Consolidated Statements of Cash Flows

The Musashino Bank, Ltd. and Consolidated Subsidiaries For the Years Ended March 31, 2018 and 2017

	Millions of Yen		Thousands of U.S. Dollars*
	2018	2017	**2018**
Cash flows from operating activities			
Profit before income taxes	**¥ 15,334**	¥ 12,881	**$ 144,334**
Depreciation	**3,271**	2,617	**30,789**
Impairment loss	**1**	—	**9**
Share of (profit) loss of entities accounted for using equity method	**(8)**	(28)	**(75)**
Increase (decrease) in allowance for loan losses	**(1,998)**	101	**(18,806)**
Increase (decrease) in provision for bonuses	**(41)**	(1)	**(386)**
Increase (decrease) in provision for directors' bonuses	**1**	(0)	**9**
Decrease (increase) in net defined benefit asset	**(438)**	(356)	**(4,123)**
Increase (decrease) in net defined benefit liability	**(314)**	(252)	**(2,956)**
Increase (decrease) in provision for directors' retirement benefits	**29**	—	**273**
Increase (decrease) in provision for loss on interest repayment	**16**	(14)	**151**
Increase (decrease) in provision for reimbursement of deposits	**(102)**	214	**(960)**
Increase (decrease) in provision for point card certificates	**2**	7	**19**
Increase (decrease) in provision for contingent loss	**(91)**	(101)	**(857)**
Increase (decrease) in provision for share-based compensation	**23**	14	**216**
Increase (decrease) in allowance for demolition of non-current assets	**294**	—	**2,767**
Gain on fund management	**(42,373)**	(43,331)	**(398,842)**
Financing expenses	**1,938**	2,132	**18,242**
Loss (gain) related to securities	**(578)**	(985)	**(5,441)**
Loss (gain) on money held in trust	**6**	(1)	**56**
Foreign exchange losses (gains)	**2,579**	114	**24,275**
Loss (gain) on disposal of non-current assets	**7**	5	**66**
Net decrease (increase) in trading account securities	**257**	(126)	**2,419**
Net decrease (increase) in loans and bills discounted	**(45,713)**	(92,966)	**(430,280)**
Net increase (decrease) in deposit	**92,626**	93,256	**871,856**
Net increase (decrease) in negotiable certificates of deposit	**(25,345)**	32,938	**(238,564)**
Net increase (decrease) in payables under securities lending transactions	**(24,805)**	39,177	**(233,481)**
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	**1,062**	1,157	**9,996**
Net decrease (increase) in deposit (excluding deposit paid to Bank of Japan)	**108**	24	**1,017**
Net decrease (increase) in call loans	**(1,932)**	2,926	**(18,185)**
Net increase (decrease) in call money	**(2,519)**	24,706	**(23,710)**
Net decrease (increase) in foreign exchanges—assets	**(1,092)**	(1,543)	**(10,279)**
Net increase (decrease) in foreign exchanges—liabilities	**76**	(174)	**715**
Proceeds from fund management	**42,636**	44,157	**401,318**
Payments for finance	**(1,904)**	(2,417)	**(17,922)**
Other, net	**(9,137)**	(1,602)	**(86,003)**
Subtotal	**1,877**	112,532	**17,668**
Income taxes paid	**(3,187)**	(5,091)	**(29,998)**
Net cash provided by (used in) operating activities	**(1,310)**	107,440	**(12,331)**
Cash flows from investing activities			
Purchase of securities	**(161,253)**	(171,083)	**(1,517,818)**
Proceeds from sales of securities	**47,093**	30,192	**443,270**
Proceeds from redemption of securities	**162,748**	114,236	**1,531,890**
Increase in money held in trust	**—**	(9)	**—**
Decrease in money held in trust	**0**	—	**0**
Purchase of tangible fixed assets	**(1,945)**	(1,214)	**(18,308)**
Proceeds from sales of property, plant and equipment	**1**	—	**9**
Purchase of intangible assets	**(892)**	(1,040)	**(8,396)**
Payments for asset retirement obligations	**(2)**	(13)	**(19)**
Net cash provided by (used in) investing activities	**45,749**	(28,933)	**430,619**
Cash flows from financing activities			
Decrease in subordinated borrowings	**(2,500)**	(2,500)	**(23,532)**
Redemption of subordinated bonds	**—**	(10,000)	**—**
Cash dividends paid	**(2,682)**	(3,018)	**(25,245)**
Dividends paid to non-controlling interests	**(0)**	(0)	**0**
Purchase of treasury shares	**(11)**	(104)	**(104)**
Purchase of treasury shares of subsidiaries	**—**	(890)	**—**
Proceeds from sales of treasury shares	**17**	0	**160**
Proceeds from changes in ownership interests in subsidiaries	**4**	—	**38**
Net cash provided by (used in) financing activities	**(5,172)**	(16,513)	**(48,682)**
Net increase (decrease) in cash and cash equivalents	**39,266**	61,994	**369,597**
Cash and cash equivalents at beginning of period	**210,826**	148,831	**1,984,431**
Cash and cash equivalents at end of period	**¥ 250,092**	¥ 210,826	**$ 2,354,029**

* U.S. dollar figures have been translated at the rate ¥106.24 to U.S.$ 1, the prevailing market rate as of March 31, 2018.