

**The Hyakugo Bank, Ltd. and Consolidated Subsidiaries**  
**Consolidated Statements of Cash Flows**  
For the Years Ended March 31, 2018 and 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
<b>Cash flows from operating activities:</b>			
Income before income taxes	¥ 16,619	¥ 13,156	\$ 156,435
Adjustments for:			
Depreciation and amortization	3,225	2,973	30,357
Impairment loss	66	65	626
Increase (decrease) in allowance for loan losses	(3,539)	347	(33,311)
Interest income	(52,928)	(50,867)	(498,200)
Interest expenses	5,080	4,612	47,822
Gain related to securities	(1,532)	(5,197)	(14,428)
Net decrease (increase) in loans and bills discounted	(159,344)	(53,531)	(1,499,851)
Net increase (decrease) in deposits	170,327	98,261	1,603,230
Net increase (decrease) in negotiable certificates of deposit	8,165	(22,746)	76,856
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	114,723	13,566	1,079,855
Net decrease (increase) in call loans	4,409	(79,533)	41,505
Net increase (decrease) in call money	100,000	(1,126)	941,265
Net increase (decrease) in payables under securities lending transactions	(199,197)	134,809	(1,874,980)
Net decrease (increase) in lease receivables and investment assets	(2,631)	(1,031)	(24,773)
Proceeds from fund management	55,794	54,180	525,174
Payments for finance	(5,833)	(5,439)	(54,911)
Others, net	(36,774)	(11,413)	(346,142)
Subtotal	16,629	91,086	156,529
Income taxes paid	(3,733)	(4,053)	(35,145)
Net cash provided by (used in) operating activities	12,895	87,032	121,384
<b>Cash flows from investment activities:</b>			
Purchase of securities	(823,864)	(468,033)	(7,754,747)
Proceeds from sales of securities	938,617	242,750	8,834,878
Proceeds from redemption of securities	164,114	170,795	1,544,748
Payments for increase in money held in trust	-	(1,037)	-
Proceeds for decrease in money held in trust	61	2,000	578
Purchase of tangible fixed assets	(2,438)	(1,871)	(22,953)
Proceeds from sales of tangible fixed assets	55	5	520
Purchase of intangible fixed assets	(2,205)	(1,861)	(20,761)
Others, net	(119)	-	(1,120)
Net cash provided by (used in) investment activities	274,220	(57,251)	2,581,143
<b>Cash flows from financing activities:</b>			
Payments for redemption of subordinated bonds	-	(15,000)	-
Cash dividends paid	(2,029)	(2,030)	(19,102)
Payments for purchase of stocks in subsidiaries not resulting in change in scope of consolidation	(4,303)	(1,723)	(40,503)
Others, net	(4)	(9)	(44)
Net cash provided by (used in) financing activities	(6,337)	(18,763)	(59,649)
Effect of exchange rate change on cash and cash equivalents	(6)	(2)	(60)
Net increase (decrease) in cash and cash equivalents	280,772	11,015	2,642,818
Cash and cash equivalents at beginning of period	328,084	317,068	3,088,141
Cash and cash equivalents at end of period (Note 2(b))	¥ 608,857	¥ 328,084	\$ 5,730,959

See accompanying Notes to Consolidated Financial Statements.