

Consolidated Statement of Cash Flows

THE 77 BANK, LTD. AND SUBSIDIARIES
Year Ended March 31, 2012

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	2012
Operating activities:			
Income (loss) before income taxes and minority interests	¥ 27,821	¥ (26,808)	\$ 338,496
Adjustments for:			
Income taxes—paid	(11,151)	(4,818)	(135,673)
Depreciation and amortization	3,591	3,996	43,691
Losses on impairment of fixed assets	1,461	1,044	17,775
Effect of applying the accounting standard for asset retirement obligations		570	
Net change in reserve for possible loan losses	5,950	53,825	72,393
Net change in reserve for reimbursement of deposits	3	4	36
Net change in reserve for contingent losses	(135)	655	(1,642)
Net change in reserve for disaster losses	(705)	848	(8,577)
Net change in liability for employees' retirement benefits	(9,140)	(3,930)	(111,205)
Interest income	(77,258)	(79,818)	(939,992)
Interest expense	4,472	6,335	54,410
Losses (gains) on investment securities—net	16	(791)	194
Gains on money held in trust—net	(499)	(730)	(6,071)
Foreign exchange losses—net	3,313	11,763	40,309
Losses on sales and disposals of fixed assets—net	79	35	961
Net change in loans and bills discounted	(143,856)	(56,989)	(1,750,285)
Net change in deposits	1,536,819	271,616	18,698,369
Net change in borrowed money (except for subordinated loans)	(95,309)	90,998	(1,159,617)
Net change in due from banks	(367)	406	(4,465)
Net change in call loans and bills bought	(210,323)	(619)	(2,558,985)
Net change in call money	(64,441)	23,038	(784,049)
Net change in payables under securities lending transactions	(817)	(17,202)	(9,940)
Net change in trading account securities	(5,180)	4,427	(63,024)
Net change in foreign exchange assets	639	(2,284)	7,774
Net change in foreign exchange liabilities	86	(42)	1,046
Net change in lease receivables and investments in leases	4,822	3,444	58,668
Interest received	80,259	80,958	976,505
Interest paid	(6,036)	(7,167)	(73,439)
Other—net	7,407	(5,735)	90,120
Total adjustments	1,023,703	373,835	12,455,323
Net cash provided by operating activities—(Forward)	¥ 1,051,524	¥ 347,027	\$ 12,793,819
Investing activities:			
Purchases of investment securities	(1,162,939)	(577,594)	(14,149,397)
Proceeds from sales of investment securities	178,925	128,992	2,176,968
Proceeds from maturity of investment securities	249,522	226,335	3,035,916
Investment in money held in trust		(2,000)	
Proceeds from dispositions of money held in trust	1,331	2,701	16,194
Purchases of tangible fixed assets	(2,749)	(1,422)	(33,446)
Proceeds from sales of tangible fixed assets	282	110	3,431
Purchases of intangible fixed assets	(13)	(25)	(158)
Net cash used in investing activities	(735,640)	(222,902)	(8,950,480)
Financing activities:			
Proceeds from subordinated loans	20,000		243,338
Purchases of treasury stock	(514)	(2,034)	(6,253)
Proceeds from sales of treasury stock	2	1	24
Dividends paid	(2,241)	(2,652)	(27,266)
Dividends paid for minority interest stockholders	(7)	(8)	(85)
Net cash provided by (used in) financing activities	17,238	(4,694)	209,733
Foreign currency translation adjustments on cash and cash equivalents	(13)	(40)	(158)
Net increase in cash and cash equivalents	333,108	119,390	4,052,901
Cash and cash equivalents, beginning of year	442,287	322,897	5,381,275
Cash and cash equivalents, end of year (Note 3)	¥ 775,396	¥ 442,287	\$ 9,434,189

See notes to consolidated financial statements.