

## Consolidated Statements of Cash Flows

The Kiyo Bank, Ltd. and its consolidated subsidiaries

Years ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
<b>Cash flows from operating activities:</b>			
Income before income taxes and minority interests .....	¥ 9,058	¥ 12,546	\$ 90,415
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.....	(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 .....	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)
Net cash provided by (used in) operating activities .....	145,823	(143,550)	1,455,467

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	2008	2007	2008
<b>Cash flows from investing activities:</b>			
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)
<b>Cash flows from financing activities:</b>			
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)
<b>Foreign currency translation adjustments of cash and cash equivalents .....</b>			
	(63)	26	(633)
<b>Net increase (decrease) in cash and cash equivalents .....</b>	<b>7,024</b>	<b>(127,711)</b>	<b>70,110</b>
<b>Cash and cash equivalents at beginning of year .....</b>	<b>56,183</b>	<b>104,662</b>	<b>560,772</b>
<b>Increase in cash and cash equivalents due to merger .....</b>	<b>—</b>	<b>79,233</b>	<b>—</b>
<b>Cash and cash equivalents at end of year .....</b>	<b>¥ 63,208</b>	<b>¥ 56,183</b>	<b>\$ 630,882</b>