

● Consolidated Statement of Cash Flows

THE 77 BANK, LTD. AND SUBSIDIARIES
Year Ended March 31, 2016

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
Operating activities:			
Income before income taxes	¥ 27,092	¥ 32,664	\$ 240,433
Adjustments for:			
Income taxes—paid	(4,693)	(10,077)	(41,648)
Depreciation and amortization	4,336	4,336	38,480
Losses on impairment of fixed assets	438	184	3,887
Net change in reserve for possible loan losses	(9,004)	(8,773)	(79,907)
Net change in reserve for reimbursement of deposits	64	8	567
Net change in reserve for contingent losses	(134)	(35)	(1,189)
Net change in liability for employees' retirement benefits	(1,224)	(8,552)	(10,862)
Interest income	(74,888)	(74,032)	(664,607)
Interest expense	3,980	3,751	35,321
Losses (gains) on investment securities—net	2,932	(761)	26,020
Gains on money held in trust—net	(1,821)	(2,878)	(16,160)
Foreign exchange losses (gains)—net	15,769	(36,326)	139,944
(Gains) losses on sales and disposals of fixed assets—net	(72)	219	(638)
Net change in loans and bills discounted	(131,174)	(221,411)	(1,164,128)
Net change in deposits	114,438	(22,580)	1,015,601
Net change in borrowed money (except for subordinated loans)	(404)	(369)	(3,585)
Net change in due from banks	(653)	295	(5,795)
Net change in call loans and bills bought	(95,102)	138,895	(844,000)
Net change in call money and bills sold	(67,054)	4,119	(595,083)
Net change in payables under securities lending transactions	(18,355)	5,290	(162,894)
Net change in trading account securities	(16,659)	4,735	(147,843)
Net change in foreign exchange assets	(985)	3,310	(8,741)
Net change in foreign exchange liabilities	(213)	131	(1,890)
Net change in lease receivables and investments in leases	323	699	2,866
Interest received	81,246	81,182	721,033
Interest paid	(4,284)	(3,974)	(38,019)
Other—net	23,105	2,577	205,049
Total adjustments	(180,092)	(140,037)	(1,598,260)
Net cash used in operating activities	¥(153,000)	¥(107,370)	\$(1,357,827)
Investing activities:			
Purchases of investment securities	(676,027)	(506,684)	(5,999,529)
Proceeds from sales of investment securities	87,751	142,003	778,762
Proceeds from maturity of investment securities	736,471	497,753	6,535,951
Investment in money held in trust		(12,500)	
Proceeds from dispositions of money held in trust	2,085	2,384	18,503
Purchases of tangible fixed assets	(3,360)	(5,149)	(29,818)
Proceeds from sales of tangible fixed assets	157	128	1,393
Purchases of intangible fixed assets	(1)	(1)	(8)
Payment for execution of asset retirement obligations	(11)	(24)	(97)
Net cash provided by investing activities	147,064	117,910	1,305,147
Financing activities:			
Repayment of subordinated loans	(20,000)		(177,493)
Purchases of treasury stock	(14)	(19)	(124)
Proceeds from sales of treasury stock			
Dividends paid	(3,365)	(2,991)	(29,863)
Dividends paid for noncontrolling interests	(8)	(8)	(70)
Net cash used in financing activities	(23,388)	(3,018)	(207,561)
Foreign currency translation adjustments on cash and cash equivalents	(24)	37	(212)
Net (decrease) increase in cash and cash equivalents	(29,348)	7,559	(260,454)
Cash and cash equivalents, beginning of year	512,082	504,523	4,544,568
Cash and cash equivalents, end of year (Note 3)	¥ 482,733	¥ 512,082	\$ 4,284,105

See notes to consolidated financial statements.