

ひめぎん

Annual Report 2012



THE EHIME BANK,LTD.

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Greetings



Thank you for your continued patronage of the Ehime Bank.

We have produced the newest edition of our information disclosure publication, “The State of the Ehime Bank, 2012,” with the goal as always that its readers might be able to better understand our institution and its activities. We would be pleased to have you peruse its contents.

As per the notice released previously, we are honored to take up our appointments as the bank’s chairman and president, respectively, marking the start of a new regime for this institution. Work to implement the bank’s 14th medium-term management plan began this past April. Through this, all at the bank are stepping up to the fresh challenge of “breaking out of our shell” as we look ahead to the centennial of our founding in February 2015.

Taking into account the harsh environment currently surrounding financial institutions, the basic policy aims our latest medium-term management plan sets down are to “improve customer service,” “enhance our risk management posture,” and “make management more efficient.”

Our goals are to maintain our reputation and strive for the soundness of our operations and propriety in management so that we can develop into a bank that will improve its equity ratio, particularly the Tier 1 ratio that is a measure of our core equity capital; beef up its equity; become even more trusted by all; and whose deposits are increasing yet further. We promise to sincerely give our attention to the varied wishes and concerns of our customers, shareholders, and the local community, and to grow as a hometown bank that brings smiles to everyone’s lives.

We thank you for your continued business and support.

July 2012

Chairman Kojiro Nakayama
President Motohiro Honda

Message from the President

Greetings

I wish to first extend my thanks to all of you on behalf of everyone at the Ehime Bank for your continued business and support.

My name is Motohiro Honda, and I have recently been appointed as president of the bank. All of us here have been working very hard to maintain the bank as an institution that measures up to everyone's trust. Together, we hope to continue to serve society to the best of our abilities.

You hold in your hands the most recent edition of our information disclosure publication, "The State of the Ehime Bank, 2012." This booklet brings together information regarding the bank's management philosophies, basic policies, the general outline of our businesses, and our CSR activities. I would be pleased to have you read it so you can more fully understand the work we do.

Since the Ehime Bank's founding in 1915, we have developed alongside our customers as a hometown bank that has steadfastly maintained the spirit of its early days as a mutual loan company. This, too, is a product of the kind support that everyone has given us over the years. We are profoundly grateful for your business.

It is our hope that as we continue to benefit from your patronage of our business that you continue to prosper with your own.



The Founding Spirit

The Ehime Bank has endeavored since its founding in 1915 to contribute to the community's development by never forgetting the spirit of the mutual loan business from which it originated.

The underlying philosophy of the mutual loan business is "thoughtfulness;" the objective in this business is "mutual assistance," as encapsulated by such ideas as "helping one another" and "working together with one another."

This approach to mutual aid came to Japan with Buddhism some 1,500 years ago. It marks the starting point for consumer financing in this country and represents the roots of our bank.

We still treasure today the spirit of our founders, who believed that "putting the customer first and treating our employees well are the foundations for success."

Our Function and Mission as a Community Financial Institution

With domestic demand on a bullish trend due to reconstruction and recovery-driven demand, the Japanese economy on the whole is slowly picking up. However, owing to such factors as the falling birthrate and aging population, the contraction in the overall population, the strong yen, and deflation, the prospects for an uptick in the environment surrounding small and medium enterprises at the local level remain slim and the local economy is not yet on track for a full-fledged recovery.

It is our duty as a community financial institution to "be of service for the development of the local community."

Times such as these when our community stands face-to-face with harsh realities put to the test our true worth as a financial institution whose aim is to be "the bank you talk to first."

As a "hometown bank," we naturally seek to firmly shore up the local economy through our support of medium and small enterprises. We also wish to steadily continue in a low-profile manner our varied activities to contribute to the community in the realms of culture, sports, and the environment. We furthermore will continue our regular community activities such as cleanup efforts and outreach activities.

Financial Performance for the Fiscal Year Ended March 2012

Looking first at revenue, interest income fell 1,327 million yen compared to the previous consolidated fiscal year owing to a drop in investment returns. Ordinary income declined 1,597 million yen year-on-year to 41,377 million yen.

Turning to expenses, because we have actively worked to make getting financing easier and managed credit very carefully, ordinary expenses fell 2,561 million yen year-on-year to 33,297 million yen.

As a result, ordinary profit rose 964 million yen compared to the previous consolidated fiscal year to 8,080 million yen, and current net profit totaled 3,988 million yen.

Management Vision

To creditably execute our role and mission as a hometown bank, the Ehime Bank must keep the foundations of its business on a sound footing.

Accordingly, we aim first of all to improve our equity ratio and Tier 1 capital ratio—which are indicators of financial health—by accumulating steady profits and building up our capital.

With the operational base of 2 trillion yen in total deposits that was reached in March 2012, we wish to bolster our basic capacity to carry out operations while fulfilling our compliance obligations and increase profitability.

Also, with earnings potentially small due to the flagging demand for capital and the decline in the market interest rate, we are working to make operations more efficient and cut costs as we strive to become a low-cost operation from top to bottom.

