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# Annual Report 2015

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THE EHIME BANK,LTD.

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# Message from the President

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

As to the Japanese economy, a moderately-paced recovery continues to unfold, with overall upbeat business sentiment in the corporate sector, as can be seen in the Tankan report of the Bank of Japan.

Corporate earnings are expected to maintain high levels this fiscal year, making for a favorable environment undergirding companies' positive stance on capital expenditure.

Additionally, wage negotiation trends in the spring of 2015 have shown more corporations raising paychecks, including higher base rates. The continuing improvement in employment income bodes well for consumer spending, which has been solid overall, with prospects for the economy to continue on its recovery path.

Likewise, the regional economy of Ehime prefecture has been seeing a rebound in consumer spending and industrial production activity, and is thought to be recovering in pace with the national economy.

In this environment, Ehime Bank provides a wide range of financial services, continuing in the founding tradition of a "hometown" bank anchored in the local economy with a spirit of considerateness and mutual support.

We continued last year to proactively lend to growing business areas and to support efforts of small- and medium-sized enterprises seeking to strengthen their business structure. At the same time, we worked to increase loans to small- and medium-sized enterprises and to expand our share in the regional lending market.

Moreover, we are engaged in activities related to the invigoration of the region's cultural heritage as well as environmental protection. These include animal protection activities, which serve as a proactive information campaign and reminder of the preciousness of life.

The year 2015 marks the 100th anniversary of Ehime Bank's founding. For the future, it continues to be our aim to be a bank serving the development of our home ground; this goal is reflected in our 15th medium-term management plan, begun this April with the catch phrase "100 years since the founding, we continue to replace the old with novel ways and take up the challenges of the future."

We trust that this publication will help you to better understand the current state of affairs at the Ehime Bank, and hope that you continue to honor us with your business in the future.



## ■ Financial Performance for the Fiscal Year Ended March 2015

Consolidated financial results posted year-on-year increases of 1,484 million yen in interest income and 83 million yen in fee and commission income, while gains on sales of bonds and other ordinary income declined. As a result, operating revenue decreased 54 million yen from the year earlier to 43,134 million yen.

Ordinary expenses fell 284 million yen year on year to 32,965 million yen, reflecting the lower cost of credit amid improved corporate earnings.

Based on these developments, ordinary income increased 230 million yen year on year to 10,168 million yen, while net income rose 986 million yen to 5,558 million yen, marking new historical highs for both ordinary income and net income.

## ■ Management Vision

For Ehime Bank to fulfill its role and mission as a hometown bank, strengthening the Bank's earning power, operating efficiency, and financial soundness are top priorities.

Specific measures for reinforcing earning power include proactive lending to industries that contribute to the development and advancement of the regional economy. Examples are growing business fields such as nursing care and medical care, but also the region's prominent industries in marine transport, shipbuilding, paper and pulp, as well as primary industries centered in the south of Ehime prefecture. Moreover, we will work to step up the banking business with individuals in consumer loans and mortgage loans, and in sales of deposit products.

Another field that we will emphasize further is our consulting function. Along with corporate restructuring and aiding business expansion, we will cooperate closely with local bodies in implementing the government's "Local Business Creation" initiative, and constructively support regional invigoration.

Through these efforts, we will help stimulate the regional economy. At the same time, by curbing the Bank's cost of credit, we will work to achieve low-cost operations, thus creating business structures of a high productivity, and in this way strengthen the earning power and further enhance the financial soundness of Ehime Bank.

## ■ 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 Role and Mission as a Regional Financial Institution

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

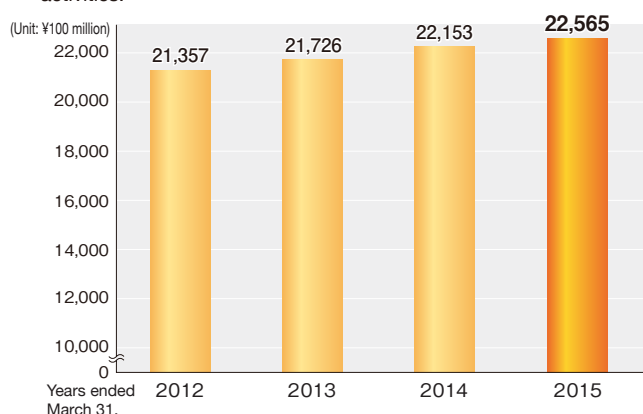
Times such as these when our community stands face-to-face with harsh realities put to the test our true worth as a financial institution whose aim is to be the bank you talk to first.

