

# ANNUAL REPORT 2008

THE EHIME BANK, LTD.



# To Our Customers



This 2008 annual report has been produced to more closely acquaint readers with the management philosophy and basic operating principles of Ehime Bank.

Since its founding in 1943, the management and employees of Ehime Bank have been consistently committed to the provision of wide-ranging financial services based on the principle of mutual assistance. Thanks to this stance, and to the loyal support of our customers, shareholders, and all other stakeholders, the Bank has achieved a steady and solid expansion in its business scale over the years.

I look forward to the further support and encouragement of our stakeholders in our continued endeavors.

Kojiro Nakayama  
President  
July 2008

---

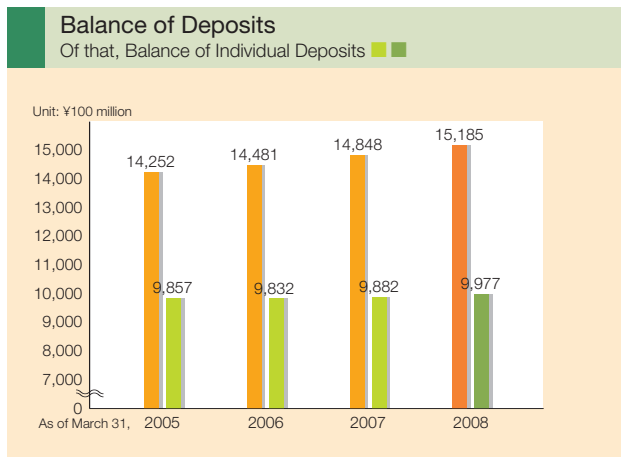
## ■ Profile (As of March 31, 2008)

Name:	THE EHIME BANK, LTD.
Address:	1, Katsuyama-cho 2-chome, Matsuyama, Ehime 790-8580, Japan
Established:	March 20, 1943
Paid-in Capital:	¥19,078 million
Deposits (including NCDs):	¥15,185 million
Loans and Bills Discounted:	¥13,059 million
Number of Offices:	98 (including 5 satellite offices)
Number of Employees:	1,372

---

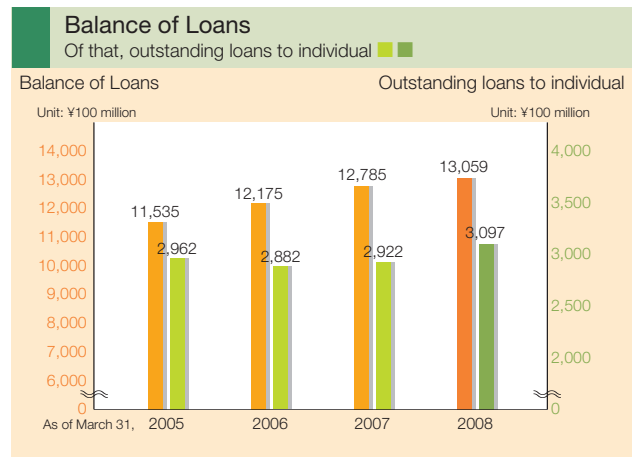
# Business Overview

## Changes in Deposits (including NCDs) (Non-consolidated basis)



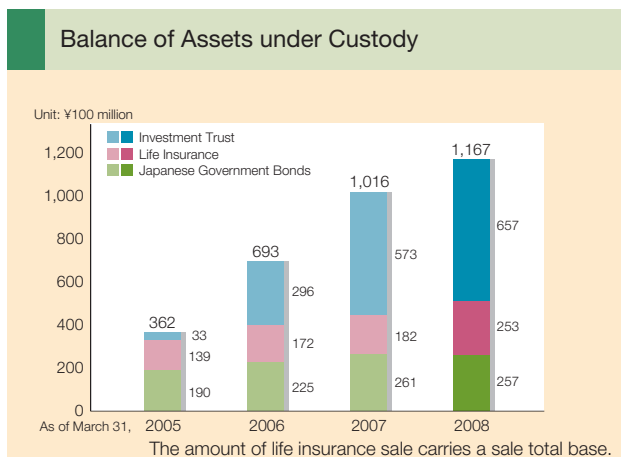
The balance of deposits at the end of the term under review increased ¥33.7 billion from the previous term-end, to ¥1,518.5 billion.

## Changes in Loans (Non-consolidated basis)



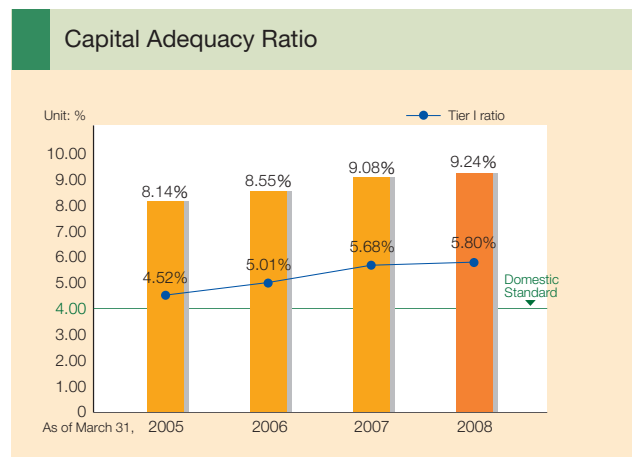
The balance of loans at the end of the term under review increased ¥27.4 billion from the previous term-end, to ¥1,305.9 billion.

