

# Annual Report 2009



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# Message from the President



For financial services in  
Ehime Prefecture, we aim to be  
the Bank people talk to first

## The Spirit of the Founders

The Ehime Bank, Ltd. was founded in 1943 when five mutual financing associations in Ehime Prefecture amalgamated to form the Ehime Mutual Financing Association, Ltd. Since that time, Ehime Bank has held the spirit of mutual assistance close to heart as it contributes to the growth and development of Ehime Prefecture. In essence, the mutual assistance approach consists of caring for others, and its purpose is threefold: helping each other, cooperating with each other, and supporting each other. Mutual assistance as a cultural value in Japan has its origins in Buddhism, which was brought to Japan 1,500 years ago. It is the starting point for our financial services to the general public and a part of the roots of Ehime Bank.

The founders of Ehime Bank taught that we could only prosper by putting customers first and caring for our employees. Guided by the spirit of this directive, Ehime Bank maintains an independent management stance and develops caring and dynamic employees with strong customer focus.

## Business and Financial Environments

During FY 2008 (April 1, 2008 to March 31, 2009), economic conditions deteriorated worldwide as confusion reigned in the financial and capital markets. Both foreign and domestic demand for Japanese products and services stagnated, causing a pronounced worsening of performance in the financial sector.

Ehime Prefecture was not excepted from the effects of the global downturn. Both private- and public-sector capital investment declined, even as unemployment rose and average income fell. Personal consumption fell as a result, driving the region deeper into recession.

These conditions placed many financial institutions in difficult straits. The majority of banks struggled to process rising bad loans and losses from dwindling values in marketable securities. In the latter half of the year under review, many banks stepped up efforts to increase capital adequacy, while others entered into mergers, partnerships and reorganizations.

## Business Results for the Year Ended March 31, 2009

In such an unforgiving financial climate, the Bank's strict customer focus became more important than ever, as it strove to invest funds efficiently and pare management expenses. The Bank appropriated non-consolidated net income from core operations of ¥10,359 million.

Income from interest on loans declined, as the worsening domestic economic picture depressed demand for funding.

In expenses, the Bank opted to proactively process currently anticipated risk, as we expected the current slowdown to continue for a considerable period. The bear market in share prices led us to take a conservative view of the prospect for a recovery in equity price levels. The Bank also accumulated additional reserves in anticipation of further disappointing business results from private enterprises. As a result, marketable securities declined in price even as credit costs rose.

The Bank posted an ordinary loss of ¥1,784 million and a net loss of ¥2,941 million, both on a consolidated basis.

## Management Vision

We at Ehime Bank are always mindful of the common destiny we share with our customers in Ehime Prefecture. One of our most closely held principles is that Bank management must be firmly rooted in local communities. That is why one of the key planks in our upcoming management plan is our determination to work with local people to develop a united approach to the problems confronting us all, such as the regional environment, regional economic disparity, demographic changes, and the need for nursing-care and other social services. We are working proactively to support businesses that help build a more equitable world.

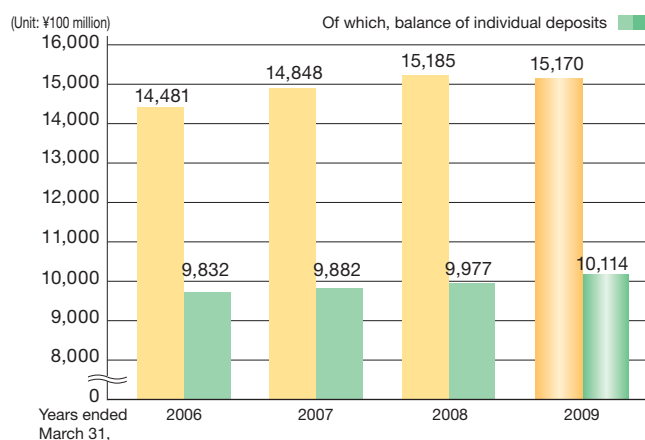
The banking environment is constantly changing. Amid this flux, Ehime Bank is determined to get back to basics in financial services, while pursuing the key management issues of strengthening risk management systems, ensuring thorough compliance and reducing the cost of operations. Through these efforts, we are forging a robust and durable management framework for the challenges of the future.

At the same time, we are pressing ahead with the constant task of reinventing the Bank, rediscovering our core mission as a community bank. We are advancing step by step to become a flexible financial institution that can respond to the dramatic changes the future holds.

