) (5,879) (82,069) Other, net (4,645) 477 (46,365) <	Losses (gains) on foreign exchange transactions	1,356	(5,447)	
Net decrease (increase) in trading account securities 10,052 (11,586) 100,337 Net increase in loans and bills discounted (161,178) (106,259) (1,608,724) Net increase in deposits 145,813 187,002 1,455,375 Net increase in due from banks (excluding cash equivalents) — (1,000) — Net decrease (increase) in call loans 76,031 (13,548) 758,874 Net decrease (increase) in pledged money for securities borrowing transactions 40,985 (134,060) 409,077 Net increase (decrease) in call money 2,274 (41) 22,707 Net increase (decrease) in deposits received for securities lending transactions 13,959 (69,901) 139,328 Net decrease (increase) in foreign exchange assets 713 (198) 7,124 Net increase (decrease) in foreign exchange liabilities 42 (9) 426 Interest received 65,007 54,758 648,838 Interest paid (8,222) (5,879) (82,069) Other, net (4,645) 477 (46,365) Subtotal 146,701 (143,178) 1,464,229 Income taxes paid	o o	*	, , ,	
Net increase in loans and bills discounted (161,178) (106,259) (1,608,724) Net increase in deposits 145,813 187,002 1,455,375 Net increase in due from banks (excluding cash equivalents) — (1,000) — Net decrease (increase) in call loans 76,031 (13,548) 758,874 Net decrease (increase) in pledged money for securities borrowing transactions 40,985 (134,060) 409,077 Net increase (decrease) in call money 2,274 (41) 22,707 Net increase (decrease) in deposits received for securities lending transactions 13,959 (69,901) 139,328 Net decrease (increase) in foreign exchange assets 713 (198) 7,124 Net increase (decrease) in foreign exchange liabilities 42 (9) 426 Interest received 65,007 54,758 648,838 Interest paid (8,222) (5,879) (82,069) Other, net (4,645) 477 (46,365) Subtotal 146,701 (143,178) 1,464,229 Income taxes paid (8,762)	1	10,052	` ′	100,337
Net increase in due from banks (excluding cash equivalents) — (1,000) — Net decrease (increase) in call loans 76,031 (13,548) 758,874 Net decrease (increase) in pledged money for securities borrowing transactions 40,985 (134,060) 409,077 Net increase (decrease) in call money 2,274 (41) 22,707 Net increase (decrease) in deposits received for securities lending transactions 13,959 (69,901) 139,328 Net decrease (increase) in foreign exchange assets 713 (198) 7,124 Net increase (decrease) in foreign exchange liabilities 42 (9) 426 Interest received 65,007 54,758 648,838 648,838 Interest paid (8,222) (5,879) (82,069) Other, net (4,645) 477 (46,365) Subtotal 146,701 (143,178) 1,464,229 Income taxes paid (877) (372) (8,762)	Net increase in loans and bills discounted	(161,178)	(106,259)	(1,608,724)
Net increase in due from banks (excluding cash equivalents) — (1,000) — Net decrease (increase) in call loans 76,031 (13,548) 758,874 Net decrease (increase) in pledged money for securities borrowing transactions 40,985 (134,060) 409,077 Net increase (decrease) in call money 2,274 (41) 22,707 Net increase (decrease) in deposits received for securities lending transactions 13,959 (69,901) 139,328 Net decrease (increase) in foreign exchange assets 713 (198) 7,124 Net increase (decrease) in foreign exchange liabilities 42 (9) 426 Interest received 65,007 54,758 648,838 Interest paid (8,222) (5,879) (82,069) Other, net (4,645) 477 (46,365) Subtotal 146,701 (143,178) 1,464,229 Income taxes paid (877) (372) (8,762)	Net increase in deposits	145,813	187,002	1,455,375
Net decrease (increase) in call loans 76,031 (13,548) 758,874 Net decrease (increase) in pledged money for securities borrowing transactions 40,985 (134,060) 409,077 Net increase (decrease) in call money 2,274 (41) 22,707 Net increase (decrease) in deposits received for securities lending transactions 13,959 (69,901) 139,328 Net decrease (increase) in foreign exchange assets 713 (198) 7,124 Net increase (decrease) in foreign exchange liabilities 42 (9) 426 Interest received 65,007 54,758 648,838 Interest paid (8,222) (5,879) (82,069) Other, net (4,645) 477 (46,365) Subtotal 146,701 (143,178) 1,464,229 Income taxes paid (877) (372) (8,762)	*	_	(1,000)	_