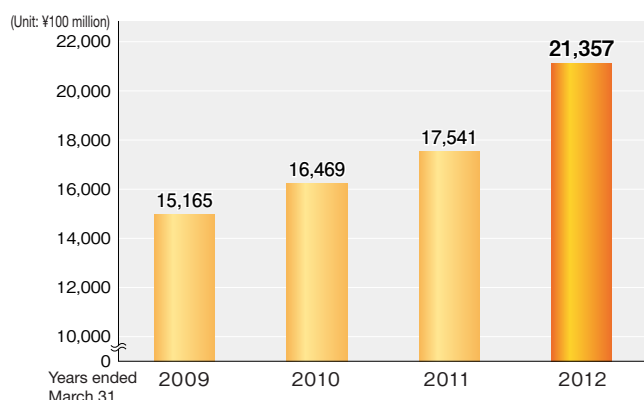
Concretely speaking, in terms of revenues we are directing our energies toward (1) actively trying to assist growth areas such as nursing care and healthcare; such typically local industries as merchant shipping, shipbuilding, and the paper and pulp business; and primary industries mainly in the southern part of Ehime; (2) strengthening our housing and consumer loan businesses; (3) raising service charge revenues; and (4) increasing bond investment profits. Meanwhile, we are also working to give further display to our consulting capabilities and control credit costs.

I believe that through such efforts we will steadily accumulate profits and further increase the overall health of the bank.

Business Overview

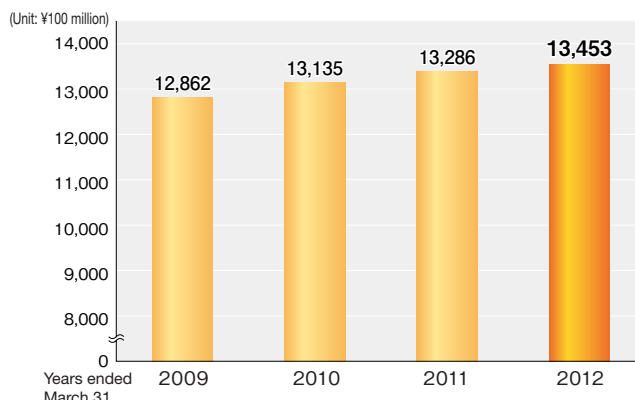
Changes in Deposits (Including NCDs) (Consolidated Basis)

Deposits rose considerably by 381,500 million yen (21.8%) year-on-year thanks to favorable trends in both corporate and personal deposits as a result of our aggressive sales activities.



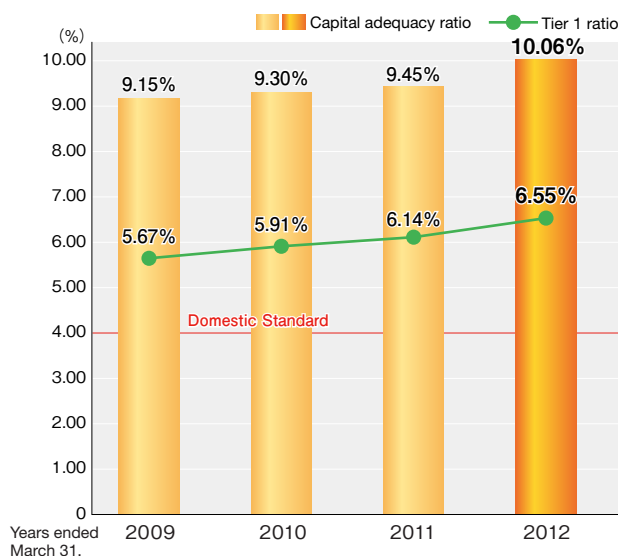
Changes in Loans (Consolidated Basis)

The balance of loans rose 16,700 million yen (1.3%) year-on-year, driven mainly by housing loans amid a slump in demand for capital among corporations.



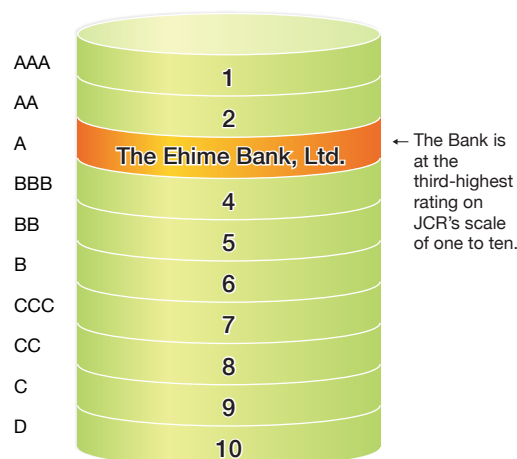
Capital Adequacy Ratio (Consolidated Basis)

The capital adequacy ratio as of March 31, 2012, stood at 10.06% (0.61% up year-on-year). This is considerably higher than the domestic standard (4% or more) for banks that have branches only in Japan, and remains quite healthy.



