

Consolidated Statements of Cash Flows

THE 77 BANK, LTD. AND SUBSIDIARIES
Years Ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
Operating activities:			
(Loss) Income before income taxes and minority interests	¥ (26,808)	¥ 19,657	\$ (322,405)
Adjustments for:			
Income taxes—paid	(4,818)	(8,625)	(57,943)
Depreciation and amortization	3,996	4,144	48,057
Losses on impairment of fixed assets	1,044	944	12,555
Effect of applying the accounting standard for asset retirement obligations	570		6,855
Net change in reserve for possible loan losses	53,825	(6,753)	647,324
Net change in reserve for reimbursement of deposits	4	60	48
Net change in reserve for contingent losses	655	99	7,877
Net change in reserve for disaster losses	848		10,198
Net change in liability for employee retirement benefits	(3,930)	3,506	(47,263)
Interest income	(79,818)	(81,248)	(959,927)
Interest expense	6,335	9,163	76,187
(Gains) losses on investment securities—net	(791)	2,799	(9,512)
Gains on money held in trust—net	(730)	(997)	(8,779)
Foreign exchange losses—net	11,763	3,013	141,467
Losses on sales and disposals of fixed assets—net	35	78	420
Net change in loans and bills discounted	(56,989)	(56,902)	(685,375)
Net change in deposits	271,616	235,282	3,266,578
Net change in borrowed money	90,998	(1,560)	1,094,383
Net change in due from banks	406	693	4,882
Net change in call loans and bills bought	(619)	(4,406)	(7,444)
Net change in call money	23,038	(10,659)	277,065
Net change in payables under securities lending transactions	(17,202)	16,417	(206,879)
Net change in trading account securities	4,427	9,120	53,241
Net change in foreign exchange assets	(2,284)	(111)	(27,468)
Net change in foreign exchange liabilities	(42)	(1)	(505)
Net change in lease receivables and investments in leases	3,444	1,812	41,419
Interest received	80,958	82,726	973,638
Interest paid	(7,167)	(9,414)	(86,193)
Other—net	(5,735)	(26,498)	(68,971)
Total adjustments	373,835	162,683	4,495,911
Net cash provided by operating activities—(Forward)	¥ 347,027	¥ 182,340	\$ 4,173,505
Investing activities:			
Purchases of investment securities	(577,594)	(517,571)	(6,946,410)
Proceeds from sales of investment securities	128,992	162,086	1,551,316
Proceeds from maturity of investment securities	226,335	192,411	2,722,008
Investment in money held in trust	(2,000)	(5,000)	(24,052)
Proceeds from dispositions of money held in trust	2,701	1,033	32,483
Purchases of tangible fixed assets	(1,422)	(2,963)	(17,101)
Proceeds from sales of tangible fixed assets	110	165	1,322
Purchases of intangible fixed assets	(25)	(5)	(300)
Net cash used in investing activities	(222,902)	(169,844)	(2,680,721)
Financing activities:			
Purchases of treasury stock	(2,034)	(16)	(24,461)
Proceeds from sales of treasury stock	1	2	12
Dividends paid	(2,652)	(2,652)	(31,894)
Dividends paid for minority interest stockholders	(8)	(8)	(96)
Net cash used in financing activities	(4,694)	(2,675)	(56,452)
Foreign currency translation adjustments on cash and cash equivalents	(40)	(13)	(481)
Net increase in cash and cash equivalents	119,390	9,807	1,435,838
Cash and cash equivalents, beginning of year	322,897	313,089	3,883,307
Cash and cash equivalents, end of year (Note 3)	¥ 442,287	¥ 322,897	\$ 5,319,146

See notes to consolidated financial statements.