## Assets under Custody



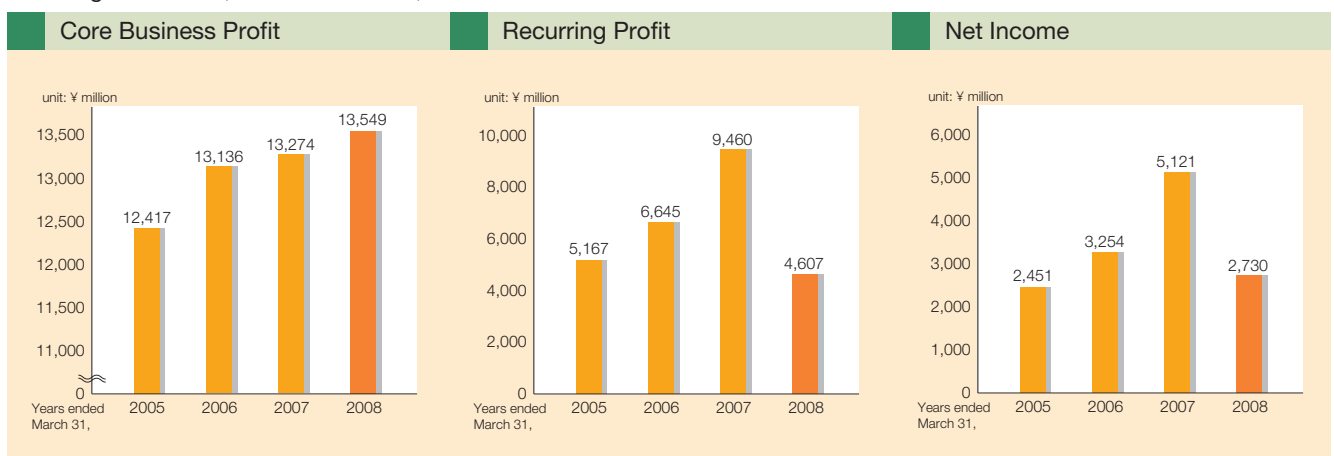
Balance of Assets under Custody amounted to ¥116.7 billion with an increase of ¥15.1 billion as compared with last year. It is attributed to our efforts for installing a consulting window and improving merchandise in quality.

## Capital Adequacy Ratio (Non-consolidated basis)



As of end March 2008, capital adequacy ratio reached 9.24% with a 0.16 point increase as compared with last year. It could rise significantly much higher than 4% of the level of banks (the domestic level) having their branches only in Japan. It demonstrated we maintained financial solidity and soundness.

## Changes in Profit (Non-consolidated basis)



Core business profit increased ¥275 million to ¥13,549 million as compared with last year. Summing up allowances for doubtful debt, recurring profit diminished ¥4.9 billion and net income also dropped ¥2.4 billion, respectively in comparison with last year.

■ Consolidated Information (Fiscal year ended March 31, 2008)

Major Financial Data

Recurring Income.....	¥48,868 million
Recurring Profit.....	¥4,877 million
Net Income.....	¥2,827 million
Capital Adequacy Ratio.....	9.25%

Consolidated Subsidiaries (4 Companies)

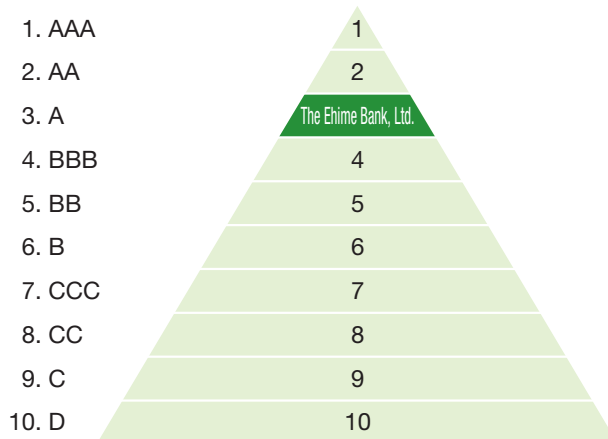
Himegin Business Services Co., Ltd.  
 HimeginSoft Co., Ltd.  
 HIMEGIN Lease Co., Ltd.  
 Ehime-JCB Co., Ltd.

Non-Consolidated Subsidiaries subject to Equity Method

Investment Business Limited Liability Partnership Ehime  
 Venture Fund 2004 Corporation Limited  
 Anonymous Association managed by Ehime Ship Finance,  
 Private Limited Company  
 Investment Business Limited Liability Partnership Ehime Gaiya Fund  
 Anonymous Association managed by Himehara Property,  
 Limited Liability Company

■ Credit Rating

We could acquire the Long Term Rating A- from Japan Credit Ratings Agency, Ltd. (JCR). The rating of the Ehime Bank was lifted to A- from BBB+ in June 2006. Rating A defined by JCR is a high level of capacity to honor the financial commitment on the obligation.