Credit Rating

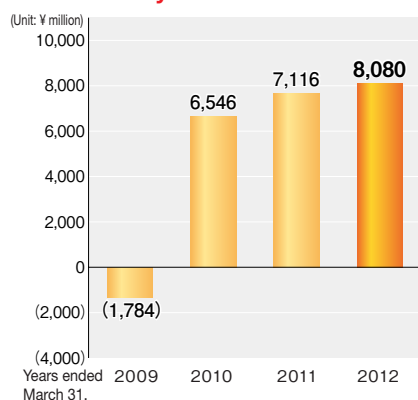
The Ehime Bank has earned an A- credit rating from the Japan Credit Rating Agency (JCR) for its long-term preferred debt. A is defined as "a high level of capacity to honor the financial commitment on the obligation."



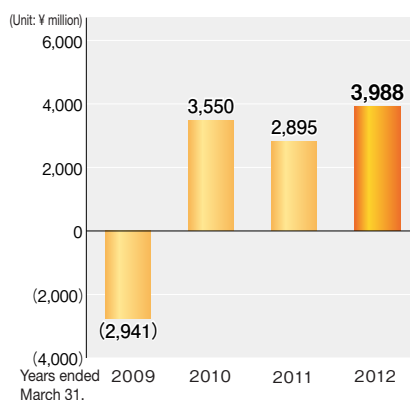
Changes in Income (Consolidated Basis)

While the sluggishness of the business environment in which companies operate continued, our efforts to manage funds and credit efficiently produced the performance outlined below.

Ordinary Profit



Net Income



Corporate Governance

Corporate Governance Framework

The goals of corporate governance for the Ehime Bank are transparency in management and the maximization of corporate value. We are working in the following ways as our basic policy for the purpose of building and strengthening an organizational structure that can respond swiftly to changes in the environment surrounding management.

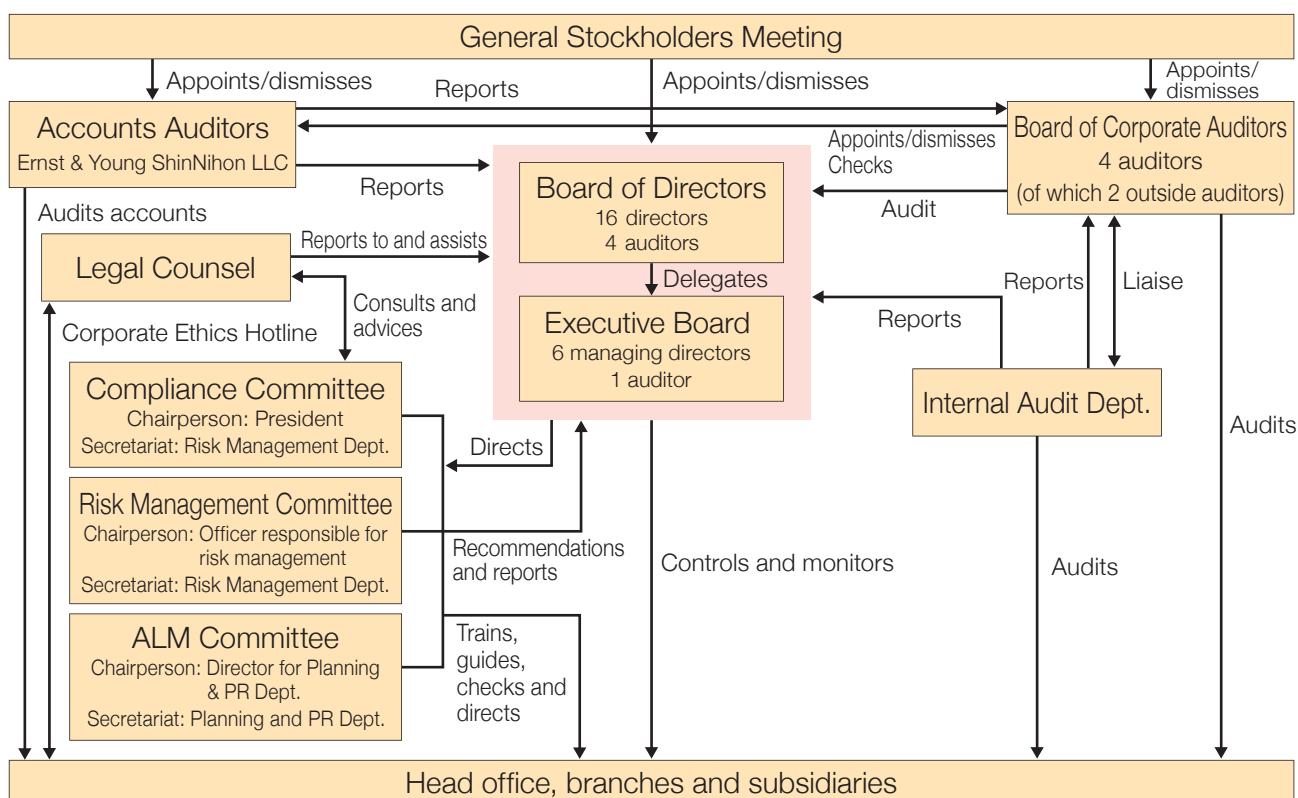
The Board of Directors meets once a month in principle to decide on important matters and monitor conditions regarding the execution of corporate business. Additionally, in accordance with the basic policies decided upon by the Board of Directors with the goals of speeding up decision making and improving the efficiency of business operations, an Executive Board composed chiefly of executive officers generally meets once a week to consider matters related to the execution of important corporate business.

