

Consolidated Statement of Cash Flows

THE 77 BANK, LTD. AND SUBSIDIARIES
Year Ended March 31, 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
Operating activities:			
Income before income taxes and minority interests	¥ 29,031	¥ 23,063	\$ 282,073
Adjustments for:			
Income taxes—paid	(2,851)	(7,700)	(27,701)
Depreciation and amortization	3,759	3,716	36,523
Losses on impairment of fixed assets	121	787	1,175
Net change in reserve for possible loan losses	(6,532)	(13,171)	(63,466)
Net change in reserve for reimbursement of deposits	56	54	544
Net change in reserve for contingent losses	(111)	(98)	(1,078)
Net change in reserve for disaster losses	(114)	(21)	(1,107)
Net change in liability for employees' retirement benefits	(921)	38	(8,948)
Interest income	(73,675)	(72,316)	(715,847)
Interest expense	3,526	3,627	34,259
Losses on investment securities—net	1,879	5,442	18,256
Gains on money held in trust—net	(1,157)	(624)	(11,241)
Foreign exchange gains—net	(15,420)	(20,251)	(149,825)
Losses on sales and disposals of fixed assets—net	9	127	87
Net change in loans and bills discounted	(235,589)	(123,092)	(2,289,049)
Net change in deposits	126,074	575,588	1,224,970
Net change in borrowed money (except for subordinated loans)	(2,562)	(1,518)	(24,893)
Net change in due from banks	19,490	(20,632)	189,370
Net change in call loans and bills bought	225,936	(158,734)	2,195,258
Net change in call money	60,114	2,821	584,084
Net change in payables under securities lending transactions	15,484	18,489	150,446
Net change in trading account securities	8,228	4,725	79,945
Net change in foreign exchange assets	(4,615)	829	(44,840)
Net change in foreign exchange liabilities	53	(32)	514
Net change in lease receivables and investments in leases	(12)	1,852	(116)
Interest received	81,033	77,948	787,339
Interest paid	(4,378)	(4,726)	(42,537)
Other—net	812	2,045	7,889
Total adjustments	198,637	275,174	1,930,013
Net cash provided by operating activities	¥ 227,669	¥ 298,237	\$ 2,212,096
Investing activities:			
Purchases of investment securities	(732,130)	(1,067,601)	(7,113,583)
Proceeds from sales of investment securities	110,125	238,671	1,070,005
Proceeds from maturity of investment securities	334,200	339,640	3,247,182
Investment in money held in trust	(1,000)	(5,000)	(9,716)
Proceeds from dispositions of money held in trust	986	714	9,580
Purchases of tangible fixed assets	(5,947)	(4,452)	(57,782)
Proceeds from sales of tangible fixed assets	63	157	612
Purchases of intangible fixed assets	(12)	(9)	(116)
Payment for execution of asset retirement obligations	(9)		(87)
Net cash used in investing activities	(293,723)	(497,878)	(2,853,896)
Financing activities:			
Purchases of treasury stock	(10)	(5)	(97)
Proceeds from sales of treasury stock	1		9
Dividends paid	(2,616)	(2,611)	(25,417)
Dividends paid for minority interest stockholders	(8)	(7)	(77)
Net cash used in financing activities	(2,634)	(2,623)	(25,592)
Foreign currency translation adjustments on cash and cash equivalents	39	41	378
Net decrease in cash and cash equivalents	(68,648)	(202,223)	(667,003)
Cash and cash equivalents, beginning of year	573,172	775,396	5,569,102
Cash and cash equivalents, end of year (Note 3)	¥ 504,523	¥ 573,172	\$ 4,902,089

See notes to consolidated financial statements.