# Business Overview

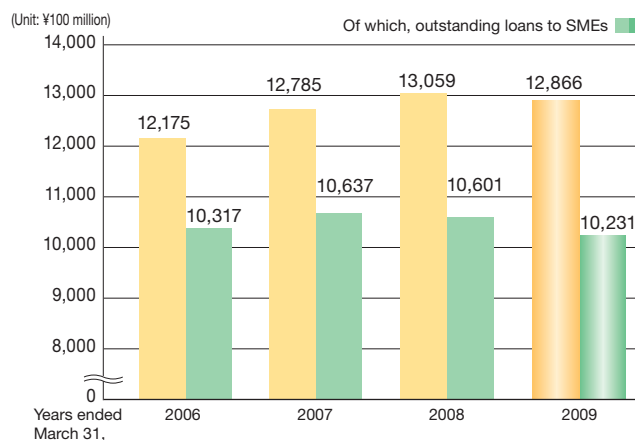
## Changes in Deposits (including NCDs) (non-consolidated basis)

The balance of individual deposits surpassed ¥1,000 billion, rising ¥13.7 billion (1.4%) against the previous fiscal year. We attribute this performance to the introduction of financial products tailored to customers' current needs.



## Changes in Loans (non-consolidated basis)

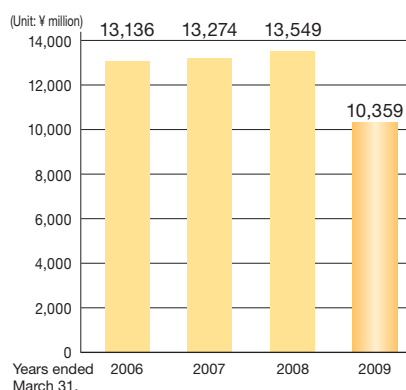
Despite the Bank's close attention to the needs of SMEs in Ehime Prefecture, the balance of loans at the end of the term under review declined ¥19.3 billion, or 1.4%, against the previous fiscal year, due to slackened demand for funding in the worsening business environment.



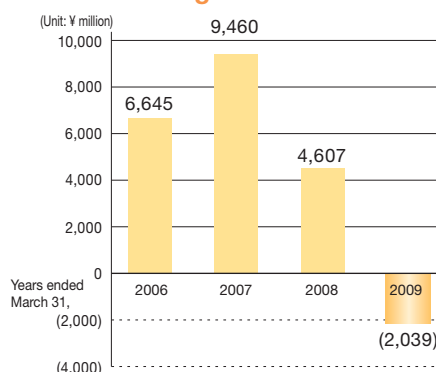
## Changes in Profit (non-consolidated basis)

The Bank expects the current economic stagnation to continue over the near term. The income results below reflect Bank efforts to prevent and eliminate anticipated risk factors.

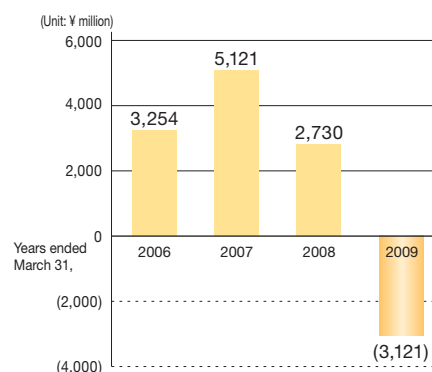
### Core Business Profit



### Recurring Profit

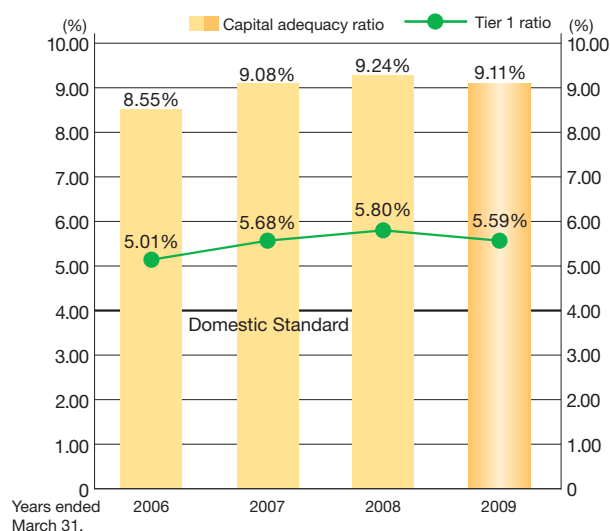


### Net Income



## Capital Adequacy Ratio (non-consolidated basis)

The capital adequacy ratio as of March 31, 2009 was 9.11%, a decrease of 0.13 points compared with the previous fiscal year. This figure easily outstrips the 4% requirement for banks with domestic branches only, testifying to the Bank's high standard of sound management.



## Credit Rating

The Japan Credit Ratings Agency (JCR) has accorded Ehime Bank a Long Term Rating of A-. A rating of A- or above indicates "a high level of capacity to honor the financial commitment on the obligation."