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

# Business Overview

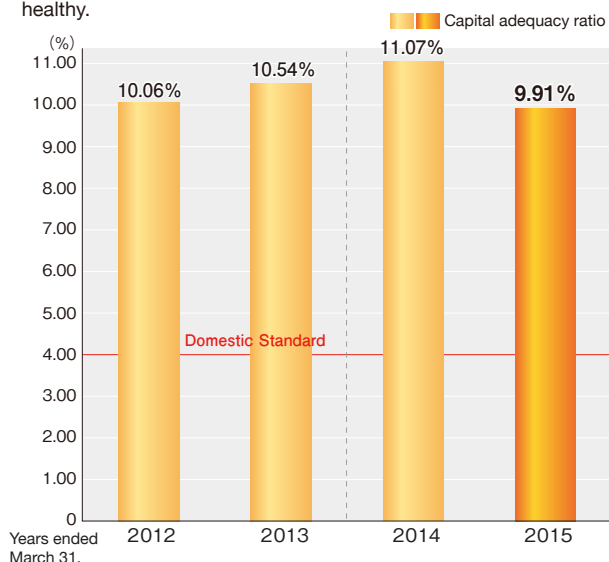
## Changes in Deposits (Including NCDs) (Consolidated Basis)

Deposits rose by 41,100 million yen (1.8%) year-on-year thanks to a bolstering in personal deposits as a result of our aggressive sales activities.



## Capital Adequacy Ratio (Consolidated Basis)

The capital adequacy ratio as of March 31, 2015, stood at 9.91%. This is considerably higher than the domestic standard (4% or more) for banks that have branches only in Japan, and remains quite healthy.

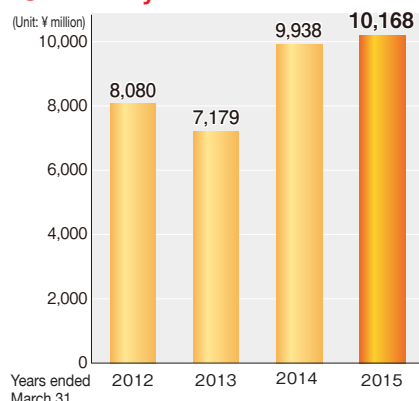


Note: Capital adequacy ratios for years ended Mar. 2012 and Mar. 2013 were calculated according to a previous domestic standard. The capital adequacy ratio for the year ended March 31, 2014 was calculated according to the new domestic standard conforming to the Basel Accords.

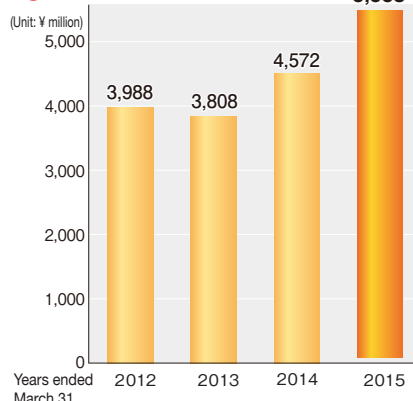
## Changes in Income (Consolidated Basis)

The business environment in which companies operate showed clear signs of economic recovery and corporate earnings improved. Under these conditions our efforts to manage funds and credit efficiently produced the performance outlined below.

### Ordinary Profit

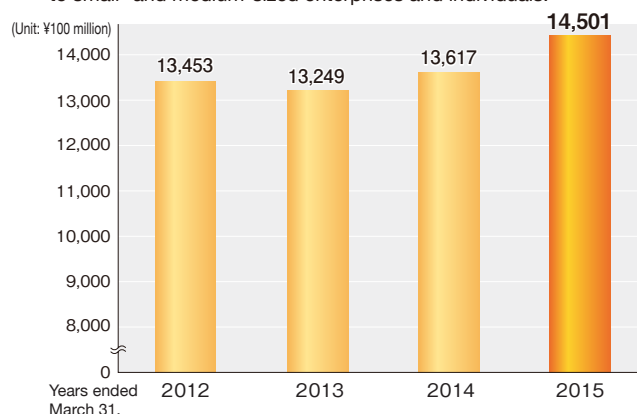


### Net Income



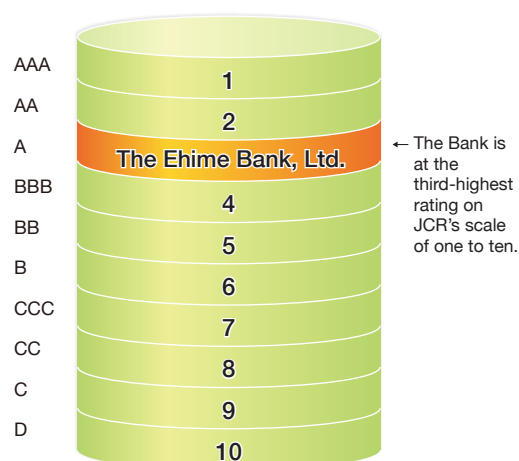
## Changes in Loans (Consolidated Basis)

The balance of loans increased 88,300 million yen (+6.5%) year-on-year as a result of aggressive lending efforts, with a focus on loans to small- and medium-sized enterprises and individuals.