With respect to business operations, the bank has created a Compliance Committee and a Risk Management Committee. Internal auditors also participate in committee meetings to monitor the status of operations.

The Ehime Bank operates under a corporate auditor system. Corporate auditors attend meetings of the Board of the Directors, and standing corporate auditors also attend meetings of the Executive Board. Auditors audit the execution of the duties in each.

We believe that through these systems our bank can insure appropriate corporate governance.

(Corporate Governance Structure)



(As of July 1, 2012)

Maintaining Internal Control Systems and Risk Management System

We have a high degree of public nature as a community financial institution as well as the important responsibility and mission to contribute broadly to the economy and society. For that reason, in order to carry out our social responsibilities and our mission appropriately, we have worked hard to fully develop compliance systems and an internal management system that conforms to our “Basic Policy on the Construction of an Internal Control System.” We also want to make unshakeable the trust that our business partners, shareholders, and everyone in the local community have in the bank by actively disclosing business information in order to create management that is highly transparent.

Corporate Governance

■ Maintaining Compliance Framework

The declaration on compliance the President issued in October 1999 ordained the bank's "Compliance Manual". To maintain our compliance systems, we are working to develop and enhance them through various measures. These include the establishment of a "Compliance Program" to assess implementation, systematically providing training to make the program known as widely as possible, and internal audits conducted by the Internal Audit Department to identify issues and provide guidance.

To bring all aspects of compliance together, we have created a Risk Management Department that carries out education, provides guidance, and conducts investigations regarding compliance matters for the entire group including its subsidiaries. The director of this department is the bank's Chief Compliance Officer.

We have appointed a Compliance Committee chaired by the President in order to develop and strengthen our compliance systems. The Compliance Committee reports to and brings matters up for discussion with the Board of Directors based on consultations regarding matters connected to legal compliance.

The bank has also created the "Corporate Ethics Hotline" to the Risk Management Department inside the bank and to a law firm outside the bank as measures for prevention and rapid discovery of illegal activities by executives and regular employees.

■ Maintaining Risk Management System

The Ehime Bank has established Basic Standards for Risk Management and management policies and rules for each risk category in order to both quantitatively grasp to the extent possible all types of risk related to the execution of business, and to conduct business operations within a range that is suitably allowable.

The President designates a Representative Director as the bank's Risk Management Officer. To provide assistance to the Risk Management Officer, the Risk Management Department Director also serves as Assistant Risk Management Officer. The bank has also created a Risk Management Department that is charged with assessing risk throughout the bank and overseeing and assessing that risk management readiness is being handled appropriately.

We have established a Risk Management Committee chaired by the Risk Management Officer in order to assess, manage, and identify risk throughout the bank. The committee provides a system for receiving regular reports regarding risk conditions from each risk management department. We have also created a separate Asset-Liability Management (ALM) Committee for addressing market risks. Chaired by the Director for Planning and Advertising, this committee analyzes and identifies risks and reports on them to the Executive Board.

This structure also provides a system through which each risk management department reports to the Board of Directors on the results of regularly conducted self-evaluations on risk management readiness in order to guarantee the effectiveness of risk management.

Stock Information

Breakdown of Stockholders

(As of March 31, 2012)

	(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	—	53	32	987	83	1	6,013	7,169	—
Number of shares owned (trading unit)	—	70,838	3,915	48,165	11,038	2	42,598	176,556	1,261,664
Ratio of shares owned (%)	—	40.12	2.22	27.29	6.25	0.00	24.12	100.00	—

Notes: 1. The 589,917 treasury shares include 589 units of shares under "Individuals and others," and 917 individual shares under "Less under trading unit share." The figure of 589,917 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, 2012)

