

Annual Report 2017

THE EHIME BANK,LTD.

CONTENTS

Message from the President	1
Business Overview	2
Corporate Governance	3-4
Stock Information	5
Organization	6
Outline of the Ehime Bank Group	7
Consolidated Financial Statements	8-11
Corporate Data	12



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.

The Japanese economy today continues to see a moderately paced recovery in the corporate sector aided by factors such as yen depreciation and recovery of overseas economies with rebounding exports and production in Japan. Likewise, the household sector has been seeing improved employment and income environments. However, worries continue over heightened geopolitical risks and spreading protectionist tendencies in overseas economies, with no pointers to a sustainable recovery in sight.

The regional economy of Ehime Prefecture continues in its moderate rebound, with personal consumption on a recovery path, and with the corporate sector largely stable. Additional stimulus delivering significant positive effects for the regional economy is expected from The 72nd National Sports Festival Ehime Prefecture to be held in September this year after a 64-year hiatus.

In the financial industry, earnings have been under intense pressure since the introduction of the negative interest rate policy by the Bank of Japan and the creation of new business models has become necessary in the light of financial administrative policies. Moreover, technology innovation including the emergence of financial technology is expected to bring about big changes to financial services for customers.

In this environment, Ehime Bank has been a steady provider of financial services anchored in the regional community. Thus, as the region faces issues such as demographic contraction and declining economic strength, Ehime Bank, in appreciation of its bonds with the region, has been working to strengthen its cooperation with local municipalities, specifically comprehensive cooperative agreements with Ehime Prefecture, in order to contribute to regional revitalization.

Moreover, in order to re-invigorate the local economy, through its own unique networks Ehime Bank is engaged in proactive efforts to support the provision of loans and capital to growth sectors based on business viability assessments and to help strengthen the management structures of small- and medium-sized companies. With approximately 80% of the Bank's small- and medium-sized company customers being located in Ehime Prefecture, many of the Bank's efforts serve to help companies improve management and resolve management issues.

Specific examples of vehicles that the Bank uses in its efforts at fostering the industrial base of the Prefecture include the Ehime Venture Fund 2013 Limited Partnership for Investment Businesses, for IPO candidates; the Ehime Agricultural Fund Limited Partnership for Investment Businesses, for agricultural entities; and the Ehime Gaiya Fund Growth Industry Support Fund Limited Partnership for Investment Businesses, for new business launches such as the so-called senary industrialization of agriculture, forestry and fisheries.

As an additional initiative, Ehime Bank hosted a food-themed business discussion meeting "Made in Ehime 2017" which serves to generate added-value for the excellent agricultural and marine products of Ehime Prefecture through a newly established arrangement enabling the dissemination of recipe information in the Prefecture and elsewhere, thus taking care of the food preparation angle. This initiative has been generating strong ripple effects in the local economy because in addition to providing support in sales route development, it has local producers and the restaurant industry as participants and reached out to consumers.

Furthermore, in order to contribute to the development of the region, Ehime Bank has also been engaged in efforts to invigorate the region's traditional culture as well as environmental initiatives, and has been proactively promoting educational campaigns highlighting the preciousness of life through animal protection activities.

Amidst a difficult operating environment, Ehime Bank will develop and provide new services that resonate with current requirements, take up the challenge of creating new business models, strengthen earning capabilities and strive for efficient business management, and work to enhance the Bank's sound financial structure, and in so doing continue to fulfill the mission of Ehime Bank as a hometown bank with strong local bonds.

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.

■ 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 is in the midst of a difficult phase put to the test our true worth as a financial institution whose aim is to be the bank you talk to first.

Naturally, as a "hometown bank" our mission surrounds steady support for the regional economy by serving small- and medium-sized companies. However, the Bank's mission extends also to other wide and varied activities to contribute to the development of the region in areas such as culture, sports, and environment, which we will carry out in a steady, sustained manner. Finally, we will continue to participate in day-to-day activities of the region, such as clean-up campaigns and greeting events with the local communities.

■ Financial Performance for the Fiscal Year Ended March 2017

Consolidated earnings reflect a 35 million yen increase in gains on fund management from interest and dividends on securities while income from fees and commissions declined 635 million yen, respectively compared with the previous fiscal year. Due to a decrease in gains on sales of stocks, other ordinary income fell 854 million yen. As a result, ordinary income decreased 1,415 million yen compared with the previous fiscal year to 42,063 million yen.

Costs benefited from further reduced cost of credit, but mainly higher fee and commission payments connected to an 870 million yen rise in ordinary expenses compared with the previous fiscal year to 34,589 million yen. As a result of these developments, ordinary income decreased 2,285 million yen compared with the previous fiscal year to 7,474 million yen. Net income attributable to owners of the parent fell 365 million yen compared with the previous fiscal year to 5,449 million yen.

■ 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.

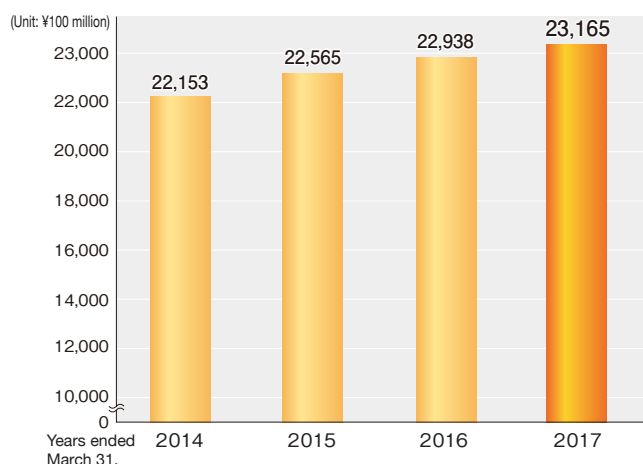
Specific measures for reinforcing earning power include proactive lending to industries that contribute to the development and advancement of the regional economy. Examples are growing business fields such as nursing care and medical care, but also the region's prominent industries in marine transport, 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 aiming for "Vitalizing Local Economy," and constructively support regional invigoration.