## 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."



# 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, adhering to our basic policy, to build and strengthen our organizational structure so that it may respond swiftly to changes in the surrounding environment.

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 discuss issues related to the execution of important business matters. One external director is currently active on the board.

The Ehime Bank employs a corporate auditor system. The Board of Auditors is comprised of four corporate auditors, two of whom are external auditors. They 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 on each board.

To oversee 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.

Corporate governance is fully functional under the current governance system. However, for the further reinforcement of corporate governance, efforts will be made ahead of the appointment of corporate officers next year to identify the best candidates for the outside director position.

## Current Status of Internal Control System

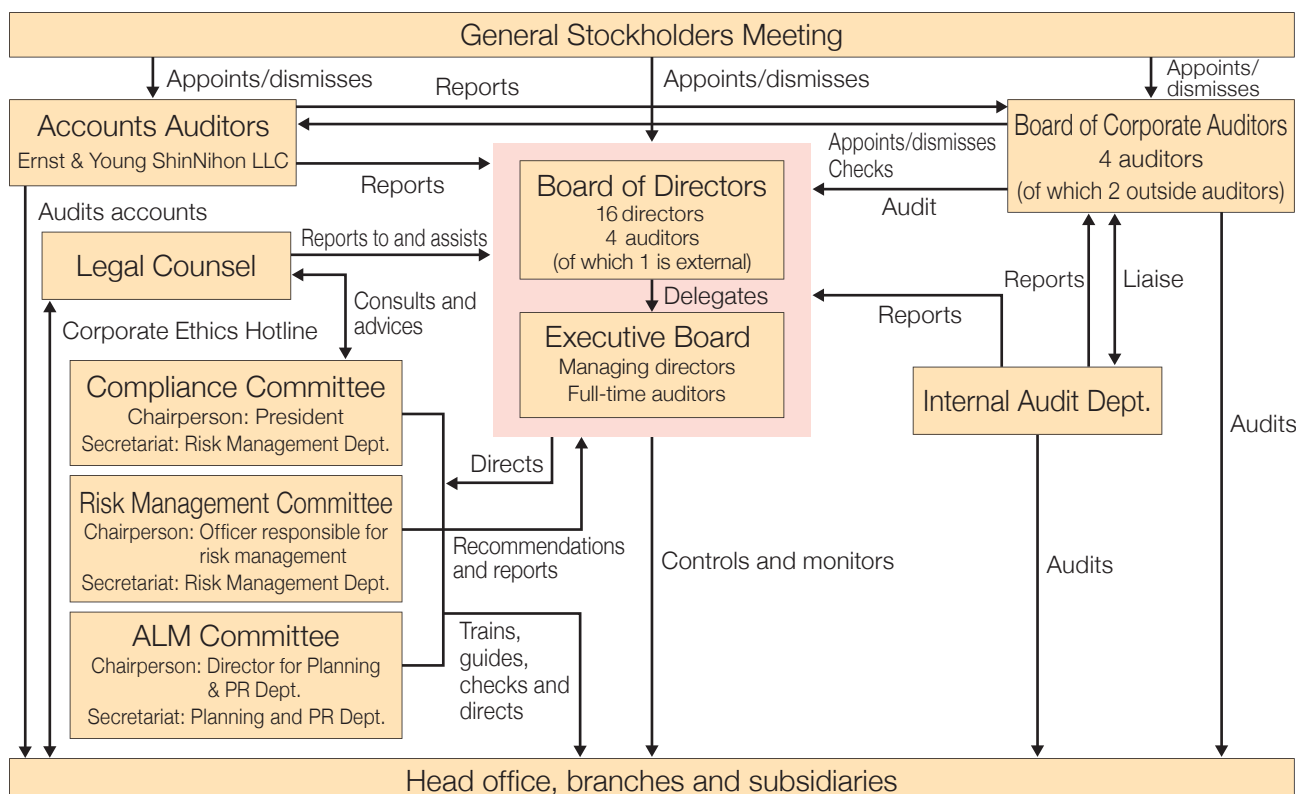
The Ehime Bank is a regional financial institution with high visibility. It is an important responsibility and our mission to contribute broadly to the economy and society. In order to carry out such social responsibilities, we have worked hard to develop an internal management and compliance system that conforms to our "Basic Policy on the Construction of an Internal Control System."

