

CONSOLIDATED STATEMENTS OF CASH FLOWS

Shinsei Bank, Limited, and Consolidated Subsidiaries
For the fiscal years ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	2008
Cash flows from operating activities:			
Income (loss) before income taxes and minority interests	¥ 92,556	¥ (65,708)	\$ 928,065
Adjustments for:			
Income taxes paid	(995)	(5,684)	(9,985)
Depreciation	138,530	143,567	1,389,053
Amortization of goodwill and other intangible assets	12,534	20,800	125,688
Impairment losses on goodwill, other intangible assets and other	919	95,691	9,223
Net change in reserve for credit losses	(688)	2,406	(6,904)
Net change in other reserves	(1,685)	9,801	(16,902)
Interest income	(242,171)	(172,818)	(2,428,270)
Interest expenses	104,395	77,322	1,046,786
Investment (gains) losses	3,919	(28,583)	39,296
Net exchange (gain) loss	25,522	3,811	255,916
Net change in trading assets	(11,897)	(109,808)	(119,300)
Net change in trading liabilities	105,764	(50,735)	1,060,510
Net change in loans and bills discounted	(385,175)	(1,058,658)	(3,862,178)
Net change in deposits, including negotiable certificates of deposit	389,111	1,349,171	3,901,649
Net change in debentures	(40,863)	(315,610)	(409,743)
Net change in borrowed money (other than subordinated debt)	(36,765)	(47,062)	(368,655)
Net change in corporate bonds (other than subordinated corporate bonds)	22,595	7,141	226,570
Net change in interest-bearing deposits with banks	80,196	(28,630)	804,133
Net change in call loans, receivables under resale agreements, collateral related to securities borrowing transactions and other monetary claims purchased	(61,820)	(59,502)	(619,881)
Net change in call money, collateral related to securities lending transactions, commercial paper and short-term corporate bonds (liabilities)	(26,287)	709,226	(263,588)
Net change in foreign exchange assets	(2,805)	(2,907)	(28,128)
Net change in foreign exchange liabilities	(79)	79	(797)
Interest received	246,447	166,959	2,471,150
Interest paid	(120,275)	(78,506)	(1,206,013)
Net change in securities for trading purposes	53,470	46,072	536,153
Net change in monetary assets held in trust for trading purposes	90,344	(61,663)	905,895
Net change in leased assets	(88,665)	(121,645)	(889,057)
Other, net	(28,991)	(7,677)	(290,701)
Total adjustments	224,583	482,555	2,251,920
Net cash provided by (used in) operating activities	317,139	416,847	3,179,985
Cash flows from investing activities:			
Purchase of investments	(2,793,634)	(2,555,729)	(28,011,980)
Proceeds from sales of investments	597,333	260,930	5,989,503
Proceeds from maturity of investments	1,902,928	1,911,506	19,080,803
Purchase of premises and equipment (other than leased assets)	(6,498)	(3,734)	(65,160)
Proceeds from sales of premises and equipment (other than leased assets)	119,795	6,616	1,201,200
Proceeds from acquisition of new subsidiaries	4,509	—	45,218
Proceeds from sale of subsidiary's stocks	24,999	3,077	250,670
Payment for acquisition of business	(31,302)	—	(313,875)
Other, net	(9,335)	(17,832)	(93,610)
Net cash provided by (used in) investing activities	(191,205)	(395,165)	(1,917,231)
Cash flows from financing activities:			
Proceeds from subordinated debt	—	62,000	—
Repayment of subordinated debt	—	(98,000)	—
Proceeds from issuance of subordinated corporate bonds	—	92,161	—
Payment for redemption of subordinated corporate bonds	(3,308)	(10,945)	(33,178)
Proceeds from minority shareholders of subsidiaries	1,223	20,253	12,265
Payment for capital returned to minority shareholders of subsidiaries	(18,622)	(1,227)	(186,729)
Proceeds from issuance of stock	49,777	—	499,124
Dividends paid	(3,072)	(7,443)	(30,803)
Dividends paid to minority shareholders of subsidiaries	(17,407)	(11,175)	(174,542)
Purchase of treasury stock	(1)	(136,672)	(19)
Proceeds from sale of treasury stock	—	145	—
Net cash provided by (used in) financing activities	8,588	(90,903)	86,118
Foreign currency translation adjustments on cash and cash equivalents	(89)	1	(895)
Net change in cash and cash equivalents	134,433	(69,220)	1,347,977
Cash and cash equivalents at beginning of year	271,493	340,713	2,722,283
Cash and cash equivalents at end of year (Note 4)	¥ 405,926	¥ 271,493	\$ 4,070,260

See accompanying "Notes to Consolidated Financial Statements," which are an integral part of these statements.
Note: Investments consist of securities and monetary assets held in trust for other than trading purposes.