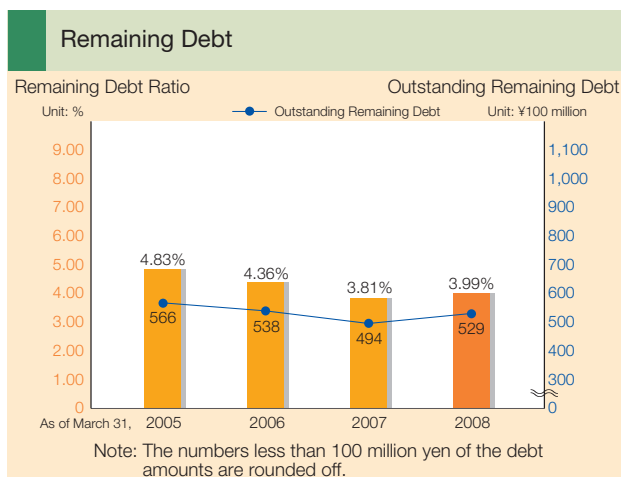


■ Non-Performing Loans (Non-Consolidated)

● Remaining Debt Based on Japan's Financial Reconstruction Law

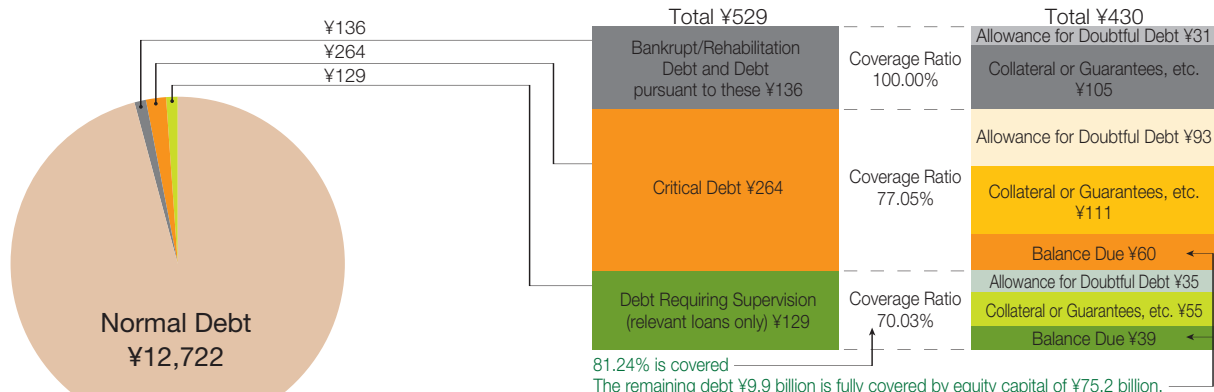
The remaining debt based on Japan's Financial Reconstruction Law at March 31, 2008, increased to ¥3.5 billion. And the ratio of the total credit was 3.99% (up 0.18 percentage point from previous term end).

We also are proactively reserving bad-debt provision from the point of securing the soundness of the funds and as for the portion, which is not covered by the provision; it is fully covered by our equity capital.



● Coverage of Remaining Debt Based on Japan's Financial Reconstruction Law

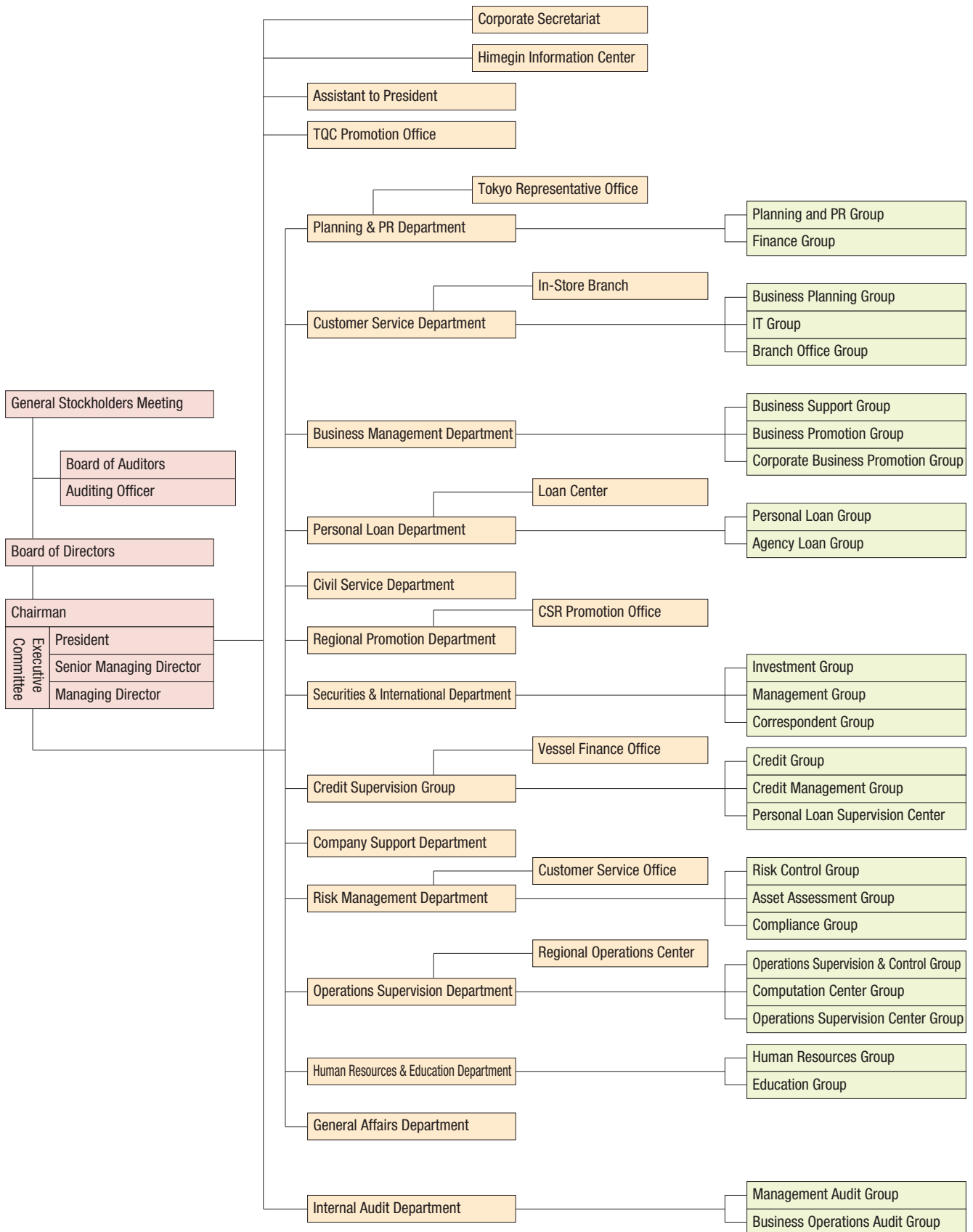
■ As of March 31, 2008 (unit: 100 million of yen)