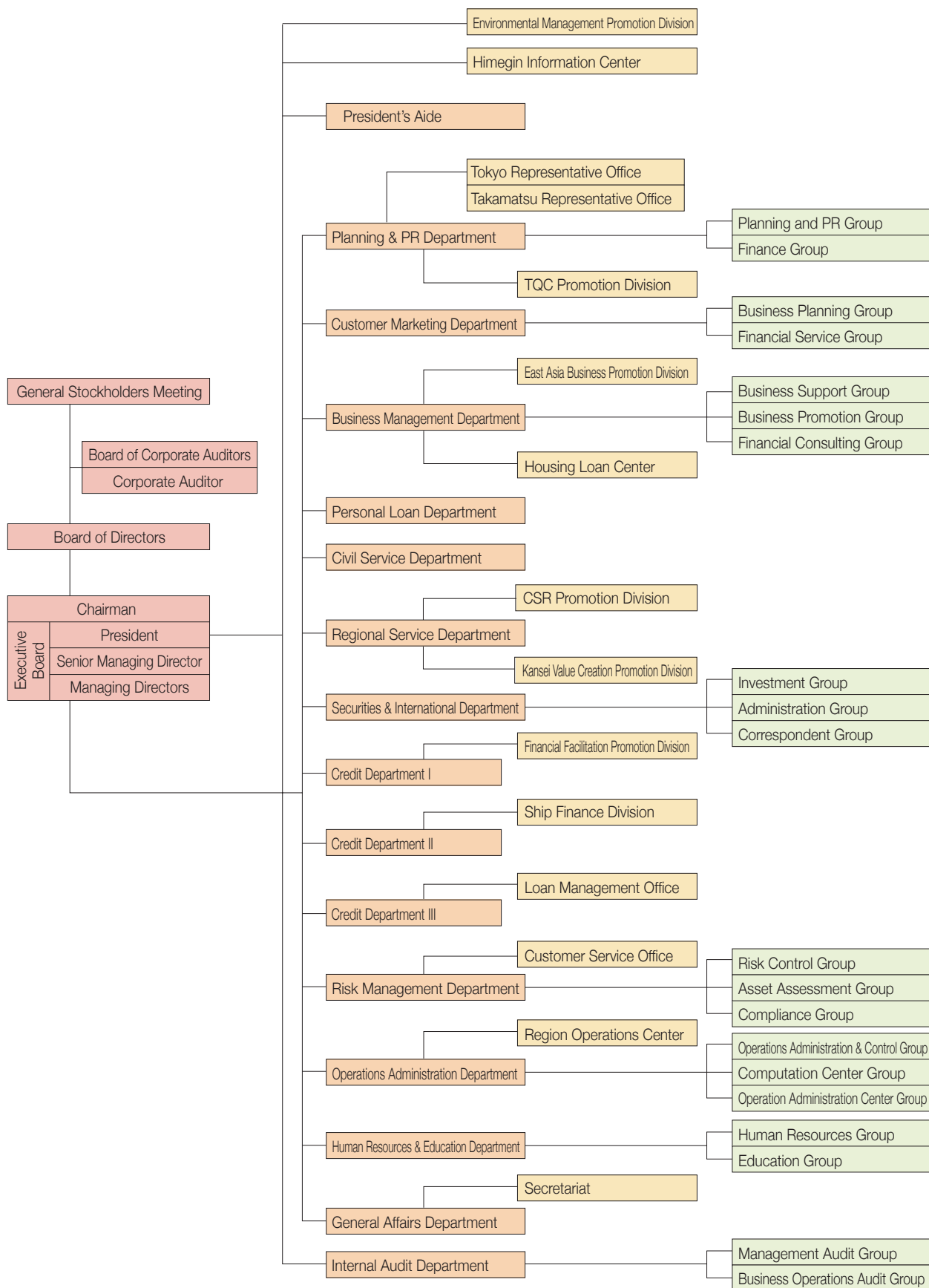
Name	Address	Shareholdings (thousands)	Percentage of total shares outstanding (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	1-8-11, Harumi, Chuo-ku, Tokyo	17,663	9.93
Japan Trustee Services Bank, Ltd. (Trust Account 4)	1-8-11, Harumi, Chuo-ku, Tokyo	9,473	5.32
Mizuho Corporate Bank, Ltd.	1-3-3, Marunouchi, Chiyoda-ku, Tokyo	5,394	3.03
The Ehime Bank, Ltd., Employee Stock Ownership Association	2-1, Katsuyama-cho, Matsuyama-shi, Ehime	5,302	2.98
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, Shinjuku-ku, Tokyo	2,995	1.68
Daiwa Securities Group Inc.	1-9-1, Marunouchi, Chiyoda-ku, Tokyo	2,292	1.28
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3, Hamamatsu-cho, Minato-ku, Tokyo	2,164	1.21
Imabari Shipbuilding Co., Ltd.	1-4-52, Koura-cho, Imabari, Ehime	2,150	1.20
Total	—	54,187	30.47

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 and Trust Account 4): 27,136,000 shares
- The Master Trust Bank of Japan, Ltd. (Trust Account): 2,164,000 shares

Organization

Management Structure



(As of July 1, 2012)

Note: As of 1 September, 2012, the Securities & International Department has been split into the Treasury and Securities Trading Department and the International Department.

Outline of the Ehime Bank Group

Overview of Group Companies

THE EHIME BANK, LTD.

102 branches (including 8 sub-branches), 9 subsidiaries

Subsidiaries

(As of March 31, 2012)