To ensure that the execution of duties by the Board of Directors and employees complies with laws and regulations and the bank's articles of association, compliance is positioned as a matter of top priority for management. Furthermore, the director of the Risk Management Department is the bank's Chief Compliance Officer. The department carries out education, provides guidance, and conducts investigations regarding compliance matters for the entire group, including subsidiaries.

We have also set up a Compliance Committee chaired by the President to develop and strengthen our compliance systems. The Compliance Committee discusses matters related to legal compliance and reports to the Board of Directors, bringing up matters for further discussion.

The bank has also set up a "Corporate Ethics Hotline" that is connected both to the Risk Management Department and to a law firm outside the bank as a measure for preventing or rapidly discovering any illegal conduct by executives or employees.

## (Corporate Governance Structure)



(As of July 1, 2015)

# Corporate Governance

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## ■ Current Status of Risk Management System

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The bank has created a Risk Management Department charged with assessing risk throughout the bank and overseeing and assessing risk management readiness efforts. The President designates a Representative Director as the bank's Risk Management Officer. To assist the Risk Management Officer, the Risk Management Department Director also serves as Assistant Risk Management Officer.

The Ehime Bank has established Basic Standards for Risk Management and management policies and rules for each risk category in order to grasp quantitatively all risk types related to the execution of business to the extent possible, and to conduct business operations within a suitable range of risk. In order to assess, identify, and manage risk throughout the bank we have established a Risk Management Committee chaired by the Risk Management Officer. The committee provides a system for receiving regular reports on risk conditions from each department responsible for managing its own risk. We have also created a separate Asset-Liability Management Committee for addressing market risks. Chaired by the Director for Planning and Advertising, this committee analyzes and identifies risks and reports them to the Executive Board. This structure also provides a system through which departments responsible for managing their own risk report to the Board of Directors on the results of regularly conducted self-evaluations on risk management readiness in order to assure the effectiveness of risk management.

To ensure that the bank's consolidated subsidiaries carry out business within acceptable limits of risk, the bank seconds executives to oversee the execution of duties. The system stipulates that an independent auditing department from the bank's operations division carry out internal audits as well, the results of which are reported to the Board of Directors and Board of Auditors.

# Stock Information

## Breakdown of Stockholders

(As of March 31, 2015)

(As of March 31, 2018)

	(1 trading unit = 1,000 shares)								Less under trading unit share
	National and local governments	Financial institutions	Financial instrument business operators	Other companies	Foreign corporations and other foreign investors		Individuals and others	Total	
					Others	Individuals			
Number of stockholders	—	45	26	975	87	5	5,384	6,522	—
Number of shares owned (trading unit)	—	61,328	1,671	62,170	9,449	18	42,244	176,880	1,178,169
Ratio of shares owned (%)	—	34.67	0.94	35.14	5.34	0.01	23.88	100.00	—

Notes: 1. The 646,930 treasury shares include 646 units of shares under "Individuals and others," and 930 individual shares under "Less under trading unit share." The figure of 646,930 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, 2015)