borrowing transactions	Net decrease (increase) in call loans	76,031	(13,548)	758,874
borrowing transactions	Net decrease (increase) in pledged money for securities			
Net increase (decrease) in deposits received for securities lending transactions. 13,959 (69,901) 139,328 Net decrease (increase) in foreign exchange assets 713 (198) 7,124 Net increase (decrease) in foreign exchange liabilities 42 (9) 426 Interest received 65,007 54,758 648,838 Interest paid (8,222) (5,879) (82,069) Other, net (4,645) 477 (46,365) Subtotal 146,701 (143,178) 1,464,229 Income taxes paid (877) (372) (8,762)	borrowing transactions	40,985	,	
lending transactions 13,959 (69,901) 139,328 Net decrease (increase) in foreign exchange assets 713 (198) 7,124 Net increase (decrease) in foreign exchange liabilities 42 (9) 426 Interest received 65,007 54,758 648,838 Interest paid (8,222) (5,879) (82,069) Other, net (4,645) 477 (46,365) Subtotal 146,701 (143,178) 1,464,229 Income taxes paid (877) (372) (8,762)	Net increase (decrease) in call money	2,274	(41)	22,707
Net increase (decrease) in foreign exchange liabilities 42 (9) 426 Interest received 65,007 54,758 648,838 Interest paid (8,222) (5,879) (82,069) Other, net (4,645) 477 (46,365) Subtotal 146,701 (143,178) 1,464,229 Income taxes paid (877) (372) (8,762)	Net increase (decrease) in deposits received for securities lending transactions	13,959	(69,901)	139,328
Interest received 65,007 54,758 648,838 Interest paid (8,222) (5,879) (82,069) Other, net (4,645) 477 (46,365) Subtotal 146,701 (143,178) 1,464,229 Income taxes paid (877) (372) (8,762)	Net decrease (increase) in foreign exchange assets	713	(198)	7,124
Interest paid (8,222) (5,879) (82,069) Other, net (4,645) 477 (46,365) Subtotal 146,701 (143,178) 1,464,229 Income taxes paid (877) (372) (8,762)	Net increase (decrease) in foreign exchange liabilities	42	(9)	426
Other, net (4,645) 477 (46,365) Subtotal 146,701 (143,178) 1,464,229 Income taxes paid (877) (372) (8,762)	Interest received	65,007	54,758	648,838
Subtotal 146,701 (143,178) 1,464,229 Income taxes paid (877) (372) (8,762)	Interest paid	(8,222)	(5,879)	(82,069)
Income taxes paid	Other, net	(4,645)	477	(46,365)
	Subtotal	146,701	(143,178)	1,464,229
Net cash provided by (used in) operating activities 145,823 (143,550) 1,455,467	Income taxes paid	(877)	(372)	(8,762)
	Net cash provided by (used in) operating activities	145,823	(143,550)	1,455,467

	Million	s of yen	Thousands of U.S. dollars
	2008	2007	2008
Cash flows from investing activities:			
Purchase of securities	(564,610)	(489,780)	(5,635,398)
Proceeds from sales of securities	356,064	364,701	3,553,891
Redemption of securities	76,213	119,725	760,687
Purchase of tangible fixed assets	(2,196)	(1,196)	(21,924)
Proceeds from sales of tangible fixed assets	50	1,386	505
Purchase of intangible fixed assets	(1,863)	(520)	(18,596)
Net cash used in investing activities	(136,342)	(5,683)	(1,360,835)
Cash flows from financing activities:			
Decrease in subordinated loans	_	(5,000)	_
Proceeds from issuance of subordinated bonds	_	5,000	_
Redemption of subordinated bonds	_	(2,000)	_
Proceeds from issuance of stock	_	31,500	_
Payment of cash dividends	(2,389)	(7,999)	(23,847)
Payment of cash dividends to minority interests	(4)	(4)	(42)
Net cash provided by (used in) financing activities	(2,393)	21,496	(23,889)
Foreign currency translation adjustments of cash and cash equivalents	(63)	26	(633)
Net increase (decrease) in cash and cash equivalents	7,024	(127,711)	70,110
Cash and cash equivalents at beginning of year	56,183	104,662	560,772
Increase in cash and cash equivalents due to merger	<i>_</i>	79,233	, <u> </u>
Cash and cash equivalents at end of year	¥ 63,208	¥ 56,183	\$ 630,882