Name	Address/ Telephone	Services	Foundation	Capital or Investment to Capital (millions of yen)	Share (%)
(Consolidated Subsidiaries)					
Himegin Business Service Co., Ltd.	5-6-1, Chifunemachi, Matsuyama, Ehime 790-0011, Japan +81-(0)89-932-3486	<ul style="list-style-type: none"> Detailed check & disposition of cash, etc. Money collection for specific clients Maintenance and Management of ATM facilities Pickup and delivery services of documents, etc., and traffic control of delivery vehicles 	July 2, 1984	10	100
Himegin Soft Co., Ltd.	27-1, Minami-mochidamachi, Matsuyama, Ehime 790-0878, Japan +81-(0)89-943-7767	<ul style="list-style-type: none"> Development of computer software Information processing by computers Management and administration of computer systems Sales of ancillary equipment associated with computer software Management of FB terminals 	December 6, 1984	30	60
HIMEGIN Lease Co., Ltd.	2-1, Katsuyama-cho, Matsuyama, Ehime 790-0878, Japan +81-(0)89-933-8383	<ul style="list-style-type: none"> Leasing Investment 	May 10, 1986	30	75
Ehime-JCB Co., Ltd.	2-4-7, Katsuyama-cho Matsuyama, Ehime 790-0878, Japan +81-(0)89-921-2303	<ul style="list-style-type: none"> Credit card services Credit guarantee services 	January 29, 1987	50	90
Himegin Staff Support Co., Ltd.	Office: 1-13-4, Katsuyama-cho, Matsuyama, Ehime 790-0878, Japan +81-(0)89-908-5010	<ul style="list-style-type: none"> Operations related to personnel dispatch (temporary labor and paid introduction of workplaces) Educational and training operations and administrative services to the Ehime Bank Group such as payroll calculation and employee benefits 	April 8, 2008	30	100
Ehime Investment Co., Ltd.	27-1, Minami-mochidamachi, Matsuyama, Ehime 790-0878, Japan +81-(0)89-943-7767	<ul style="list-style-type: none"> Information services and consulting on corporate management Business restructuring support Advising and consulting on business transfer Investment in stocks and bonds for M&A purposes 	April 8, 2008	30	100
(Non-Consolidated Subsidiaries Subject to the Equity Method)					
Ehime Venture Fund 2004 Corporation Limited	2-1, Katsuyama-cho, Matsuyama, Ehime 790-8580, Japan +81-(0)89-933-1111	<ul style="list-style-type: none"> Investment in venture companies 	August 31, 2004	500	—
Ehime Gaiya Fund Corporation Limited	2-1, Katsuyamacho, Matsuyama, Ehime 790-8580, Japan +81-(0)89-933-1111	<ul style="list-style-type: none"> Investment in agriculture, forestry and fisheries 	November 28, 2006	500	—
Anonymous association* operated by Ehime Ship Finance Corporation Limited	3-1-1, Marunouchi, Chiyoda-ku, Tokyo	<ul style="list-style-type: none"> Special-purpose company 	January 14, 2005	10	—

Note: Regarding this special-purpose company, the Bank regards it as a subsidiary although the Bank has no voting right nor legal control thereof. This is because all profits and losses of this anonymous association are attributable to the Bank.

Consolidated Financial Statements

Consolidated Balance Sheets

● Assets

(Unit: million yen)

	Previous FY (As of March 31, 2011)	Current FY (As of March 31, 2012)
Assets		
Cash and due from banks	64,406	34,554
Call loans and bills bought	125,064	392,753
Monetary claims bought	93	37
Trading account securities	110	216
Securities	338,637	458,530
Loans and bills discounted	1,328,608	1,345,389
Foreign exchanges	5,734	8,939
Long-term leases and lease investments	5,883	5,109
Other assets	7,691	11,665
Tangible fixed assets	30,483	31,133
Buildings	6,665	6,724
Land	22,151	22,335
Lease assets	277	303
Construction in progress	44	276
Other tangible fixed assets	1,344	1,492
Intangible fixed assets	743	609
Software	381	323
Lease assets	149	103
Other intangible fixed assets	211	182
Deferred tax assets	8,442	5,952
Customers' liabilities for acceptances and guarantees	7,872	6,888
Allowance for loan losses	(17,477)	(15,800)
Total assets	1,906,294	2,285,979

● Liabilities and Net Assets

(Unit: million yen)

	Previous FY (As of March 31, 2011)	Current FY (As of March 31, 2012)
Liabilities		
Deposits	1,651,204	1,942,381
Negotiable certificates of deposits	102,973	193,360
Borrowed money	34,473	28,910
Foreign exchanges	6	10
Bonds payable	13,000	13,000
Other liabilities	13,101	11,997
Reserve for directors' bonuses	55	57
Reserve for retirement benefits	41	205
Reserve for directors' retirement benefits	361	433
Reserve for loss due to returning interests	79	57
Reserve for reimbursement of deposits	57	119
Deferred tax liabilities for land revaluation	5,607	4,906
Acceptances and guarantees	7,872	6,888
Total liabilities	1,828,837	2,202,328
Net Assets		
Capital stock	19,078	19,078
Capital surplus	13,213	13,213
Retained earnings	35,762	38,687
Treasury stock	(215)	(218)
Total stockholders' equity	67,838	70,760
Valuation difference on available-for-sale securities	2,247	4,775
Revaluation reserve for land	6,808	7,510
Valuation and translation adjustments	9,056	12,285
Minority interests	562	605
Total net assets	77,457	83,650
Total liabilities and net assets	1,906,294	2,285,979

Consolidated Financial Statements

Consolidated Statements of Income

(Unit: million yen)