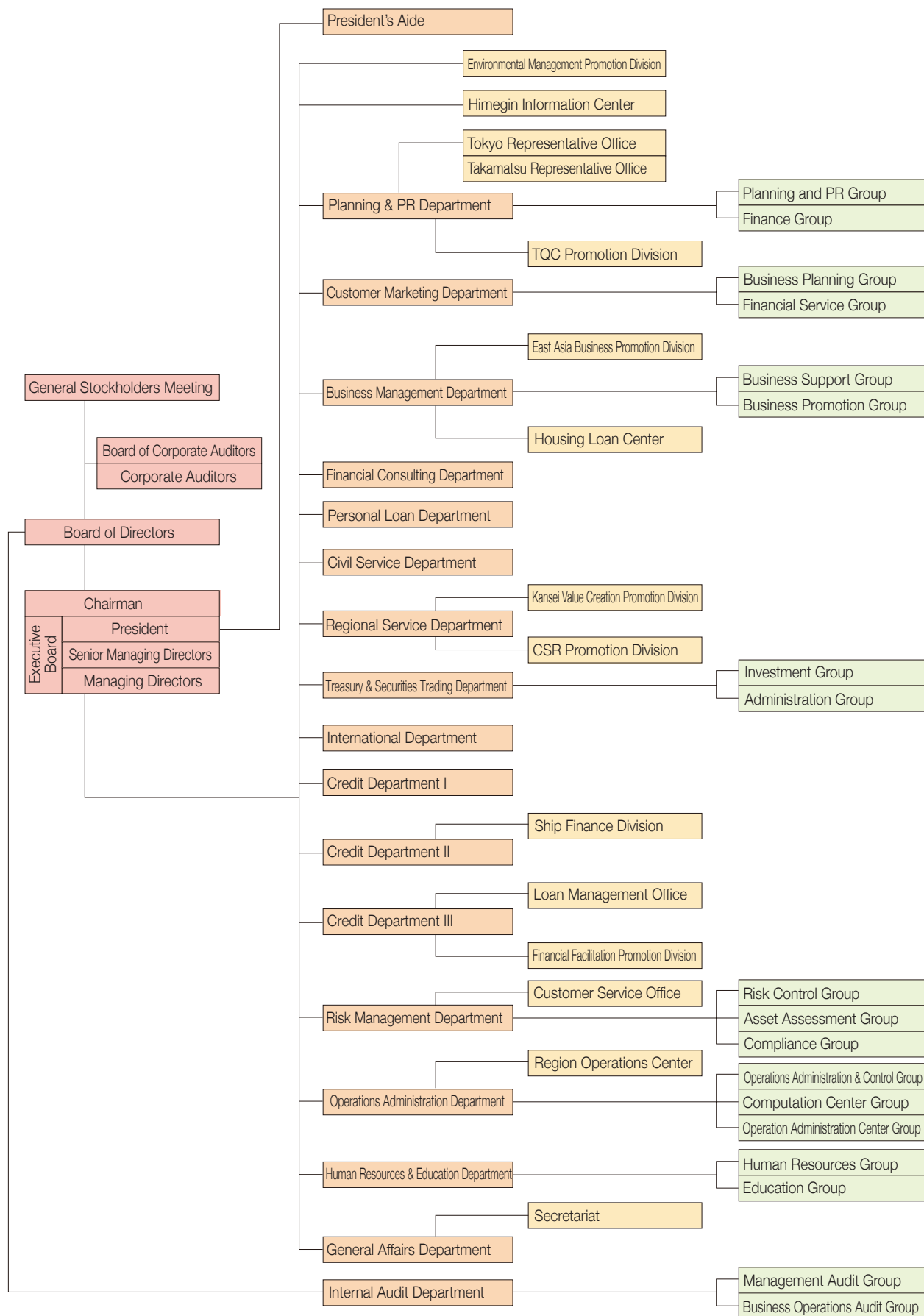
Name	Address	Shareholdings (thousands)	Percentage of total shares outstanding (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	1-8-11, Harumi, Chuo-ku, Tokyo	15,658	8.79
Japan Trustee Services Bank, Ltd. (Trust Account 4)	1-8-11, Harumi, Chuo-ku, Tokyo	9,437	5.29
The Ehime Bank, Ltd., Employee Stock Ownership Association	2-1, Katsuyama-cho, Matsuyama-shi, Ehime	6,047	3.39
Mizuho Corporate Bank, Ltd.	1-5-5, Marunouchi, Chiyoda-ku, Tokyo	4,380	2.46
Daio Paper Corporation	2-60, Mishima Kamiya-cho, Shikoku-chuo-shi, Ehime	3,753	2.10
Sumitomo Insurance Company, Limited	7-18-24, Tsukiji, Chuo-ku, Tokyo	2,999	1.68
Sompo Japan Nipponkoa 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
Imabari Shipbuilding Co., Ltd.	1-4-52, Koura-cho, Imabari-shi, Ehime	2,150	1.20
Mitsui Life Insurance Company Limited	2-1-1, Otemachi, Chiyoda-ku, Tokyo	2,000	1.12
Total	—	51,713	29.04

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): 25,095,000 shares

# Organization

## Management Structure



(As of July 1, 2015)



# Outline of the Ehime Bank Group

## Overview of Group Companies

### THE EHIME BANK, LTD.

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

#### Subsidiaries

(As of March 31, 2015)

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> </ul>	December 6, 1984	30	50
<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
(Non-Consolidated Subsidiaries Subject to the Equity Method)					
<b>Ehime Gaiya Fund 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 agriculture, forestry and fisheries</li> </ul>	November 28, 2006	500	—
<b>Ehime Gaiya Fund Growth industry support fund Limited partnership for investment</b>	2-1, Katsuyama-cho, 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>	March 29, 2013	10	—
<b>Limited partnership for investment Ehime Venture Fund 2013</b>	(secretariat) 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 30, 2013	150	—
<b>Ehime Agri Fund Limited Liability Investment Association</b>	2-1, Katsuyama-cho, Matsuyama, Ehime 790-8580, Japan +81-(0)89-933-1111	<ul style="list-style-type: none"> <li>Operations for investments in agricultural corporations</li> </ul>	September 4, 2014	10	—

# Consolidated Financial Statements

## Consolidated Balance Sheets

### ● Assets

(Unit: million yen)