Notes 1: The numbers less than the units of amounts and percentages shown in this document are omitted.  
 2: Reserving bad-debt provision for Debt Requiring Supervision are general reserve for bad debt for requiring supervision borrowers.

# Organization

## Management Structure



(As of June 30, 2008)

# Stock Information

## Changes in Capital Stock

(Unit: ¥ billion)

Date	Amount of change	Amount of Capital	Remark
Apr. 1, 1968	4.0	10.0	Allotment to stockholder 1:0.5, Public offering 2 millions of shares
Apr. 1, 1971	6.5	16.5	Allotment to stockholder 1:0.5, Public offering 3 millions of shares
Oct. 1, 1973	9.5	26.0	Allotment to stockholder 1:0.5, Public offering 2.5 millions of shares
Apr. 1, 1971	2.6	28.6	Split-ups 1:0.1
Oct. 1, 1973	15.4	44.0	Allotment to stockholder 1:0.5, Public offering 2.2 million of shares
Apr. 1, 1971	17.9	61.9	Allotment to stockholder 1:0.5, Split-ups 1:0.125, Public offering 3.4 millions of shares
May 19, 1989	1.1	63.0	Split-ups 1:0.05
Feb. 22, 1990	72.4	135.4	Public offering 10 millions of shares
May 18, 1990	—	135.4	Split-ups 1:0.1
Oct. 1, 2000	0.1	135.5	Merger with Hokuon Shinyo-Kumiai Rate of merger The Bank 1:0.25
Feb. 22, 2006	17.2	152.7	Public offering 9 millions of shares
Mar. 16, 2006	1.9	154.6	Allotment to a third party 1 million of shares
Mar. 17, 2007	36.1	190.7	Public offering 18 millions of shares

## Breakdown of Stockholders

(As of March 31, 2008)

	(1 trading unit = 1,000 shares)								Less under trading unit share
	Government and other municipal	Financial institutions	Securities firms and other financial institutions	Other company	Foreign corporations and other foreign investors		Individuals and other	Total	
					Others	Individuals			
Number of stockholders	—	76	30	1,056	83	1	6,917	8,163	—
Number of share owned (Trading unit)	—	74,397	3,682	44,429	9,443	2	44,345	176,298	1,519,664
Rate of share owned (%)	—	42.20	2.09	25.20	5.36	0.00	25.15	100.00	—

## Principal Stockholders

(As of March 31, 2008)

	Shareholdings (Thousands)	Percentage of total shares outstanding (%)
Japan Trustee Services Bank, Ltd. (Trust account 4)	9,844	5.53
Japan Trustee Services Bank, Ltd. (Trust account)	8,373	4.70
Mizuho Corporate Bank, Ltd.	5,394	3.03
The Ehime Bank, Ltd. Employee Stock Ownership Association	3,921	2.20
Sumitomo Insurance Company, Limited	2,999	1.68
Sompo Japan Insurance Inc.	2,795	1.57
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,518	1.41
The Bank of Nagoya, Ltd.	2,391	1.34
Daiwa Securities Group Inc.	2,292	1.28
Daio Paper Corporation	2,253	1.26
Total	42,782	24.05

## Per Share Information

As of March 31,	2006	2007	2008
Cash dividends (Yen)	5.5	6.0	6.0
Interim cash dividends (Yen)	2.5	3.0	3.0
Payout ratio (%)	26.18	19.73	38.98

■ Employees

As of March 31,	2006	2007	2008
Number of employees	1,455	1,425	1,471
Male	1,018	982	998
Female	437	443	473
Average age (Years-months)	38-10	38-3	37-8
Male	43-5	42-10	42-2
Female	28-2	28-3	28-2
Average length of employment (Years-months)	16-5	15-11	15-4
Male	20-8	20-1	19-5
Female	6-9	6-10	6-8
Average salary (monthly) (¥ Thousand)	¥401	¥389	¥382
Male	¥483	¥468	¥461
Female	¥213	¥216	¥217
Temporary, part-time staff and overseas local staff	349	422	465

# Outline of the Ehime Bank Group

## ■ Contents of Businesses

The Ehime Bank Group (The Ehime Bank and its affiliated companies) consists of the Ehime Bank, 4 consolidated subsidiaries and 4 non-consolidated subsidiaries (on an equity-method basis). The Group is engaged in leasing and financing business centering on banking business. Network of related businesses are as follow:

## ■ Business achievement for the current fiscal year (consolidated)

Deposits and NCDs increased ¥36.0 billion to ¥1,517.6 billion as compared with the end of the previous fiscal year (consolidated) attributable to our endeavors poured for increasing personal deposits through marketing new articles of merchandise.

