

Consolidated Statements of Cash Flows

THE 77 BANK, LTD. AND SUBSIDIARIES
Years ended March 31, 2006 and 2005

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Operating activities:			
Income before income taxes and minority interests	¥ 17,610	¥ 16,552	\$ 149,911
Adjustments for:			
Income taxes—paid	(11,225)	(645)	(95,562)
Depreciation and amortization	15,124	15,893	128,748
Losses on impairment of fixed assets	841		7,160
Change in reserve for possible loan losses	(11,906)	6,332	(101,359)
Change in liability for employees' retirement benefits	1,682	1,721	14,325
Interest income	(80,475)	(77,503)	(685,069)
Interest expense	4,442	2,630	37,815
Investment securities losses—net	142	249	1,212
Gains on money held in trust—net	(1,897)	(623)	(16,154)
Foreign exchange gains—net	(10,428)	(2,597)	(88,777)
(Gains) losses on sale and disposal of premises and equipment—net	(370)	281	(3,153)
Write down of premises		1,395	
Net change in loans and bills discounted	136,125	(86,099)	1,158,811
Net change in deposits	(96,127)	107,084	(818,315)
Net change in borrowed money	(470)	216	(4,007)
Net change in due from banks	308	412	2,625
Net change in call loans and bills bought	37,970	79,578	323,234
Net change in commercial paper and other debt purchased	2,819	36,856	24,001
Net change in call money	1,066	57,101	9,075
Net change in payable under securities lending transactions	(9,523)	18,276	(81,075)
Net change in trading account securities	(12,248)	889	(104,268)
Net change in foreign exchange assets	(691)	223	(5,888)
Net change in foreign exchange liabilities	66	(19)	569
Interest received	79,819	77,613	679,485
Interest paid	(4,473)	(2,810)	(38,083)
Other—net	(13,935)	4,693	(118,630)
Total adjustments	26,632	241,149	226,719
Net cash provided by operating activities	44,242	257,701	376,630
Investing activities:			
Purchases of investment securities	(660,844)	(523,333)	(5,625,642)
Proceeds from sales of investment securities	307,466	48,586	2,617,402
Proceeds from maturity of investment securities	242,078	276,022	2,060,769
Investment in money held in trust	(2,000)	(2,000)	(17,025)
Proceeds from disposition of money held in trust	1,910	623	16,259
Purchases of premises and equipment	(2,702)	(3,816)	(23,003)
Proceeds from sales of premises and equipment	1,847	617	15,731
Net cash used in investing activities	(112,243)	(203,299)	(955,508)
Financing activities:			
Purchases of treasury stock	(81)	(84)	(692)
Proceeds from sales of treasury stock	9	5	82
Dividends paid	(2,276)	(2,276)	(19,378)
Dividends paid for minority interests stockholders	(8)	(8)	(74)
Net cash used in financing activities	(2,356)	(2,363)	(20,062)
Foreign currency translation adjustments on cash and cash equivalents	(35)	(10)	(304)
Net (decrease) increase in cash and cash equivalents	(70,393)	52,028	(599,244)
Cash and cash equivalents, beginning of year	218,915	166,886	1,863,584
Cash and cash equivalents, end of year (Note 3)	¥ 148,521	¥ 218,915	\$1,264,339

See notes to consolidated financial statements.