	Previous FY (As of March 31, 2014)	Current FY (As of March 31, 2015)
<b>Assets</b>		
Cash and due from banks	458,723	358,415
Call loans and bills bought	15,000	5,000
Monetary claims bought	27,184	62,878
Trading account securities	143	168
Securities	475,055	523,407
Loans and bills discounted	1,361,788	1,450,148
Foreign exchanges	9,586	11,774
Long-term leases and lease investments	6,595	6,643
Other assets	8,503	8,027
Tangible fixed assets	30,847	30,683
Buildings	7,137	6,880
Land	22,195	22,527
Lease assets	250	213
Construction in progress	121	47
Other tangible fixed assets	1,141	1,013
Intangible fixed assets	650	703
Software	406	494
Lease assets	72	53
Other intangible fixed assets	171	154
Deferred tax assets	3,162	673
Customers' liabilities for acceptances and guarantees	7,730	6,742
Allowance for loan losses	(17,674)	(18,144)
<b>Total assets</b>	<b>2,387,298</b>	<b>2,447,121</b>

### ● Liabilities and Net Assets

(Unit: million yen)

	Previous FY (As of March 31, 2014)	Current FY (As of March 31, 2015)
<b>Liabilities</b>		
Deposits	1,823,191	1,860,848
Negotiable certificates of deposits	392,168	395,663
Payables under securities lending transactions	—	20,034
Borrowed money	28,838	24,666
Foreign exchanges	3	1
Bonds payable	13,000	7,000
Warrant bonds	8,000	7,943
Other liabilities	14,691	12,960
Reserve for directors' bonuses	50	58
Retirement benefit obligations	1,063	1,162
Reserve for directors' retirement benefits	385	385
Reserve for loss due to returning interests	45	42
Reserve for reimbursement of deposits	143	158
Deferred tax liabilities	—	684
Deferred tax liabilities for land revaluation	4,835	4,430
Acceptances and guarantees	7,730	6,742
<b>Total liabilities</b>	<b>2,294,149</b>	<b>2,342,780</b>
<b>Net Assets</b>		
Capital stock	19,078	19,107
Capital surplus	13,213	13,241
Retained earnings	45,068	49,676
Treasury stock	(227)	(232)
Total stockholders' equity	77,133	81,793
Valuation difference on available-for-sale securities	8,118	14,425
Deferred gains or losses on hedging	5	—
Revaluation reserve for land	7,383	7,614
Remeasurements of defined benefit plans	(179)	(267)
Valuation and translation adjustments	15,328	21,772
Minority interests	688	774
<b>Total net assets</b>	<b>93,149</b>	<b>104,340</b>
<b>Total liabilities and net assets</b>	<b>2,387,298</b>	<b>2,447,121</b>

# Consolidated Financial Statements

## Consolidated Statements of Income

(Unit: million yen)

	Previous FY ( April 1, 2013 to ) ( March 31, 2014 )	Current FY ( April 1, 2014 to ) ( March 31, 2015 )
<b>Ordinary income</b>	<b>43,188</b>	<b>43,134</b>
Interest income	31,439	32,923
Interest on loans and discounts	26,159	26,257
Interest and dividends on securities	3,179	4,005
Interest on call loans and bills bought	156	73
Interest due from banks	137	143
Other interest income	1,806	2,444
Fees and commissions	4,531	4,614
Other ordinary income	6,145	4,420
Other income	1,071	1,176
Bad debt recovered	2	2
Other	1,069	1,174
<b>Ordinary expenses</b>	<b>33,249</b>	<b>32,965</b>
Interest expenses	2,908	2,775
Interest on deposits	2,028	1,983
Interest on negotiable certificates of deposit	316	273
Interest on call money and bills sold	0	—
Interest on payables under securities lending transactions	—	5
Interest on borrowings and rediscounts	228	213
Interest on bonds	292	233
Warrant bond interest payments	3	11
Other interest expenses	39	54
Fees and commissions payments	3,086	3,850
Other ordinary expenses	349	45
General and administrative expenses	23,303	23,300
Other expenses	3,601	2,993
Provision of allowance for loan losses	1,294	1,702
Other	2,307	1,291
<b>Ordinary profit</b>	<b>9,938</b>	<b>10,168</b>
<b>Extraordinary income</b>	<b>3</b>	<b>5</b>
Gain on disposal of noncurrent assets	3	5
<b>Extraordinary losses</b>	<b>271</b>	<b>187</b>
Loss on disposal of noncurrent assets	105	36
Impairment loss	166	151
<b>Income before income taxes</b>	<b>9,669</b>	<b>9,986</b>
<b>Income taxes—current</b>	<b>4,009</b>	<b>3,595</b>
<b>Income taxes—deferred</b>	<b>1,044</b>	<b>787</b>
<b>Total taxes and adjustments</b>	<b>5,053</b>	<b>4,383</b>
<b>Income before minority interests</b>	<b>4,615</b>	<b>5,603</b>
<b>Minority interests in income</b>	<b>43</b>	<b>45</b>
<b>Net income</b>	<b>4,572</b>	<b>5,558</b>
<b>Minority interests in income</b>	<b>43</b>	<b>45</b>
<b>Income before minority interests</b>	<b>4,615</b>	<b>5,603</b>
<b>Other comprehensive income</b>	<b>(877)</b>	<b>6,578</b>
Net unrealized gains(losses) on other securities	(883)	6,327
Revaluation reserve for land	5	(5)
Land revaluation excess	—	343
Retirement benefits adjustment	—	(87)
<b>Comprehensive income</b>	<b>3,737</b>	<b>12,181</b>
Of which:		
Comprehensive income attributable to owners of the parent	3,685	12,115
Comprehensive income attributable to minority interests	51	66