	Previous FY (April 1, 2010 to) (March 31, 2011)	Current FY (April 1, 2011 to) (March 31, 2012)
Ordinary income	42,975	41,377
Interest income	32,593	31,265
Interest on loans and discounts	28,695	27,437
Interest and dividends on securities	3,387	3,157
Interest on call loans and bills bought	161	265
Interest due from banks	8	37
Other interest income	340	367
Fees and commissions	3,269	3,616
Other ordinary income	6,379	5,305
Other income	732	1,190
Bad debt recovered	—	19
Other	732	1,171
Ordinary expenses	35,859	33,297
Interest expenses	3,284	3,130
Interest on deposits	2,449	2,204
Interest on negotiable certificates of deposit	176	290
Interest on call money and bills sold	0	—
Interest on payables under securities lending transactions	3	—
Interest on borrowings and rediscounts	310	294
Interest on bonds	303	292
Other interest expenses	40	47
Fees and commissions payments	1,931	1,972
Other ordinary expenses	143	249
General and administrative expenses	23,761	23,899
Other expenses	6,738	4,045
Provision of allowance for loan losses	992	668
Other	5,746	3,376
Ordinary profit	7,116	8,080
Extraordinary income	24	22
Profit on disposal of noncurrent assets	0	22
Recoveries of written-off claims	20	—
Other	2	—
Extraordinary losses	357	462
Loss on disposal of noncurrent assets	171	121
Impairment loss	120	22
Other	65	319
Income before income taxes	6,782	7,640
Income taxes—current	2,345	2,275
Income taxes—deferred	1,475	1,335
Total taxes and adjustments	3,820	3,610
Income before minority interests	2,962	4,029
Minority interests in income	66	40
Net income	2,895	3,988
Minority interests in income	66	40
Income before minority interests	2,962	4,029
Other comprehensive income	(731)	3,231
Net unrealized gains(losses) on other securities	(731)	2,529
Net deferred gains(losses) on hedge instruments	(0)	—
Revaluation reserve for land	—	701
Comprehensive income	2,230	7,261
Comprehensive income attributable to owners of the parent	2,166	7,218
Comprehensive income attributable to minority interests	64	43

Consolidated Financial Statements

Consolidated Statements of Changes in Net Assets

(Unit: million yen)

	Previous FY (April 1, 2010 to March 31, 2011)	Current FY (April 1, 2011 to March 31, 2012)
Stockholders' equity		
Capital stock		
Balance at start of fiscal year	19,078	19,078
Changes in the fiscal year		
Net changes in the fiscal year	—	—
Balance at the end of the fiscal year	19,078	19,078
Capital surplus		
Balance at start of fiscal year	13,213	13,213
Changes in the fiscal year		
Net changes in the fiscal year	—	—
Balance at the end of the fiscal year	13,213	13,213
Retained earnings		
Balance at start of fiscal year	33,884	35,762
Changes in the fiscal year		
Cash dividends	(1,063)	(1,063)
Net income	2,895	3,988
Disposal of treasury stock	(0)	(0)
Reversal of land revaluation excess	46	—
Net changes in the fiscal year	1,877	2,925
Balance at the end of the fiscal year	35,762	38,687
Treasury stock		
Balance at start of fiscal year	(207)	(215)
Changes in the fiscal year		
Purchase of treasury stock	(8)	(3)
Disposal of treasury stock	1	0
Net changes in the fiscal year	(7)	(3)
Balance at the end of the fiscal year	(215)	(218)
Total stockholders' equity		
Balance at start of fiscal year	65,968	67,838
Changes in the fiscal year		
Cash dividends	(1,063)	(1,063)
Net income	2,895	3,988
Purchase of treasury stock	(8)	(3)
Disposal of treasury stock	0	0
Reversal of land revaluation excess	46	—
Net changes in the fiscal year	1,870	2,921
Balance at the end of the fiscal year	67,838	70,760

	Previous FY (April 1, 2010 to March 31, 2011)	Current FY (April 1, 2011 to March 31, 2012)
Total accumulated other comprehensive income:		
Net unrealized gains(losses) on other securities:		
Balance at start of fiscal year	2,976	2,247
Changes in the fiscal year		
Net changes in items other than stockholders' equity in the fiscal year	(729)	2,527
Net changes in the fiscal year	(729)	2,527
Balance at the end of the fiscal year	2,247	4,775
Net deferred gains or losses on hedges:		
Balance at start of fiscal year	0	—
Changes in the fiscal year		
Net changes in items other than stockholders' equity in the fiscal year	(0)	—
Net changes in the fiscal year	(0)	—
Balance at the end of the fiscal year	—	—
Land revaluation excess		
Balance at start of fiscal year	6,855	6,808
Changes in the fiscal year		
Net changes in items other than stockholders' equity in the fiscal year	(46)	701
Net changes in the fiscal year	(46)	701
Balance at the end of the fiscal year	6,808	7,510
Total accumulated other comprehensive income:		
Balance at start of fiscal year	9,831	9,056
Changes in the fiscal year		
Net changes in items other than stockholders' equity in the fiscal year	(775)	3,229
Net changes in the fiscal year	(775)	3,229
Balance at the end of the fiscal year	9,056	12,285
Minority interests		
Balance at start of fiscal year	498	562
Changes in the fiscal year		
Net changes in items other than stockholders' equity in the fiscal year	63	42
Net changes in the fiscal year	63	42
Balance at the end of the fiscal year	562	605
Total net assets		
Balance at start of fiscal year	76,298	77,457
Changes in the fiscal year		
Cash dividends	(1,063)	(1,063)
Net income	2,895	3,988
Purchase of treasury stock	(8)	(3)
Disposal of treasury stock	0	0
Reversal of land revaluation excess	46	—
Net changes in items other than stockholders' equity in the fiscal year	(711)	3,271
Net changes in the fiscal year	1,158	6,193
Balance at the end of the fiscal year	77,457	83,650