1. AAA
2. AA
3. A
4. BBB
5. BB
6. B
7. CCC
8. CC
9. C
10. D





# Corporate Governance and Compliance

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## Corporate Governance

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### ● Corporate Governance Structure

Ehime Bank regards corporate governance as a vital component of its efforts to achieve management transparency and maximize enterprise value. To build and strengthen its framework for timely and effective response to changes in the business environment, the Bank has established the following basic policies.

As of March 31, 2009, the Bank's Board of Directors consists of 16 directors and four statutory auditors. Of these, two are outside auditors; no outside directors are appointed. In principle the Board of Directors meets once a month, to decide on important matters and oversee the execution of Bank operations. Additionally, in accordance with the basic policy determined by the Board of Directors, the Executive Committee, consisting of executive directors, meets once a week. This body serves to speed up the decision-making process, ensure the efficient running of operations and frame responses to the execution of important Bank operations.

Ehime Bank also operates a statutory auditor system. The statutory auditors attend the Board of Directors meetings, while full-time statutory auditors also sit in the Executive Committee meetings. These auditors are tasked with appraising the status of execution of Bank operations. No common business interest exists between the Bank and the outside statutory auditors.

### ● Internal Control Systems and Risk Management

Ehime Bank is proud of its strong affinity with Ehime Prefecture. As a local financial institution, we are resolutely committed to fulfilling our vital responsibility and mission of contributing to the region's socioeconomic well-being. As part of this effort, the Bank is upgrading its system of internal controls in accordance with its compliance framework and its Basic Policy on Formation of an Internal Control System. Moreover, the Bank is committed to maintaining a high level of management transparency through thorough and complete disclosure of its management information, to earn the trust of customers, shareholders and the local community.

## Current Status of the Compliance Framework

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In October 1999, the president of Ehime Bank made a Compliance Declaration, which was followed by the publication of the Compliance Manual. A compliance program was drafted to implement the requirements of the manual, and the Bank was surveyed to assess its current status of compliance. The Bank now conducts carefully planned training in compliance and ensures that all staff members understand compliance and its significance. The Internal Audit Department performs internal audits, testing compliance performance and offering guidance. In these and other ways, the Bank takes careful steps to ensure the strength and comprehensiveness of its compliance framework.

To ensure overall control of compliance matters, the director in charge of the Risk Management Department is tasked with overall responsibility for compliance. The Risk Management Department is responsible for compliance issues across the entire Ehime Bank Group, including subsidiaries, implementing training, guidance and verification on compliance matters.

As part of efforts to enhance and strengthen its compliance framework, the Bank establishes a Compliance Committee, chaired by the president. The Compliance Committee confers to ensure strict compliance with all laws and regulations, reporting to and advising the Board of Directors.

A business ethics hotline is connected to the Risk Management Department inside the Bank and a lawyer's office outside it. This service assists directors and employees in preventing and avoiding unlawful conduct, and in discovering such conduct or danger thereof at an early date.

## Current Status of the Risk Management Framework

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The Bank's approach to risk management is to understand each type of operating risk in quantitative terms wherever possible and to use that information to conduct operations within appropriate limits. To achieve this control, management policy and regulations are framed in accordance with the Bank's Basic Regulations on Risk Management and each type of risk category.

The president appoints a risk management officer from among the representative directors. To support the officer with general responsibility for risk management, the director in charge of the Risk Management Department also serves as the officer with general responsibility for risk management. In addition, the Risk Management Department is tasked with understanding the overall condition of risk at the Bank and examining and ensuring the appropriate operation of the risk management framework.

Centralized control and understanding of risk is vital for effective risk management. Assuming this role is the Risk Management Committee, chaired by the officer with general responsibility for risk management. At this committee, each department reports on the status of the specific category of risk for which that department is responsible. Finally, management of market risk is the preserve of the separate Asset Liability Management (ALM) Committee, which is chaired by the director in charge of the Planning and PR Department. These committees present their analyses and examinations of risk to the Board of Managing Directors for deliberation.

The departments responsible for each type of risk are required to conduct regular self-evaluations, in order to ensure the robustness and effectiveness of their risk management frameworks. These departments then report the results of these studies to the Board of Directors.

# Stock Information

## Breakdown of Stockholders

(As of March 31, 2009)

(as at March 31, 2005)

	(1 trading unit = 1,000 shares)								Less under trading unit share
	National and local governments	Financial institutions	Securities firms and other financial institutions	Other companies	Foreign corporations and other foreign investors		Individuals and others	Total	
					Others	Individuals			
Number of stockholders	—	68	33	1,012	79	1	6,519	7,712	—
Number of shares owned (trading unit)	—	76,719	3,881	45,962	6,306	2	43,542	176,412	1,405,664
Ratio of shares owned (%)	—	43.49	2.20	26.05	3.57	0.00	24.68	100.00	—

Notes: 1. The 508,664 treasury shares include 508 units of shares under "Individuals and others," and 664 individual shares under "Less under trading unit share." The figure of 508,664 shares is the actual number of treasury shares as of the last day of the fiscal year under review.

