

# Consolidated Statements of Cash Flows

Years ended March 31, 2010 and 2009

|  | Millions of yen  |                 | Thousands of<br>U.S. dollars |
|--|------------------|-----------------|------------------------------|
|  | 2010             | 2009            | 2010                         |
| <b>Operating activities:</b>   |                  |                 |                              |
| Income (loss) before income taxes and minority interests.....                            | ¥ 9,779          | ¥ (17,488)      | \$ 105,110                   |
| Depreciation.....  | 4,451            | 5,271           | 47,845                       |
| Losses on impairment of long-lived assets.....   | 459              | 1,080           | 4,938                        |
| Amortization of negative goodwill.....   |                  | (29)            |                              |
| Increase (decrease) in allowance for possible loan losses.....                           | 6,169            | (33)            | 66,311                       |
| Increase in allowance for possible losses on investment securities.....                  | 11               | 1               | 122                          |
| (Decrease) increase in reserve for other contingent losses.....                          | (765)            | 143             | (8,230)                      |
| Increase in liability for employees' retirement benefits.....                            | 2,114            | 994             | 22,723                       |
| (Decrease) increase in liability for retirement of directors and corporate auditors..... | (8)              | 12              | (90)                         |
| Increase (decrease) in liability for reimbursement of deposits.....                      | 81               | (51)            | 872                          |
| Increase in allowance for repayment of excess interest.....                              | 45               | 31              | 493                          |
| Interest income.....   | (66,451)         | (70,037)        | (714,226)                    |
| Interest expense.....  | 10,088           | 12,565          | 108,430                      |
| (Gain) losses on sales and write-down of investment securities.....                      | (5,938)          | 20,523          | (63,825)                     |
| (Gain) losses on money held in trust.....  | (184)            | 447             | (1,980)                      |
| Foreign exchange losses.....   | 8                | 5               | 95                           |
| Losses on disposal of fixed assets-net.....  | 247              | 441             | 2,660                        |
| Net increase in loans and bills discounted.....  | (3,419)          | (159,580)       | (36,749)                     |
| Net increase in deposits.....  | 126,244          | 59,731          | 1,356,881                    |
| Net (decrease) increase in negotiable certificate of deposits.....                       | (6,970)          | 9,870           | (74,922)                     |
| Net (decrease) increase in borrowed money (excluding subordinated loans).....            | (7,138)          | 9,221           | (76,728)                     |
| Net decrease in due from banks (excluding deposits in Bank of Japan).....                | 37               | 1,341           | 399                          |
| Net (increase) decrease in call loans and others.....                                    | (6,120)          | 49,441          | (65,778)                     |
| Net increase (decrease) in call money and bills sold.....                                | 113              | (6,003)         | 1,217                        |
| Net increase (decrease) in payables under securities lending transactions.....           | 12,215           | (20,218)        | 131,289                      |
| Net (increase) decrease in foreign exchanges assets.....                                 | (366)            | 1,563           | (3,936)                      |
| Net decrease in foreign exchanges liabilities.....                                       | (25)             | (45)            | (272)                        |
| Interest received (cash basis).....  | 66,249           | 69,778          | 712,056                      |
| Interest paid (cash basis).....  | (8,268)          | (9,729)         | (88,873)                     |
| Other.....   | 13,632           | (4,230)         | 146,524                      |
| Subtotal.....  | 146,292          | (44,984)        | 1,572,361                    |
| Income taxes - paid.....   | (719)            | (9,742)         | (7,730)                      |
| <b>Net cash provided by (used in) operating activities.....</b>                          | <b>145,573</b>   | <b>(54,727)</b> | <b>1,564,631</b>             |
| <b>Investing activities:</b>   |                  |                 |                              |
| Purchases of securities.....   | (600,193)        | (352,783)       | (6,450,922)                  |
| Proceeds from sales of securities.....   | 215,157          | 181,598         | 2,312,528                    |
| Proceeds from redemptions of securities.....   | 222,377          | 226,145         | 2,390,131                    |
| Decrease in money held in trust.....   | 3,613            | 2,506           | 38,841                       |
| Purchases of tangible fixed assets.....  | (2,616)          | (3,620)         | (28,117)                     |
| Proceeds from sales of tangible fixed assets.....  | 74               | 0               | 805                          |
| Purchases of intangible fixed assets.....  | (410)            | (851)           | (4,410)                      |
| Purchases of investment in subsidiaries.....   | (57)             |                 | (620)                        |
| <b>Net cash (used in) provided by investing activities.....</b>                          | <b>(162,053)</b> | <b>52,995</b>   | <b>(1,741,763)</b>           |
| <b>Financing activities:</b>   |                  |                 |                              |
| Borrowing of subordinated loans.....   |                  | 20,000          |                              |
| Repayment of subordinated loans.....   | (8,000)          |                 | (85,984)                     |
| Proceeds from issuance of subordinated corporate bonds.....                              | 20,000           |                 | 214,961                      |
| Dividends paid.....  | (1,584)          | (1,585)         | (17,025)                     |
| Dividends paid to minority interests.....  | (602)            | (602)           | (6,477)                      |
| Purchase of treasury stock.....  | (33)             | (174)           | (359)                        |
| Proceeds from sales of treasury stock.....   | 1                | 37              | 12                           |
| <b>Net cash provided by financing activities.....</b>                                    | <b>9,780</b>     | <b>17,674</b>   | <b>105,126</b>               |
| Foreign currency translation adjustments on cash and cash equivalents.....               | (7)              | (5)             | (83)                         |
| <b>Net increase (decrease) in cash and cash equivalents.....</b>                         | <b>(6,707)</b>   | <b>15,937</b>   | <b>(72,088)</b>              |
| Cash and cash equivalents, beginning of year.....  | 56,373           | 40,435          | 605,903                      |
| <b>Cash and cash equivalents, end of year (Note 4).....</b>                              | <b>¥ 49,666</b>  | <b>¥ 56,373</b> | <b>\$ 533,814</b>            |

See Notes to Consolidated Financial Statements.