In the meantime, balance of assets under custody increased ¥15.1 billion to ¥116.7 billion as compared with the end of the previous fiscal year (consolidated) as a result of opening a consulting window and improving our commodities in quality.

Loans and bills discounted increased ¥30.4 billion to ¥1,305.2 billion in comparison with the end of the previous fiscal year (consolidated), attributed to exertion of our business efforts for development of overall business centering on loans to medium and small businesses.

Securities in portfolio were reduced ¥4.0 billion to ¥203.6 billion as compared with the end of previous fiscal year (consolidated) as a result of reviewing the overall portfolio of bonds against the future risk of a rise in interest rates.

In terms of incomes, interest income increased ¥2,822 million, and recurring income increased ¥2,968 million to ¥48,868 million in comparison with the end of the previous fiscal year (consolidated). It is attributed to our positive reaction to demand for funds created by the moderate recovery of the economy.

The latest picture of business circumstances has shown the increasing toughness and severity in some areas and businesses: The construction business has fell into slump owing to revision of the Building Standard Law effective from the 2<sup>nd</sup> half of 2007 and some other businesses have desperately been fighting a steep rise of raw material, etc.

To gear up our efforts for business recovery, the Ehime Bank made a future precise and insight forecast of individual businesses we provided lending service to and exerted increasing allowances for doubtful debt as a preventing measure reflecting the above forecast: We appropriated them more than legally defined in the rule concerned.

The said allowances were carried out funded from gains on collection of written-off claims. Owing to an increase in credit costs accompanied by the allowances themselves and in interest expenses incurred by the hike of deposit interest rates, recurring expenses increased ¥7,690 million to ¥43,990 million as compared with the previous fiscal year (consolidated).

As a result of the above, recurring profit decreased ¥4,721 million to ¥4,877 million whereas net income went down ¥2,395 million to ¥2,827 million as compared with the previous fiscal year (consolidated).

## Overview of Group Companies

### Business Relationship with Love THE EHIME BANK, LTD.

98 locations in Japan (including 5 satellite offices), 8 subsidiaries

## Subsidiaries

(As of March 31, 2008)

Name	Address/Telephone	Services	Foundation	Capital or Investment to Capital (millions of yen)	Share (%)
<b>(Consolidated Subsidiaries)</b>					
<b>Himegin Business Service Co., Ltd.</b>	5-6-1, Chifunemachi, Matsuyama-shi, Ehime 790-0011, Japan +81- (0)89-932-3486	<ul style="list-style-type: none"> <li>Detailed check &amp; disposition of cash, etc.</li> <li>Money collection for specific clients</li> <li>Maintenance and Management of ATM facilities</li> <li>Pickup and delivery services of documents, etc. and traffic control of delivery vehicles</li> </ul>	July 2, 1984	10	100
<b>Himegin Soft Co., Ltd.</b>	27-1, Minami-mochidamachi, Matsuyama-shi, Ehime 790-0874, Japan +81- (0)89-943-7767	<ul style="list-style-type: none"> <li>Development of computer software</li> <li>Information processing by computers</li> <li>Management and administration of computer systems</li> <li>Sales of ancillary equipment associated with computer software</li> <li>Management of FB terminals</li> </ul>	December 6, 1984	30	60
<b>HIMEGIN Lease Co., Ltd.</b>	2-1, Katsuyama-cho, Matsuyama-shi, Ehime 790-0878, Japan +81- (0)89-933-8383	<ul style="list-style-type: none"> <li>Leasing</li> <li>Investment</li> </ul>	May 10, 1986	30	100
<b>Ehime-JCB Co., Ltd.</b>	2-4-7 Katsuyama-cho Matsuyama-shi, Ehime 790-0878, Japan +81- (0)89-921-2303	<ul style="list-style-type: none"> <li>Credit card services</li> <li>Credit guarantee services</li> </ul>	January 29, 1987	50	90
<b>(Non-Consolidated Subsidiaries subject to the Equity Method)</b>					
<b>Ehime Venture Fund 2004 Corporation Limited</b>	(Head Office) 2-1, Katsuyama-cho, Matsuyama-shi, Ehime 790-8580, Japan +81- (0)89-933-1111	<ul style="list-style-type: none"> <li>Investment for venture companies</li> </ul>	August 31, 2004	400	—
<b>Ehime Gaiya Fund Corporation Limited</b>	2-1, Katsuyamacho, Matsuyama-shi, Ehime 790-8580, Japan +81-(0) 89-933-1111	<ul style="list-style-type: none"> <li>Investment to venture companies</li> </ul>	November 28, 2006	250	—

(Note 1) We do not hold any voting right with a special purpose corporation and have no legal control over it. However, we assume that the effective control belongs to us because we relish all of the anonymous association's gains and losses; therefore the anonymous association is considered as our subsidiary.