Consolidated Financial Statements

Consolidated Statements of Cash Flows

(Unit: million yen)

	Previous FY (April 1, 2010 to March 31, 2011)	Current FY (April 1, 2011 to March 31, 2012)
Cash Flows from Operating Activities		
Income (loss) before income taxes and minority interests	6,782	7,640
Depreciation	978	974
Losses on impairment of fixed assets	120	22
Increase (decrease) in reserve for possible loan losses	(323)	(1,676)
Increase (decrease) in reserve for directors' bonuses	15	2
Increase (decrease) in reserve for retirement benefits	(2)	163
Increase (decrease) in reserve for directors' retirement benefits	38	71
Increase (decrease) in reserve for reimbursement deposits	(0)	61
Increase (decrease) in reserve for loss due to returning interests	3	(21)
Interest income	(32,593)	(31,265)
Interest expenses	3,284	3,130
Securities losses (gains), net	(1,388)	(1,082)
Foreign exchange losses (gains), net	(9)	(8)
Losses (gains) on disposition of fixed assets	192	98
Net decrease (increase) in trading securities	(23)	(106)
Net decrease (increase) in loans and bills discounted	(15,068)	(16,781)
Net increase (decrease) in deposits	39,488	291,177
Net increase (decrease) in negotiable certificates of deposits	67,772	90,387
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	10,199	(5,763)
Net decrease (increase) in due from banks (excluding due from central banks)	2,010	(502)
Net decrease (increase) in call loans	(23,745)	(267,632)
Net decrease (increase) in foreign exchange assets	(2,814)	(3,204)
Net increase (decrease) in foreign exchange liabilities	0	3
Interest and dividend income	32,600	31,249
Interest expenses	(3,699)	(2,969)
Other—net	400	(2,915)
Subtotal	84,221	91,052
Cash refunded (paid) in income taxes	(1,034)	(3,135)
Net cash provided by (used in) operating activities	83,186	87,916
Cash Flows from Investing Activities		
Payments for purchase of securities	(399,181)	(605,418)
Proceeds from sale of securities	200,459	117,591
Proceeds from redemption of securities	145,642	371,969
Payments for purchase of tangible fixed assets	(698)	(1,690)
Proceeds from sale of tangible fixed assets	155	288
Payments for purchase of intangible fixed assets	(101)	(151)
Net cash provided by investing activities	(53,722)	(117,411)
Cash Flows from Financing Activities		
Proceeds from issuance of subordinated loans	—	4,000
Repayments of subordinated loans	—	(3,800)
Proceeds from issuance of subordinated bonds	7,000	—
Payments for redemption of subordinated bonds	(7,000)	—
Cash dividends paid	(1,062)	(1,064)
Cash dividends paid to minority shareholders	(0)	(0)
Payments for repurchase of treasury stock	(8)	(3)
Proceeds from sale of treasury stock	1	0
Net cash provided by (used in) financing activities	(1,070)	(868)
Foreign currency translation adjustments	9	8
Net increase (decrease) in cash and cash equivalents	28,403	(30,353)
Cash and cash equivalents at the beginning of the fiscal year	34,574	62,977
Cash and cash equivalents at the end of the fiscal year	62,977	32,624

THE EHIME BANK, LTD.

■ Year of Foundation	1915
■ Paid in Capital	¥19,078 million
■ Number of Branches	102 (including 8 sub-branches)
■ Number of Employees	1,463
■ Stock Listings	Tokyo Stock Exchange Osaka Securities Exchange

■ Directory

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Securities & International Department

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Tokyo Branch

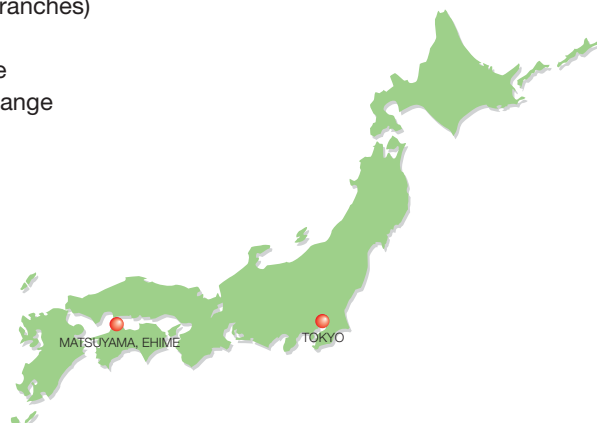
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■ Board of Directors & Corporate Auditors (as of July 1, 2012)

Chairman

Kojiro Nakayama

President

Motohiro Honda

Senior Managing Director

Eiki Shimizu
Mitsuo Harada

Managing Directors

Yujiro Shimada
Osamu Fukutomi
Akihiro Endo

Directors

Akira Morimoto
Mitsuru Hino
Keizou Yamamoto

Masahiko Wakimizu
Takeshi Yamashita
Yuzou Ojuku

Morinobu Kihara
Tamaki Kidou
Yoshinori Nishikawa

Corporate Auditor

Masato Kono
Tatsuro Sekiya

Outside Corporate Auditors

Kunihiro Morita
Koichi Nishizawa