

Consolidated Statements of Cash Flows
The Kiyo Bank, Ltd. and its consolidated subsidiaries
Years ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 13,691	¥ 10,443	\$ 164,662
Depreciation	4,080	2,596	49,075
Impairment loss on fixed assets	894	7	10,755
Amortization of negative goodwill	-	(21)	-
Decrease in reserve for possible loan losses	(2,033)	(1,390)	(24,454)
Increase (decrease) in accrued employees' severance and retirement benefits	3	(430)	37
Decrease in accrued directors' retirement benefits	(7)	(31)	(96)
Increase (decrease) in reserve for reimbursement of deposit	46	(14)	557
(Decrease) increase in provision for contingent loss	(19)	132	(234)
Interest income	(61,075)	(61,385)	(734,517)
Interest expenses	8,847	10,316	106,403
Losses on securities transactions	909	3,401	10,940
Losses on foreign exchange transactions	6,392	1,222	76,881
Losses on disposal of fixed assets	175	53	2,112
Net decrease (increase) in trading account securities	1,208	(316)	14,538
Net increase in loans and bills discounted	(53,035)	(67,013)	(637,824)
Net increase in deposits	45,134	200,231	542,812
Net decrease in borrowed money (excluding subordinated loans)	(4,034)	(13,069)	(48,518)
Net decrease in due from banks (excluding cash equivalents)	-	4,000	-
Net increase in call loans	(86,380)	(53,436)	(1,038,846)
Net decrease in pledged money for securities borrowing transactions	20,877	20,882	251,085
Net increase in payable under securities lending transactions	25,022	27,145	300,935
Net (increase) decrease in foreign exchange assets	(277)	2,399	(3,343)
Net increase (decrease) in foreign exchange liabilities	16	(108)	195
Interest received	61,653	61,312	741,477
Interest paid	(7,308)	(8,147)	(87,891)
Other, net	13,878	(2,316)	166,910
Subtotal	(11,337)	136,464	(136,349)
Income taxes paid	(539)	(509)	(6,486)
Net cash provided by (used in) operating activities	(11,876)	135,955	(142,835)
Cash flows from investing activities:			
Purchases of securities	(537,385)	(709,906)	(6,462,839)
Proceeds from sales of securities	503,170	458,895	6,051,361
Redemption of securities	105,689	130,767	1,271,074
Purchases of tangible fixed assets	(2,703)	(2,456)	(32,519)
Proceeds from sales of tangible fixed assets	-	45	-
Purchases of intangible fixed assets	(1,079)	(3,627)	(12,982)
Expenses on execution of asset retirement obligations	(38)	-	(466)
Net cash provided by (used in) investing activities	67,653	(126,282)	813,629
Cash flows from financing activities:			
Increase in subordinated loans	5,000	12,000	60,132
Repayment of subordinated loans	(10,000)	(8,000)	(120,264)
Proceeds from issuance of subordinated bonds	7,000	3,000	84,185
Redemption of subordinated bonds	-	(8,800)	-
Payment of cash dividends	(3,436)	(2,830)	(41,334)
Payment of cash dividends to minority interests	(4)	(4)	(50)
Net cash used in financing activities	(1,441)	(4,634)	(17,331)
Foreign currency translation adjustments of cash and cash equivalents	(39)	(10)	(476)
Net increase in cash and cash equivalents	54,295	5,028	652,987
Cash and cash equivalents at beginning of year	61,889	56,860	744,309
Cash and cash equivalents at end of year	¥ 116,185	¥ 61,889	\$ 1,397,296