# Consolidated Financial Highlights

Fiscal years ended March 31,	Millions of yen				
	2004	2005	2006	2007	2008
Income	¥ 40,984	¥ 41,934	¥ 44,725	¥ 45,900	¥ 48,868
Recurring profit	3,776	5,055	6,809	9,598	4,877
Net income	1,648	2,144	3,309	5,222	2,827
Net assets	57,085	60,833	68,852	80,621	76,778
Total assets	1,569,931	1,598,802	1,621,119	1,631,334	1,667,385
Per share of common stock (Yen):					
Net assets	¥ 383.01	¥ 407.54	¥ 431.63	¥453.27	¥ 430.82
Net income	10.84	14.12	21.70	32.49	15.93
Capital adequacy ratio (%)	7.19	8.20	8.62	9.10	9.25
ROE (%)	2.97	3.63	5.10	6.99	3.60
PER (Times)	36.90	25.14	19.03	12.58	24.10
Cash flow from operating activities	¥ (218)	¥ 58,462	¥ (35,359)	¥ (96,733)	¥ 50,461
Cash flow from investment activities	(13,957)	(10,094)	16,248	14,395	(8,316)
Cash flow from financing activities	(762)	7,089	634	7,247	(91)
Cash and cash equivalents	78,416	133,881	115,413	40,330	82,392
Number of employees	1,506	1,493	1,503	1,473	1,522

# Consolidated Information Financial Statements

## Consolidated Balance Sheets

### Assets

(Unit: million yen, %)

	Previous (As of March 31, 2007)		Current (As of March 31, 2008)	
	Amount	Component Ratio	Amount	Component Ratio
<b>Assets</b>				
Cash and due from banks	¥ 41,017	2.51%	¥ 83,302	5.00%
Call loans and bills bought	54,773	3.36	23,275	1.40
Monetary claims bought	143	0.01	347	0.02
Trading account securities	258	0.02	412	0.02
Securities	207,629	12.73	203,625	12.21
Loans and bills discounted	1,274,819	78.14	1,305,248	78.28
Foreign exchanges	694	0.04	827	0.05
Other assets	7,837	0.48	6,290	0.38
Tangible fixed assets	39,767	2.44	39,318	2.36
Building	7,084		7,096	
Land	22,280		21,801	
Construction in progress	778		82	
Other tangible fixed assets	9,623		10,338	
Intangible fixed assets	1,586	0.10	2,004	0.12
Software	486		833	
Other intangible fixed assets	1,100		1,170	
Deferred tax assets	8,976	0.55	11,629	0.70
Customers' liabilities for acceptances and guarantees	14,697	0.90	12,588	0.75
Reserve for bad debt	(20,866)	(1.28)	(21,486)	(1.29)
<b>Total assets</b>	<b>¥1,631,334</b>	<b>100.00%</b>	<b>¥1,667,385</b>	<b>100.00%</b>

### Liabilities and Net Assets

(Unit: million yen, %)

	Previous (As of March 31, 2007)		Current (As of March 31, 2008)	
	Amount	Component Ratio	Amount	Component Ratio
<b>Liabilities</b>				
Deposits	¥1,423,664	87.27%	¥1,481,228	88.84%
Negotiable certificates of deposit	57,879	3.55	36,413	2.18
Borrowed money	24,408	1.50	25,849	1.55
Foreign exchange	18	0.00	15	0.00
Corporate bonds	13,000	0.80	13,000	0.78
Other liabilities	8,517	0.52	14,321	0.86
Reserve for directors' bonus allowance	54	0.00	48	0.00
Reserve for retirement allowances	1,655	0.10	928	0.06
Reserve for retirement benefits for directors	347	0.02	389	0.02
Reserve for loss due to returning interests	47	0.00	58	0.00
Deferred tax liabilities	22	0.00	—	—
Deferred tax liabilities for revaluation	6,401	0.40	5,765	0.35
Acceptances and guarantees	14,697	0.90	12,588	0.76
<b>Total liabilities</b>	<b>1,550,713</b>	<b>95.06</b>	<b>1,590,607</b>	<b>95.40</b>
<b>Net Assets</b>				
Capital stock	19,078	1.17	19,078	1.14
Capital surplus	13,214	0.81	13,214	0.79
Retained earnings	32,564	2.00	35,262	2.12
Treasury stock	(148)	(0.01)	(173)	(0.01)
<b>Total stockholders' equity</b>	<b>64,709</b>	<b>3.97</b>	<b>67,381</b>	<b>4.04</b>
Other marketable securities valuation difference	7,797	0.48	2,047	0.12
Land revaluation difference	7,930	0.48	6,995	0.42
<b>Total valuation/conversion differences, etc.</b>	<b>15,728</b>	<b>0.96</b>	<b>9,043</b>	<b>0.54</b>
Minority interest	183	0.01	352	0.02
<b>Total net assets</b>	<b>80,621</b>	<b>4.94</b>	<b>76,778</b>	<b>4.60</b>
<b>Total liabilities and net assets</b>	<b>¥1,631,334</b>	<b>100.00%</b>	<b>¥1,667,385</b>	<b>100.00%</b>

## Consolidated Statements of Income

(Unit: million yen, %)

	Previous (From April 1, 2006 to March 31, 2007)		Current (From April 1, 2007 to March 31, 2008)	
	Amount	Component Ratio	Amount	Component Ratio
Income	¥45,900	100.00%	¥48,868	100.00%
Interest income:	35,909		38,731	
Interest on loans and discounts	31,585		24,558	
Interest and dividends on securities	2,622		2,795	
Interest on call loans and bills bought	806		916	
Interest on due from banks	2		2	
Other interest income	893		458	
Fees and commissions	4,953		5,377	
Other operating income	3,364		3,236	
Other income	1,673		1,521	
Expenses	36,301	79.09	43,991	90.02
Interest expenses	3,374		6,078	
Interest on deposits	2,531		4,949	
Interest on negotiable certificates of deposit	167		448	
Interests on call money and bills of sold	3		22	
Interest on payables under securities lending transactions	3		3	
Interest on borrowed money	332		388	
Interest on bonds and notes	259		259	
Other interest expenses	76		6	
Fees and commissions	2,836		2,601	
Other operating expenses	1,673		247	
General and administrative expenses	23,244		23,646	
Other expenses	5,173		11,417	
Transfer to allowance for bad debt	2,400		6,694	
Other expenses	2,773		4,723	
Recurring Profits	9,598	20.91	4,877	9.98
Extraordinary profits	238	0.52	3,360	6.88
Profits on disposal of fixed assets	20		20	
Recoveries of write-offs	218		3,060	
Profits on disposal of property	—		279	
Extraordinary losses	761	1.66	335	0.69
Losses from disposal of fixed assets	145		238	
Losses due to impairment	209		96	
Other extraordinary losses	406		0	
Income before taxes and others	9,075	19.77	7,902	16.17
Provision for income taxes	1,116	2.43	4,459	9.13
Income taxes-deferred	2,727	5.94	590	1.21
Minority interest	8	0.02	24	0.05
Net income	¥ 5,222	11.38%	¥ 2,827	5.78%