2. The "Other companies" column includes one unit of shares on the ledger of a security storage and transfer organization.

## Principal Stockholders

(As of March 31, 2009)

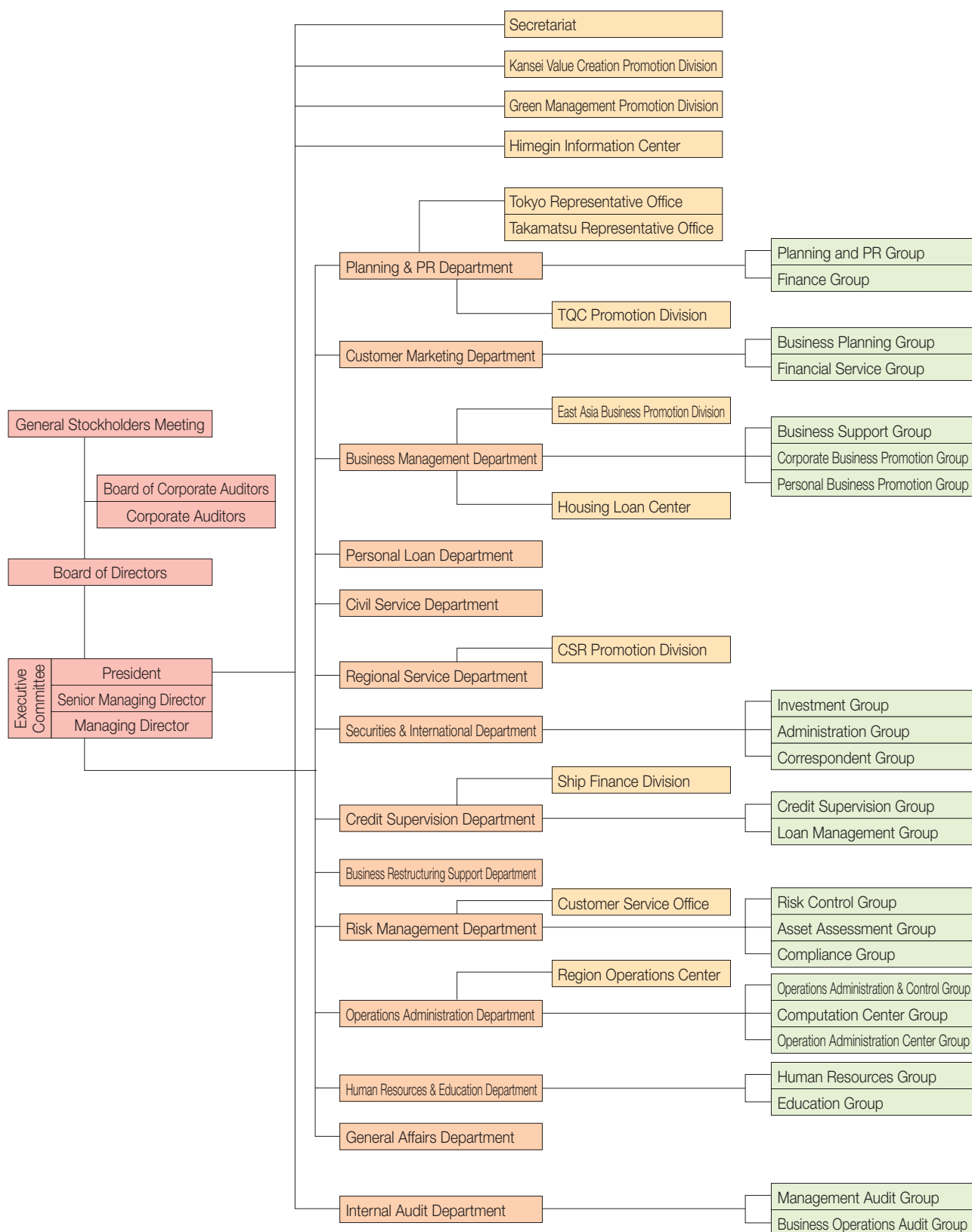
Name	Address	Shareholdings (thousands)	Percentage of total shares outstanding (%)
Japan Trustee Services Bank, Ltd. (Trust Account 4)	1-8-11, Harumi, Chuo-ku, Tokyo	9,496	5.34
Japan Trustee Services Bank, Ltd. (Trust Account)	1-8-11, Harumi, Chuo-ku, Tokyo	8,199	4.61
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	1-8-11, Harumi, Chuo-ku, Tokyo	5,553	3.12
Mizuho Corporate Bank, Ltd.	1-3-3, Marunouchi, Chiyoda-ku, Tokyo	5,394	3.03
The Ehime Bank, Ltd., Employee Stock Ownership Association	2-1, Katsuyama-cho, Matsuyama-shi, Ehime	4,293	2.41
Daio Paper Corporation	2-60, Mishima Kamiya-cho, Shikoku Chuo-shi, Ehime	3,753	2.11
Sumitomo Insurance Company, Limited	7-18-24, Tsukiji, Chuo-ku, Tokyo	2,999	1.68
Sompo Japan Insurance Inc.	1-26-1, Nishi-shinjuku, Shinkuku-ku, Tokyo	2,795	1.57
The Bank of Nagoya, Ltd.	3-19-17, Nishiki, Naka-ku, Nagoya-shi, Aichi	2,391	1.34
Daiwa Securities Group Inc.	1-9-1, Marunouchi, Chiyoda-ku, Tokyo	2,292	1.28
Total	—	47,167	26.52

