

**The Hyakugo Bank, Ltd. and Consolidated Subsidiaries**  
**Consolidated Statements of Cash Flows**  
For the Years Ended March 31, 2017 and 2016

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2016	2017
<b>Cash flows from operating activities:</b>			
Income before income taxes	¥ 13,156	¥ 20,914	\$ 117,269
Adjustments for:			
Depreciation and amortization	2,973	2,481	26,502
Impairment loss	65	226	588
Increase (decrease) in allowance for loan losses	347	(4,370)	3,099
Income from fund management	(50,867)	(52,177)	(453,404)
Financing expenses	4,612	5,029	41,115
Gain related to securities	(5,197)	(4,347)	(46,323)
Gain on return of retirement benefit trust	-	(3,603)	-
Net decrease (increase) in loans and bills discounted	(53,531)	(68,787)	(477,149)
Net increase (decrease) in deposits	98,261	38,150	875,848
Net increase (decrease) in negotiable certificates of deposit	(22,746)	22,932	(202,750)
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	13,566	301	120,926
Net decrease (increase) in call loans	(79,533)	14,533	(708,921)
Net increase (decrease) in call money	(1,126)	(64,425)	(10,044)
Net increase (decrease) in payables under securities lending transactions	134,809	36,262	1,201,619
Net decrease (increase) in lease receivables and investment assets	(1,031)	(1,040)	(9,198)
Proceeds from fund management	54,180	55,940	482,937
Payments for finance	(5,439)	(4,814)	(48,488)
Others, net	(11,413)	5,432	(101,735)
Subtotal	91,086	(1,360)	811,891
Income taxes paid	(4,053)	(3,898)	(36,128)
Net cash provided by (used in) operating activities	87,032	(5,259)	775,763
<b>Cash flows from investment activities:</b>			
Purchase of securities	(468,033)	(471,763)	(4,171,794)
Proceeds from sales of securities	242,750	347,124	2,163,746
Proceeds from redemption of securities	170,795	248,369	1,522,376
Payments for increase in money held in trust	(1,037)	-	(9,248)
Proceeds for decrease in money held in trust	2,000	3	17,827
Purchase of tangible fixed assets	(1,871)	(7,360)	(16,681)
Proceeds from sales of tangible fixed assets	5	56	51
Purchase of intangible fixed assets	(1,861)	(1,384)	(16,588)
Net cash provided by (used in) investment activities	(57,251)	115,045	(510,311)
<b>Cash flows from financing activities:</b>			
Payments for redemption of subordinated bonds	(15,000)	-	(133,702)
Cash dividends paid	(2,030)	(2,031)	(18,096)
Cash dividends paid to non-controlling shareholders	(4)	(4)	(42)
Payments for purchases of treasury stock	(5)	(10)	(48)
Proceeds from sales of treasury stock	0	-	4
Payments for purchase of stocks in subsidiaries not resulting in change in scope of consolidation	(1,723)	-	(15,360)
Others, net	-	0	-
Net cash provided by (used in) financing activities	(18,763)	(2,046)	(167,244)
Effect of exchange rate change on cash and cash equivalents	(2)	(13)	(25)
Net increase (decrease) in cash and cash equivalents	11,015	107,726	98,183

Cash and cash equivalents at beginning of period	<u>317,068</u>	<u>209,342</u>	<u>2,826,178</u>
Cash and cash equivalents at end of period (Note 2(b))	<u>¥ 328,084</u>	<u>¥ 317,068</u>	<u>\$ 2,924,361</u>

See accompanying Notes to Consolidated Financial Statements.