# Consolidated Statements of Changes in Net Assets

(Unit: million yen)

	Stockholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance as of March 31, 2006	¥15,460	¥ 9,606	¥27,984	¥(122)	¥52,929
Amount changed during the consolidated fiscal year					
Issuance of new shares	3,618	3,607			7,225
Dividends of surplus*			(957)		(957)
Directors' bonus*			(43)		(43)
Current net income			5,222		5,222
Purchase of treasury stock				(29)	(29)
Sales of treasury stock		0		2	2
Transfer from revaluation reserve for land, net of taxes			358		358
Amount changed during the consolidated fiscal year for the items other than shareholders' equity (net amount)					
Total amount changed during the consolidated fiscal year	3,618	3,607	4,580	(26)	11,780
Balance as of March 31, 2007	¥19,078	¥13,214	¥32,564	¥(148)	¥64,709

(Unit: million yen)

	Valuation/conversion differences, etc.			Minority interests	Total net assets
	Other marketable securities valuation difference	Land revaluation difference	Total valuation/Conversion differences, etc.		
Balance as of March 31, 2006	¥7,633	¥8,289	¥15,922	¥172	¥69,024
Amount changed during the consolidated fiscal year					
Issuance of new shares					7,225
Dividends of surplus*					(957)
Directors' bonus*					(43)
Current net income					5,222
Purchase of treasury stock					(29)
Sales of treasury stock					2
Transfer from revaluation reserve for land, net of taxes					358
Amount changed during the consolidated fiscal year for the items other than shareholders' equity (net amount)	164	(358)	(194)	10	(183)
Total amount changed during the consolidated fiscal year	164	(358)	(194)	10	11,596
Balance as of March 31, 2007	¥7,797	¥7,930	¥15,728	¥183	¥80,621

(Note) Of the Dividends of surplus, 478 million yen and the Directors' bonus were the appropriation of profit item at the annual shareholders meeting held in June 2006.

(Unit: million yen)

	Stockholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance as of March 31, 2007	¥19,078	¥13,214	¥32,564	¥(148)	¥64,709
Amount changed during the consolidated fiscal year					
Dividends of surplus			(1,064)		(1,064)
Current net income			2,827		2,827
Purchase of treasury stock				(28)	(28)
Sales of treasury stock		(0)		3	3
Transfer from revaluation reserve for land, net of taxes			934		934
Amount changed during the consolidated fiscal year for the items other than shareholders' equity (net amount)					
Total amount changed during the consolidated fiscal year	—	(0)	2,697	(25)	2,672
Balance as of March 31, 2008	¥19,078	¥13,214	¥35,262	¥(173)	¥67,381

(Unit: million yen)

	Valuation/conversion differences, etc.			Minority interests	Total net assets
	Other marketable securities valuation difference	Land revaluation difference	Total valuation/Conversion differences, etc.		
Balance as of March 31, 2007	¥7,797	¥7,930	¥15,728	¥183	¥80,621
Amount changed during the consolidated fiscal year					
Dividends of surplus					(1,064)
Current net income					2,827
Purchase of treasury stock					(28)
Sales of treasury stock					3
Transfer from revaluation reserve for land, net of taxes					934
Amount changed during the consolidated fiscal year for the items other than shareholders' equity (net amount)	(5,749)	(934)	(6,684)	169	(6,515)
Total amount changed during the consolidated fiscal year	(5,749)	(934)	(6,684)	169	(3,842)
Balance as of March 31, 2008	¥2,047	¥6,995	¥ 9,043	¥352	¥76,778

## Consolidated Statements of Cash Flows

(Unit: million yen)