Note: Of the number of shares held by credit unions as listed above, the number of shares used in said banks' trust banking activities is as follows.

- Japan Trustee Services Bank, Ltd. (total of Trust Account, Trust Account 4 and Trust Account 4G): 23,248 shares

# Organization

## Management Structure



(As of July 1, 2009)

# Outline of the Ehime Bank Group

## Overview of Group Companies

### THE EHIME BANK, LTD.

101 branches (including 6 sub-branches), 10 subsidiaries

#### Subsidiaries

(As of March 31, 2009)

Name	Address/ Telephone	Services	Foundation	Capital or Investment to Capital (millions of yen)	Share (%)
(Consolidated Subsidiaries)					
<b>Himegin Business Service Co., Ltd.</b>	5-6-1, Chifunemachi, Matsuyama, 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, Ehime 790-0878, 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, 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	75
<b>Ehime-JCB Co., Ltd.</b>	2-4-7, Katsuyama-cho Matsuyama, 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>Himegin Staff Support Co., Ltd.</b>	Office: 1-13-4, Katsuyama-cho, Matsuyama, Ehime 790-0878, Japan +81-(0)89-908-5010	<ul style="list-style-type: none"> <li>Operations related to personnel dispatch (temporary labor and paid introduction of workplaces)</li> <li>Educational and training operations and administrative services to the Ehime Bank Group such as payroll calculation and employee benefits</li> </ul>	April 8, 2008	30	100
<b>Ehime Investment Co., Ltd.</b>	27-1, Minami-mochidamachi, Matsuyama, Ehime 790-0878, Japan +81-(0)89-943-7767	<ul style="list-style-type: none"> <li>Information services and consulting on corporate management</li> <li>Business restructuring support</li> <li>Advising and consulting on business transfer</li> <li>Investment in stocks and bonds for M&amp;A purposes</li> </ul>	April 8, 2008	30	100
(Non-Consolidated Subsidiaries Subject to the Equity Method)					
<b>Ehime Venture Fund 2004 Corporation Limited</b>	2-1, Katsuyama-cho, Matsuyama, Ehime 790-8580, Japan +81-(0)89-933-1111	<ul style="list-style-type: none"> <li>Investment in venture companies</li> </ul>	August 31, 2004	500	—
<b>Ehime Gaiya Fund Corporation Limited</b>	2-1, Katsuyamacho, Matsuyama, Ehime 790-8580, Japan +81-(0)89-933-1111	<ul style="list-style-type: none"> <li>Investment in agriculture, forestry and fisheries</li> </ul>	November 28, 2006	500	—
<b>Others (2 companies)</b>	—	—	—	—	—

# Consolidated Financial Statements

## Consolidated Balance Sheets

### ● Assets

(Unit: million yen)

	Previous FY (As of March 31, 2008)	Current FY (As of March 31, 2009)
<b>Assets</b>		
Cash and due from banks	83,302	85,059
Call loans and bills bought	23,275	8,977
Monetary claims bought	347	245
Trading account securities	412	134
Securities	203,625	215,648
Loans and bills discounted	1,305,248	1,286,274
Foreign exchanges	827	3,591
Long-term leases and lease investments	—	7,117
Other assets	6,290	8,373
Tangible fixed assets	39,318	30,776
Building	7,096	7,076
Land	21,801	21,685
Lease assets	—	335
Construction in progress	82	261
Other tangible fixed assets	10,338	1,417
Intangible fixed assets	2,004	1,075
Software	833	791
Lease assets	—	98
Other intangible fixed assets	1,170	185
Deferred tax assets	11,629	13,146
Customers' liabilities for acceptances and guarantees	12,588	12,728
Allowance for loan losses	(21,486)	(17,373)
<b>Total assets</b>	<b>1,667,385</b>	<b>1,655,775</b>

### ● Liabilities and Net Assets

(Unit: million yen)