# Consolidated Financial Statements

## Consolidated Statements of Changes in Net Assets

Previous FY (April 1, 2013 to March 31, 2014)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at start of fiscal year	19,078	13,213	41,487	(222)	73,556
Changes in the fiscal year					
Dividends from surplus			(1,063)		(1,063)
Net income			4,572		4,572
Purchase of treasury stock				(4)	(4)
Disposal of treasury stock					
Reversal of land revaluation excess			71		71
Net changes in items other than shareholders' equity in the fiscal year					
Net changes in the fiscal year	—	—	3,580	(4)	3,576
Balance at the end of the fiscal year	19,078	13,213	45,068	(227)	77,133

(Unit: million yen)

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Land revaluation excess	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income		
Balance at start of fiscal year	9,010	—	7,455	—	16,466	636	90,659
Changes in the fiscal year							
Dividends from surplus							(1,063)
Net income							4,572
Purchase of treasury stock							(4)
Disposal of treasury stock							—
Reversal of land revaluation excess							71
Net changes in items other than shareholders' equity in the fiscal year	(892)	5	(71)	(179)	(1,138)	51	(1,086)
Net changes in the fiscal year	(892)	5	(71)	(179)	(1,138)	51	2,489
Balance at the end of the fiscal year	8,118	5	7,383	(179)	15,328	688	93,149

Current FY (April 1, 2014 to March 31, 2015)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at start of fiscal year	19,078	13,213	45,068	(227)	77,133
Changes in the fiscal year					
New stock issuance	28	28			57
Dividends from surplus			(1,063)		(1,063)
Net income			5,558		5,558
Purchase of treasury stock				(5)	(5)
Disposal of treasury stock			(0)	0	0
Reversal of land revaluation excess			112		112
Net changes in items other than shareholders' equity in the fiscal year					
Net changes in the fiscal year	28	28	4,607	(4)	4,660
Balance at the end of the fiscal year	19,107	13,241	49,676	(232)	81,793

(Unit: million yen)

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Land revaluation excess	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income		
Balance at start of fiscal year	8,118	5	7,383	(179)	15,328	688	93,149
Changes in the fiscal year							
New stock issuance							57
Dividends from surplus							(1,063)
Net income							5,558
Purchase of treasury stock							(5)
Disposal of treasury stock							0
Reversal of land revaluation excess							112
Net changes in items other than shareholders' equity in the fiscal year	6,306	(5)	230	(87)	6,444	86	6,531
Net changes in the fiscal year	6,306	(5)	230	(87)	6,444	86	11,191
Balance at the end of the fiscal year	14,425	—	7,614	(267)	21,772	774	104,340

# Consolidated Financial Statements

## Consolidated Statements of Cash Flows

(Unit: million yen)

