

● Consolidated Statement of Cash Flows

THE 77 BANK, LTD. AND CONSOLIDATED SUBSIDIARIES

Year Ended March 31, 2017

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Operating activities:			
Income before income taxes	¥ 23,291	¥ 27,092	\$ 207,603
Adjustments for:			
Income taxes—paid	(10,768)	(4,693)	(95,980)
Depreciation and amortization	3,856	4,336	34,370
Losses on impairment of fixed assets	505	438	4,501
Net change in reserve for possible loan losses	(4,565)	(9,004)	(40,689)
Net change in reserve for reimbursement of deposits	40	64	356
Net change in reserve for contingent losses	(55)	(134)	(490)
Net change in liability for employees' retirement benefits	374	(1,224)	3,333
Interest income	(70,556)	(74,888)	(628,897)
Interest expense	2,877	3,980	25,643
Losses on investment securities—net	2,548	2,932	22,711
Gains on money held in trust—net	(2,550)	(1,821)	(22,729)
Foreign exchange losses—net	543	15,769	4,840
Losses (gains) on sales and disposals of fixed assets—net	220	(72)	1,960
Net change in loans and bills discounted	(93,087)	(131,174)	(829,726)
Net change in deposits	(157,877)	114,438	(1,407,228)
Net change in borrowed money (except for subordinated loans)	106,273	(404)	947,259
Net change in due from banks (except for the Bank of Japan)	(3,972)	(653)	(35,404)
Net change in call loans and bills bought	114,700	(95,102)	1,022,372
Net change in call money and bills sold	79,991	(67,054)	712,995
Net change in payables under securities lending transactions	10,090	(18,355)	89,936
Net change in trading account securities	7,263	(16,659)	64,738
Net change in foreign exchange assets	(434)	(985)	(3,868)
Net change in foreign exchange liabilities	(9)	(213)	(80)
Net change in lease receivables and investments in leases	339	323	3,021
Interest received	76,449	81,246	681,424
Interest paid	(2,936)	(4,284)	(26,169)
Other—net	(11,175)	23,105	(99,607)
Total adjustments	48,085	(180,092)	428,603
Net cash provided by (used in) operating activities	¥ 71,377	¥(153,000)	\$ 636,215
Investing activities:			
Purchases of investment securities	(314,823)	(676,027)	(2,806,159)
Proceeds from sales of investment securities	53,211	87,751	474,293
Proceeds from maturity of investment securities	508,055	736,471	4,528,523
Investment in money held in trust	(100,000)		(891,345)
Proceeds from dispositions of money held in trust	14,473	2,085	129,004
Purchases of tangible fixed assets	(3,925)	(3,360)	(34,985)
Proceeds from sales of tangible fixed assets	46	157	410
Purchases of intangible fixed assets	(6)	(1)	(53)
Payment for execution of asset retirement obligations	(14)	(11)	(124)
Net cash provided by investing activities	157,017	147,064	1,399,563
Financing activities:			
Repayment of subordinated loans		(20,000)	
Purchases of treasury stock	(3,008)	(14)	(26,811)
Proceeds from sales of treasury stock	1		8
Dividends paid	(3,374)	(3,365)	(30,073)
Dividends paid for noncontrolling interests	(8)	(8)	(71)
Purchases of investments in subsidiaries not resulting in change in scope of consolidation	(2,916)		(25,991)
Net cash used in financing activities	(9,308)	(23,388)	(82,966)
Foreign currency translation adjustments on cash and cash equivalents	(5)	(24)	(44)
Net increase (decrease) in cash and cash equivalents	219,081	(29,348)	1,952,767
Cash and cash equivalents, beginning of year	482,733	512,082	4,302,816
Cash and cash equivalents, end of year (Note 4)	¥ 701,814	¥ 482,733	\$ 6,255,584

See notes to consolidated financial statements.