	Previous FY (As of March 31, 2008)	Current FY (As of March 31, 2009)
<b>Liabilities</b>		
Deposits	1,481,228	1,483,063
Negotiable certificates of deposits	36,413	33,512
Borrowed money	25,849	23,768
Foreign exchanges	15	7
Bonds payable	13,000	13,000
Other liabilities	14,289	11,537
Reserve for directors' bonuses	48	1
Reserve for retirement benefits	928	247
Reserve for directors' retirement benefits	389	450
Reserve for loss due to returning interests	58	57
Reserve for reimbursement of deposits	31	54
Deferred tax liabilities for land revaluation	5,765	5,697
Acceptances and guarantees	12,588	12,728
<b>Total liabilities</b>	<b>1,590,607</b>	<b>1,584,126</b>
<b>Net Assets</b>		
Capital stock	19,078	19,078
Capital surplus	13,214	13,213
Retained earnings	35,262	31,355
Treasury stock	(173)	(199)
Total stockholders' equity	67,381	63,448
Valuation difference on available-for-sale securities	2,047	884
Revaluation reserve for land	6,995	6,896
Valuation and translation adjustments	9,043	7,781
Minority interests	352	419
<b>Total net assets</b>	<b>76,778</b>	<b>71,648</b>
<b>Total liabilities and net assets</b>	<b>1,667,385</b>	<b>1,655,775</b>



# Consolidated Financial Statements

## Consolidated Statements of Income

(Unit: million yen)

	Previous FY ( April 1, 2007 to ) ( March 31, 2008 )	Current FY ( April 1, 2008 to ) ( March 31, 2009 )
<b>Ordinary income</b>	<b>48,868</b>	<b>47,254</b>
<b>Interest income</b>	<b>38,731</b>	<b>37,011</b>
Interest on loans and discounts	34,558	33,152
Interest and dividends on securities	2,795	3,058
Interest on call loans and bills bought	916	493
Interest due from banks	2	14
Other interest income	458	292
<b>Fees and commissions</b>	<b>5,377</b>	<b>4,136</b>
<b>Other ordinary income</b>	<b>3,236</b>	<b>3,707</b>
<b>Other income</b>	<b>1,521</b>	<b>2,399</b>
<b>Ordinary expenses</b>	<b>43,991</b>	<b>49,039</b>
<b>Interest expenses</b>	<b>6,078</b>	<b>6,014</b>
Interest on deposits	4,949	4,857
Interest on negotiable certificates of deposit	448	438
Interest on call money and bills sold	22	2
Interest on payables under securities lending transactions	3	—
Interest on borrowings and discounts	388	439
Interest on bonds	259	259
Other interest expenses	6	17
<b>Fees and commissions payments</b>	<b>2,601</b>	<b>2,327</b>
<b>Other ordinary expenses</b>	<b>247</b>	<b>2,159</b>
<b>General and administrative expenses</b>	<b>23,646</b>	<b>24,274</b>
<b>Other expenses</b>	<b>11,417</b>	<b>14,263</b>
Provision of allowance for loan losses	6,694	2,214
Other expenses	4,723	12,048
<b>Ordinary profit</b>	<b>4,877</b>	<b>(1,784)</b>
<b>Extraordinary income</b>	<b>3,360</b>	<b>29</b>
<b>Profit on disposal of noncurrent assets</b>	<b>279</b>	<b>6</b>
Recoveries of write-offs	20	20
Other	3,060	1
<b>Extraordinary losses</b>	<b>335</b>	<b>1,395</b>
<b>Loss on disposal of noncurrent assets</b>	<b>238</b>	<b>42</b>
Impairment loss	96	1,353
Other	0	—
<b>Income before income taxes</b>	<b>7,902</b>	<b>(3,151)</b>
<b>Income taxes—current</b>	<b>4,459</b>	<b>513</b>
<b>Income taxes—deferred</b>	<b>590</b>	<b>(790)</b>
<b>Total taxes and adjustments</b>		<b>(276)</b>
<b>Minority interests in income</b>	<b>24</b>	<b>67</b>
<b>Net income</b>	<b>2,827</b>	<b>(2,941)</b>

# Consolidated Financial Statements

## Consolidated Changes in Equity

(Unit: million yen)

