

Consolidated Statements of Cash Flows

THE 77 BANK, LTD. AND SUBSIDIARIES
Years ended March 31, 2004 and 2003

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2004	2003	2004
Operating activities:			
Income before income taxes and minority interests	¥ 24,643	¥ 17,150	\$ 233,166
Adjustments for:			
Income taxes—paid	(3,017)	(8,439)	(28,553)
Depreciation and amortization	15,960	16,877	151,016
Change in reserve for loan losses	(22,915)	(2,937)	(216,814)
Change in liability for employees' retirement benefits	(3,944)	1,778	(37,317)
Interest income	(78,853)	(85,598)	(746,081)
Interest expenses	3,055	4,766	28,910
Investment securities losses (gains)—net	(156)	5,672	(1,481)
Losses (gains) on money held in trust—net	(993)	2,996	(9,400)
Foreign exchange losses—net	7,886	4,861	74,622
Gains on disposal of premises and equipment—net	(51)	(124)	(487)
Net change in loans and bills discounted	18,955	40,819	179,352
Net change in deposits	138,341	104,199	1,308,932
Net change in other borrowings	1,184	(1,672)	11,206
Net change in due from banks	324	(278)	3,073
Net change in call loans and bills purchased	(54,485)	184,156	(515,517)
Net change in commercial paper and other debt purchased	31,453	(94,846)	297,601
Net change in call money and others	4,284	(1,130)	40,535
Net change in trading account securities	(1,930)	(2,513)	(18,264)
Net change in foreign exchange assets	1,139	(1,356)	10,783
Net change in foreign exchange liabilities	43	(2,566)	412
Interest received	80,154	89,195	758,393
Interest paid	(3,781)	(6,063)	(35,775)
Other—net	(23,064)	(12,855)	(218,225)
Total adjustments	109,591	234,940	1,036,918
Net cash provided by operating activities	134,235	252,091	1,270,085
Investing activities:			
Purchases of investment securities	(1,131,967)	(661,872)	(10,710,260)
Proceeds from sales of investment securities	163,213	104,415	1,544,262
Proceeds from maturity of investment securities	869,661	276,781	8,228,420
Investment in money held in trust	(5,000)	(180,000)	(47,308)
Proceeds from disposition of money held in trust	3,881	234,564	36,728
Purchases of premises and equipment	(4,477)	(5,838)	(42,363)
Proceeds from sales of premises and equipment	531	448	5,030
Net cash used in investing activities	(104,156)	(231,500)	(985,490)
Financing activities:			
Repayments of borrowed money	(10,000)		(94,616)
Dividends paid	(2,280)	(2,295)	(21,580)
Dividends paid for minority interests stockholders	(8)	(8)	(75)
Purchases of treasury stock	(538)	(846)	(5,097)
Proceeds from sales of treasury stock	9		91
Net cash used in financing activities	(12,818)	(3,150)	(121,279)
Foreign currency translation adjustments on cash and cash equivalents	(44)	(39)	(418)
Net increase in cash and cash equivalents	17,216	17,401	162,896
Cash and cash equivalents, beginning of year	149,670	132,268	1,416,123
Cash and cash equivalents, end of year	¥ 166,886	¥149,670	\$ 1,579,020

See notes to consolidated financial statements.