	Previous FY ( April 1, 2013 to ) ( March 31, 2014 )	Current FY ( April 1, 2014 to ) ( March 31, 2015 )
<b>Cash Flows from Operating Activities</b>		
Income (loss) before income taxes and minority interests	9,669	9,986
Depreciation	820	778
Losses on impairment of fixed assets	166	151
Increase (decrease) in reserve for possible loan losses	(726)	470
Increase (decrease) in reserve for directors' bonuses	7	8
Increase (decrease) in retirement benefit obligations	257	(39)
Increase (decrease) in reserve for directors' retirement benefits	63	(0)
Increase (decrease) in reserve for reimbursement deposits	(16)	15
Increase (decrease) in reserve for loss due to returning interests	(8)	(3)
Interest income	(31,439)	(32,923)
Interest expenses	2,908	2,775
Securities losses (gains), net	(3,132)	(1,550)
Foreign exchange losses (gains), net	(4)	(4)
Losses (gains) on disposition of fixed assets	102	41
Net decrease (increase) in trading securities	97	(25)
Net decrease (increase) in loans and bills discounted	(36,801)	(88,360)
Net increase (decrease) in deposits	51,322	37,656
Net increase (decrease) in negotiable certificates of deposits	(8,626)	3,494
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	863	(4,172)
Net decrease (increase) in due from banks (excluding due from central banks)	2,668	(8,980)
Net decrease (increase) in call loans	189,124	(25,693)
Increase (decrease) in payables under securities lending transactions	—	20,034
Net decrease (increase) in foreign exchange assets	(2,217)	(2,188)
Net increase (decrease) in foreign exchange liabilities	(8)	(2)
Interest and dividend income	32,378	32,968
Interest expenses	(3,334)	(2,917)
Other—net	2,870	196
Subtotal	207,005	(58,283)
Cash refunded (paid) in income taxes	(2,675)	(4,762)
Net cash provided by (used in) operating activities	204,329	(63,045)
<b>Cash Flows from Investing Activities</b>		
Payments for purchase of securities	(514,626)	(497,954)
Proceeds from sale of securities	293,577	68,942
Proceeds from redemption of securities	270,952	390,661
Payments for purchase of tangible fixed assets	(1,112)	(691)
Proceeds from sale of tangible fixed assets	96	97
Payments for purchase of intangible fixed assets	(155)	(255)
Income from sale of equity in subsidiaries	—	19
Net cash provided by investing activities	48,732	(39,180)
<b>Cash Flows from Financing Activities</b>		
Redemption of subordinated bonds	—	(6,000)
Revenue from issuance of warrant bonds	8,000	—
Cash dividends paid	(1,062)	(1,061)
Cash dividends paid to minority shareholders	(0)	(0)
Payments for repurchase of treasury stock	(4)	(5)
Proceeds from sale of treasury stock	—	0
Net cash provided by (used in) financing activities	6,932	(7,067)
<b>Foreign currency translation adjustments</b>	<b>4</b>	<b>4</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>259,999</b>	<b>(109,288)</b>
<b>Cash and cash equivalents at the beginning of the fiscal year</b>	<b>197,340</b>	<b>457,339</b>
<b>Cash and cash equivalents at the end of the fiscal year</b>	<b>457,339</b>	<b>348,050</b>

## THE EHIME BANK, LTD.

■ Year of Foundation	1915
■ Paid in Capital	¥19,107 million
■ Number of Branches	103 (including 8 sub-branches)
■ Number of Employees	1,322
■ Stock Listings	Tokyo Stock Exchange

### ■ Directory

#### Head Office

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#### International Department

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SWIFT: HIMEJPJT E-mail: [intl@himegin.co.jp](mailto: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

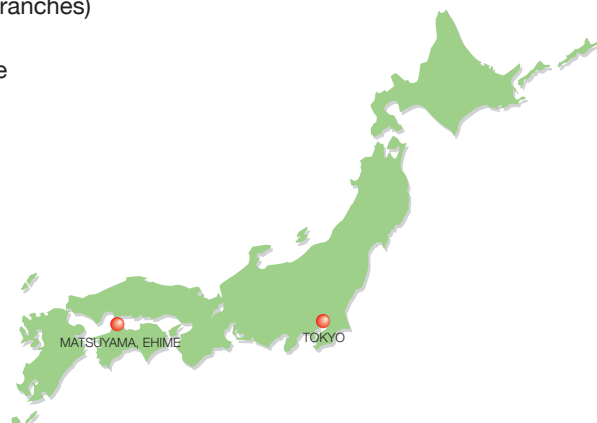
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##### Hakata Branch

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##### Uwajima Branch

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Phone: +81-(0)895-22-5730

### ■ Board of Directors & Corporate Auditors (as of July 1, 2015)

#### Chairman

Kojiro Nakayama

#### President

Motohiro Honda

#### Senior Managing Directors

Masato Kono  
Mitsuo Harada

#### Managing Directors

Akihiro Endo  
Masahiko Wakimizu  
Keizou Yamamoto  
Osamu Fukutomi

#### Directors

Morinobu Kihara	Mitsuru Hino	Yuzou Ojuku
Yoshinori Nishikawa	Hideaki Arimitsu	Shinzi Kadota
Ryuzi Oue		

#### Outside Directors

Naomitsu Yoshinouchi

#### Corporate Auditors

Takeshi Yamashita  
Tatsuro Sekiya

#### Outside Corporate Auditors

Kunihiro Morita  
Koichi Nishizawa