	Previous FY (April 1, 2007 to March 31, 2008)	Current FY (April 1, 2008 to March 31, 2009)
<b>Stockholders' equity</b>		
Capital stock		
Balance as of the end of the previous period	19,078	19,078
Changes during the period		
Total changes during the period	—	—
Balance as of the end of the previous period	19,078	19,078
<b>Capital surplus</b>		
Balance as of the end of the previous period	13,214	13,214
Changes during the period		
Disposition of treasury stock	(0)	(0)
Total changes during the period	(0)	(0)
Balance as of the end of the previous period	13,214	13,213
<b>Retained earnings</b>		
Balance as of the end of the previous period	32,564	35,262
Changes during the period		
Cash dividends	(1,064)	(1,064)
Net income	2,827	(2,941)
Disposition of treasury stock	—	(0)
Transfer from revaluation reserve for land, net of taxes	934	99
Total changes during the period	2,697	(3,907)
Balance as of the end of the previous period	35,262	31,355
<b>Treasury stock</b>		
Balance as of the end of the previous period	(148)	(173)
Changes during the period		
Repurchase of treasury stock	(28)	(32)
Disposition of treasury stock	3	6
Total changes during the period	(25)	(25)
Balance as of the end of the previous period	(173)	(199)
<b>Total shareholders' equity</b>		
Balance as of the end of the previous period	64,709	67,381
Changes during the period		
Cash dividends	(1,064)	(1,064)
Net income	2,827	(2,941)
Repurchase of treasury stock	(28)	(32)
Disposition of treasury stock	3	5
Transfer from revaluation reserve for land, net of taxes	934	99
Total changes during the period	2,672	(3,933)
Balance as of the end of the previous period	67,381	63,448

	Previous FY (April 1, 2007 to March 31, 2008)	Current FY (April 1, 2008 to March 31, 2009)
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities		
Balance as of the end of the previous period	7,797	2,047
Changes during the period		
Net changes in items other than shareholders' equity	(5,749)	(1,162)
Total changes during the period	(5,749)	(1,162)
Balance as of the end of the previous period	2,047	884
<b>Revaluation reserve for land, net of taxes</b>		
Balance as of the end of the previous period	7,930	6,995
Changes during the period		
Net changes in items other than shareholders' equity	(934)	(99)
Total changes during the period	(934)	(99)
Balance as of the end of the previous period	6,995	6,896
<b>Total valuation and translation adjustments</b>		
Balance as of the end of the previous period	15,728	9,043
Changes during the period		
Net changes in items other than shareholders' equity	(6,684)	(1,262)
Total changes during the period	(6,684)	(1,262)
Balance as of the end of the previous period	9,043	7,781
<b>Minority interests</b>		
Balance as of the end of the previous period	183	352
Changes during the period		
Net changes in items other than shareholders' equity	169	66
Total changes during the period	169	66
Balance as of the end of the previous period	352	419
<b>Total net assets</b>		
Balance as of the end of the previous period	80,621	76,778
Changes during the period		
Cash dividends	(1,064)	(1,064)
Net income	2,827	(2,941)
Repurchase of treasury stock	(28)	(32)
Disposition of treasury stock	3	5
Transfer from revaluation reserve for land, net of taxes	934	99
Net changes in items other than shareholders' equity	(6,515)	(1,195)
Total changes during the period	(3,842)	(5,129)
Balance as of the end of the previous period	76,778	71,648

# Consolidated Financial Statements

## Consolidated Statements of Cash Flows

(Unit: million yen)

	Previous FY ( April 1, 2007 to ) ( March 31, 2008 )	Current FY ( April 1, 2008 to ) ( March 31, 2009 )
<b>Cash Flows from Operating Activities</b>		
Income (loss) before income taxes and minority interests	7,902	(3,151)
Depreciation	3,387	973
Losses on impairment of fixed assets	96	1,353
Increase (decrease) in reserve for possible loan losses	619	(4,112)
Increase (decrease) in reserve for directors' bonuses	(6)	(47)
Increase (decrease) in reserve for retirement benefits	(726)	(681)
Increase (decrease) in reserve for directors' retirement benefits	41	61
Increase (decrease) in reserve for reimbursement deposits	4	22
Increase (decrease) in reserve for loss due to returning interests	10	(0)
Interest income	(38,731)	(37,011)
Interest expenses	6,078	6,014
Securities losses (gains), net	(494)	5,336
Foreign exchange losses (gains), net	(8)	(9)
Losses (gains) on disposition of fixed assets	(41)	35
Net decrease (increase) in trading securities	(154)	277
Net decrease (increase) in loans and bills discounted	(30,429)	18,974
Net increase (decrease) in deposits	57,563	1,834
Net increase (decrease) in negotiable certificates of deposits	(21,465)	(2,901)
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	441	(2,081)
Net decrease (increase) in due from banks (excluding due from central banks)	(221)	529
Net decrease (increase) in call loans	31,293	14,400
Net decrease (increase) in foreign exchange assets	(132)	(2,764)
Net increase (decrease) in foreign exchange liabilities	(3)	(8)
Interest and dividend income	38,900	36,788
Interest expenses	(4,995)	(5,854)
Other-net	2,675	(71)
Subtotal	51,598	27,908
Cash refunded (paid) in income taxes	(1,136)	(4,179)
Net cash provided by (used in) operating activities	50,461	23,728
<b>Cash Flows from Investing Activities</b>		
Payments for purchase of securities	(90,698)	(215,977)
Proceeds from sale of securities	31,282	93,573
Proceeds from redemption of securities	54,281	103,085
Payments for purchase of tangible fixed assets	(4,821)	(880)
Proceeds from sale of purchase of tangible fixed assets	2,493	77
Payments for purchase of intangible fixed assets	(1,003)	(248)
Proceeds from sale of purchase of intangible fixed assets	—	8
Proceeds from sale of stocks of subsidiaries	150	—
Net cash provided by investing activities	(8,316)	(20,361)
<b>Cash Flows from Financing Activities</b>		
Proceeds from issuance of subordinated borrowed money	1,000	—
Cash dividends paid	(1,066)	(1,063)
Cash dividends paid to minority shareholders	(0)	(0)
Payments for repurchase of treasury stock	(28)	(32)
Proceeds from sale of treasury stock	3	5
Net cash provided by (used in) financing activities	(91)	(1,091)
Foreign currency translation adjustments	8	9
Net increase (decrease) in cash and cash equivalents	42,061	2,286
Cash and cash equivalents at the beginning of the fiscal year	40,330	82,392
Cash and cash equivalents at the end of the fiscal year	82,392	84,678