	Previous (From April 1, 2006 to March 31, 2007)	Current (From April 1, 2007 to March 31, 2008)
<b>Cash Flows from operating activities</b>		
Income before income taxes	¥ 9,075	¥ 7,902
Depreciation	2,963	3,387
Impairment losses	209	96
(Decrease) Increase in reserve for bad debt	(231)	619
Increase (decrease) in reserve for directors' bonus allowance	54	(6)
Decrease in reserve for retirement allowance	(1,134)	(726)
Increase in reserve for retirement benefits for directors	347	41
Increase in reserve for loss due to returning interests	47	10
Interest income	(35,909)	(38,731)
Interest expenses	3,374	6,078
Securities losses (gains)	386	(494)
Foreign exchange losses (gains)	(7)	(8)
Losses (gains) on disposal of fixed assets	125	(41)
Net (increase) decrease in trading securities	67	(154)
Net (increase) decrease in loans and bills discounted	(60,361)	(30,429)
Net increase in deposits	2,680	57,563
Net increase (decrease) in negotiable deposits	31,303	(21,465)
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	3,750	441
Net (increase) decrease in deposits with banks (excluding deposits with Bank of Japan)	105	(221)
Net (increase) decrease in call loans	(43,923)	31,293
Net increase (decrease) in payables under securities lending transactions	(39,182)	—
Net (increase) decrease in foreign exchange assets	684	(132)
Net decrease in foreign exchange liabilities	(9)	(3)
Interest income received	35,402	38,900
Interest expenses paid	(2,587)	(4,995)
Other	(2,304)	2,671
Sub-Total	(95,073)	51,598
Income taxes paid	(1,660)	(1,136)
Cash flows from operating activities	(96,733)	50,461
<b>Cash flows from investing activities</b>		
Payments for purchase of securities	(119,988)	(90,698)
Proceeds from sales of securities	55,873	31,282
Proceeds from maturities of securities	85,131	54,281
Payments for purchase of tangible fixed assets	(6,592)	(4,821)
Proceeds from sales of tangible fixed assets	720	2,493
Payments for purchase of intangible fixed assets	(748)	(1,003)
Proceeds from sales of investment securities	—	150
Cash flows from investing activities	14,395	(8,316)
<b>Cash flows from financing activities</b>		
Proceeds from subordinated borrowings	1,000	1,000
Proceeds from issuance of stocks	7,225	—
Cash dividends paid	(951)	(1,066)
Cash dividends paid to minority shareholders	(0)	(0)
Payments for purchase of treasury stock	(29)	(28)
Proceeds from sales of treasury stock	2	3
Cash flows from financing activities	7,247	(91)
Conversion difference related to cash and cash equivalents	7	8
Increase (Decrease) in cash and cash equivalents	(75,083)	42,061
Cash and cash equivalents at beginning of year	115,413	40,330
Cash and cash equivalents at end of year	¥ 40,330	¥82,392

# Corporate Data (as of March 31, 2008)

## THE EHIME BANK, LTD.

■ Year of Establishment	1943
■ Paid in Capital	¥19,078 million
■ Number of Branches	98 (including 5 satellite offices)
■ Number of Employees	1,372
■ Stock Listings	Tokyo Stock Exchange Osaka Securities Exchange

### ■ Directory

#### Head Office

1, Katsuyama-cho 2-chome, Matsuyama, Ehime 790-8580, Japan  
Phone: 089-933-1111 <http://www.himegin.co.jp/>

#### Securities & International Department

Phone: 089-947-6090 Fax: 089-947-6099  
SWIFT: HIMEJPJT E-mail: intl@himegin.co.jp

### Foreign Exchange Offices

#### Head Office (Business Department)

1, Katsuyama-cho 2-chome, Matsuyama, Ehime 790-8580, Japan  
Phone: 089-933-1111

#### Tokyo Branch

2-4, Iwamoto-cho 3-chome, Chiyoda-ku, Tokyo 101-0032, Japan  
Phone: 03-3861-8151

#### Osaka Branch

13th floor Urban Ace Kitahama Bldg., 2-3-7, Hirano-machi,  
Chuo-ku, Osaka 541-0048, Japan  
Phone: 06-6203-5841

#### Mishima Branch

6-7, Mishima-chuo 3-chome, Shikoku-chuo, Ehime 799-0405, Japan  
Phone: 0896-23-2530

### ■ Board of Directors & Corporate Auditors (as of July 1, 2008)

#### Chairman

Tetsuaki Isshiki

#### President

Kojiro Nakayama

#### Senior Managing Director

Kimihide Ikeda

#### Managing Directors

Hideo Hisaga  
Hiroshi Aoki  
Motohiro Honda  
Takeshi Shimamoto  
Kenichi Tokumaru

#### Directors

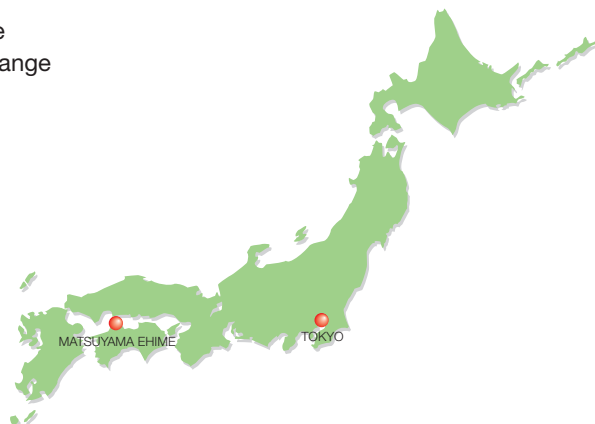
Hidetoshi Tamai	Eiki Shimizu	Masato Kono
Shoichi Hiasa	Mitsuo Harada	Yujiro Shimada
Kyosuke Matsumoto	Masahito Mitsumune	Osamu Fukutomi

#### Standing Corporate Auditor

Kunihiro Morita

#### Corporate Auditors

Eiji Saiki  
Seichi Nomoto  
Yukiyoshi Yano



#### Imabari Branch

2-10, Taisho-cho 1-chome, Imabari, Ehime 794-0024, Japan  
Phone: 0898-32-4470

#### Hashihama Branch

2-1, Jibori 1-chome, Imabari, Ehime 799-2117, Japan  
Phone: 0898-41-9500

#### Hakata Branch

3437-3, Kinoura Ko, Hakata-cho, Imabari Ehime 794-2305, Japan  
Phone: 0897-72-1155

#### Uwajima Branch

3-7-15, Sakaemachi-Minato, Uwajima, Ehime 798-0031, Japan  
Phone: 0895-22-5730