

**Consolidated Statements of Cash Flows**

March 31, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2007	2006	2007
<b>Cash flows from operating activities</b>			
Net income before income taxes and minority interests	¥ 15,399	¥ 22,021	\$ 130,450
Depreciation	8,868	9,510	75,125
Loss on impairment of fixed assets	3,313	3,533	28,068
Amortization of goodwill (negative goodwill)	37	—	321
Amortization of consolidated goodwill	—	43	—
Increase (decrease) in reserve for possible losses on loans and other credits	159	(5,229)	1,352
Increase (decrease) in reserve for possible losses on securities	(5)	(27)	(47)
Increase (decrease) in reserve for other contingent losses	—	(1)	—
Increase (decrease) in reserve for employee retirement and severance benefits	(1,233)	489	(10,447)
Increase (decrease) in other reserves	710	—	6,019
Interest income	(66,417)	(66,698)	(562,620)
Interest expenses	9,126	6,268	77,310
Net (gain) losses related to securities transactions	(2,054)	1,499	(17,406)
Net (gain) losses from money held in trust	(46)	(247)	(396)
Net exchange (gain) loss	(1)	(15)	(16)
Net (gain) losses from disposition of fixed assets	(1,511)	—	(12,804)
Net (gain) losses from disposition of premises and equipment	—	376	—
Net decrease (increase) in loans and bills discounted	(94,514)	(60,445)	(800,631)
Net increase (decrease) in deposits	83,699	49,314	709,020
Net increase (decrease) in negotiable certificates of deposits	(2,228)	(4,238)	(18,873)
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	1,165	(850)	9,876
Net decrease (increase) in deposits with banks	1,236	(2,801)	10,472
Net decrease (increase) in call loans	(94,023)	(26,299)	(796,475)
Net increase (decrease) in call money	10,406	(3,135)	88,157
Net increase (decrease) in deposits received for bonds lending/borrowing transactions	(2,074)	(17,772)	(17,574)
Net decrease (increase) in foreign exchange (assets account)	(3,188)	(152)	(27,009)
Net increase (decrease) in foreign exchange (liabilities account)	(29)	(19)	(252)
Interest received	65,304	65,472	553,189
Interest paid	(6,651)	(4,870)	(56,343)
Other, net	2,301	(7,392)	19,494
Subtotal	(72,251)	(41,670)	(612,041)
Income taxes paid	(5,848)	(1,307)	(49,545)
<b>Net cash provided by (used in) operating activities</b>	<b>(78,100)</b>	<b>(42,977)</b>	<b>(661,586)</b>
<b>Cash flows from investing activities</b>			
Purchases of securities	(333,142)	(408,357)	(2,822,044)
Proceeds from sale of securities	273,764	218,464	2,319,057
Proceeds from maturity of securities	147,490	209,188	1,249,387
Increase in money held in trust	(1,005)	(2,004)	(8,513)
Decrease in money held in trust	802	21,964	6,796
Purchase of tangible fixed assets	(11,989)	—	(101,559)
Purchases of premises and equipment	—	(8,575)	—
Proceeds from sale of tangible fixed assets	2,300	—	19,490
Proceeds from sale of premises and equipment	—	58	—
Purchase of intangible fixed assets	(4,015)	—	(34,012)
<b>Net cash provided by (used in) investing activities</b>	<b>74,206</b>	<b>30,737</b>	<b>628,600</b>
<b>Cash flows from financing activities</b>			
Repayment of subordinated loans	(18,000)	—	(152,477)
Issuance of subsidiary's securities to minority interests stockholders	20,000	—	169,419
Dividends paid	(1,587)	(1,323)	(13,446)
Dividends paid to minority interest	(156)	(2)	(1,322)
Purchase of treasury stock	(145)	(137)	(1,234)
Proceeds from sale of treasury stock	15	—	127
<b>Net cash provided by (used in) financing activities</b>	<b>125</b>	<b>(1,463)</b>	<b>1,066</b>
Effect of exchange rate changes on cash and cash equivalents	1	12	16
Net change in cash and cash equivalents	(3,766)	(13,690)	(31,902)
Cash and cash equivalents at beginning of the year	52,186	65,877	442,071
<b>Cash and cash equivalents at end of the year</b> (Note 14)	<b>¥ 48,420</b>	<b>¥ 52,186</b>	<b>\$ 410,168</b>

See notes to consolidated financial statements.