## THE EHIME BANK, LTD.

■ Year of Establishment	1943
■ Paid in Capital	¥19,078 million
■ Number of Branches	101 (including 6 sub-branches)
■ Number of Employees	1,440
■ Stock Listings	Tokyo Stock Exchange Osaka Securities Exchange

### ■ Directory

#### Head Office

1, Katsuyama-cho 2-chome, Matsuyama, Ehime 790-8580, Japan  
Phone: +81-(0)89-933-1111 <http://www.himegin.co.jp/>

#### Securities & International Department

Phone: +81-(0)89-947-6090 Fax: +81-(0)89-947-6099  
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: +81-(0)89-933-1111

##### Tokyo Branch

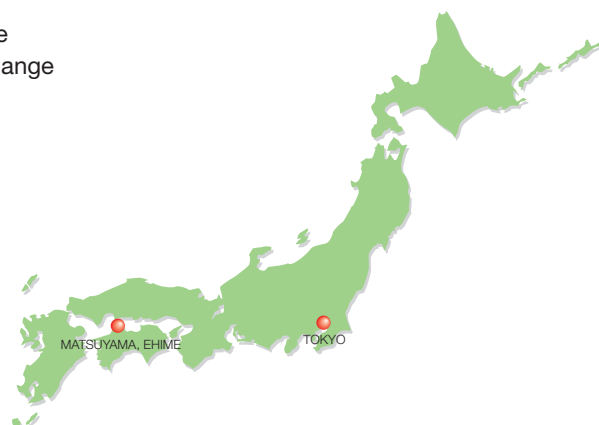
2-4, Iwamoto-cho 3-chome, Chiyoda-ku, Tokyo 101-0032, Japan  
Phone: +81-(0)3-3861-8151

##### Osaka Branch

13th floor Urban Ace Kitahama Bldg., 3-7, Hirano-machi 2-chome,  
Chuo-ku, Osaka 541-0046, Japan  
Phone: +81-(0)6-6203-5841

##### Mishima Branch

6-7, Mishima-chuo 3-chome, Shikoku-chuo, Ehime 799-0405, Japan  
Phone: +81-(0)896-23-2530



##### Imabari Branch

2-10, Taisho-cho 1-chome, Imabari, Ehime 794-0025, Japan  
Phone: +81-(0)898-32-4470

##### Hashihama Branch

2-1, Jibori 1-chome, Imabari, Ehime 799-2117, Japan  
Phone: +81-(0)898-41-9500

##### Hakata Branch

3437-3, Kinoura Ko, Hakata-cho, Imabari, Ehime 794-2305, Japan  
Phone: +81-(0)897-72-1155

##### Uwajima Branch

7-15, Sakaemachi-Minato 3-chome, Uwajima, Ehime 798-0031, Japan  
Phone: +81-(0)895-22-5730

### ■ Board of Directors & Corporate Auditors (as of July 1, 2009)

#### President

Kojiro Nakayama

#### Senior Managing Director

Kimihide Ikeda

#### Managing Directors

Hiroshi Aoki  
Motohiro Honda  
Takeshi Shimamoto  
Kenichi Tokumaru  
Mitsuo Harada

#### Directors

Shoichi Hiasa  
Masato Kono

Kyosuke Matsumoto  
Yujiro Shimada

Eiki Shimizu  
Osamu Fukutomi

#### Corporate Auditors

Eiji Saiki  
Yukiyoshi Yano

#### Outside Corporate Auditors

Kunihiro Morita  
Seiichi Nomoto