Business Overview

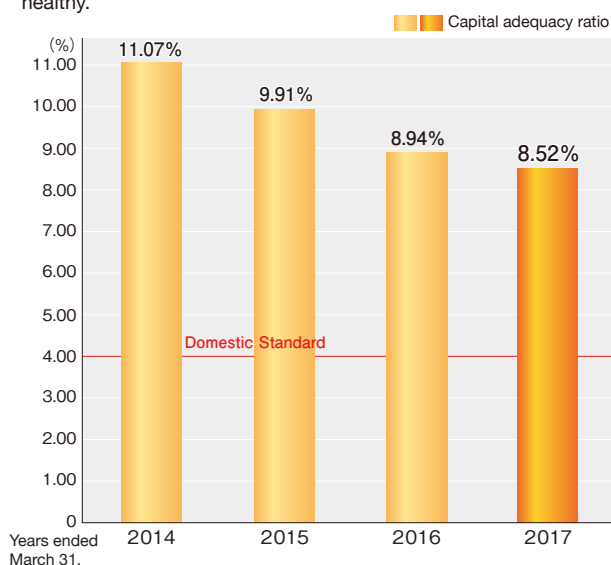
Changes in Deposits (Including NCDs) (Consolidated Basis)

Deposits rose by 22,700 million yen (1.0%) year-on-year thanks to an increase in personal deposits as a result of our aggressive sales activities.



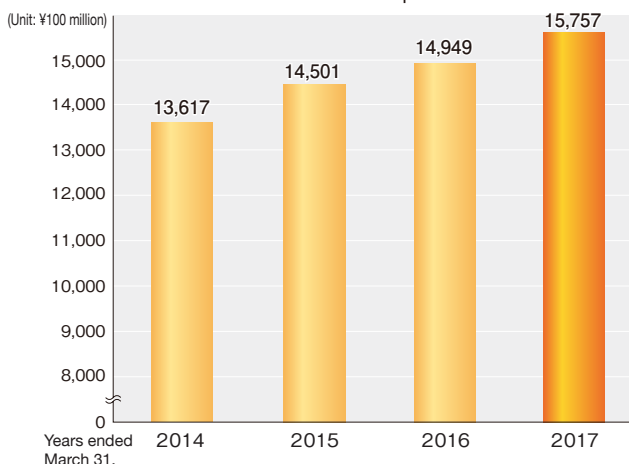
Capital Adequacy Ratio (Consolidated Basis)

The capital adequacy ratio as of March 31, 2017, stood at 8.52%. This is considerably higher than the domestic standard (4% or more) for banks that have branches only in Japan, and remains quite healthy.



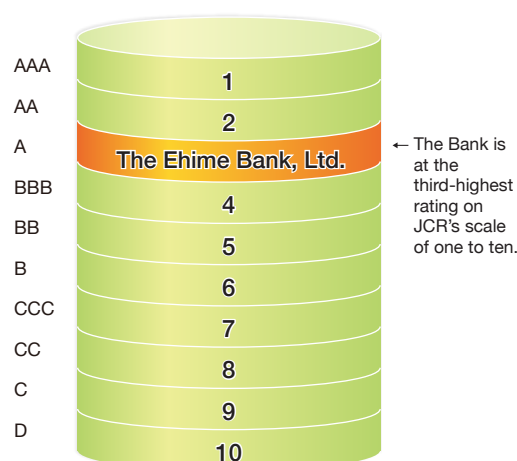
Changes in Loans (Consolidated Basis)

The balance of loans increased 80,800 million yen (+5.4%) 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

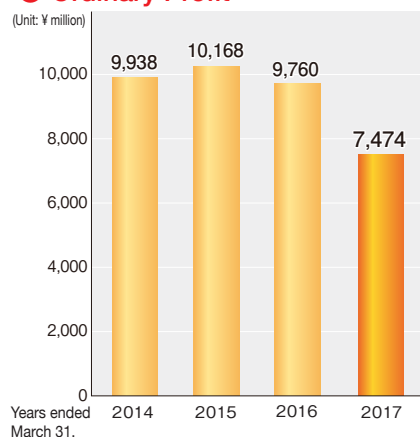
The Ehime Bank has earned an A- credit rating from the Japan Credit Rating Agency (JCR) for its long-term preferred debt. A is defined as "a high level of capacity to honor the financial commitment on the obligation."



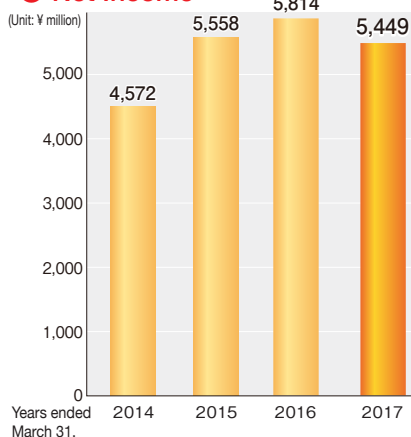
Changes in Income (Consolidated Basis)

Although the corporate operating environment has been improving at a moderate pace, the economic outlook remains uncertain. Amid adverse operating conditions surrounding financial institutions, the Bank worked to realize efficient fund management and credit management, with business results as follows.

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, 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. Two external directors are currently active on the board.

The Ehime Bank has adopted 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.

Current Status of Internal Control System

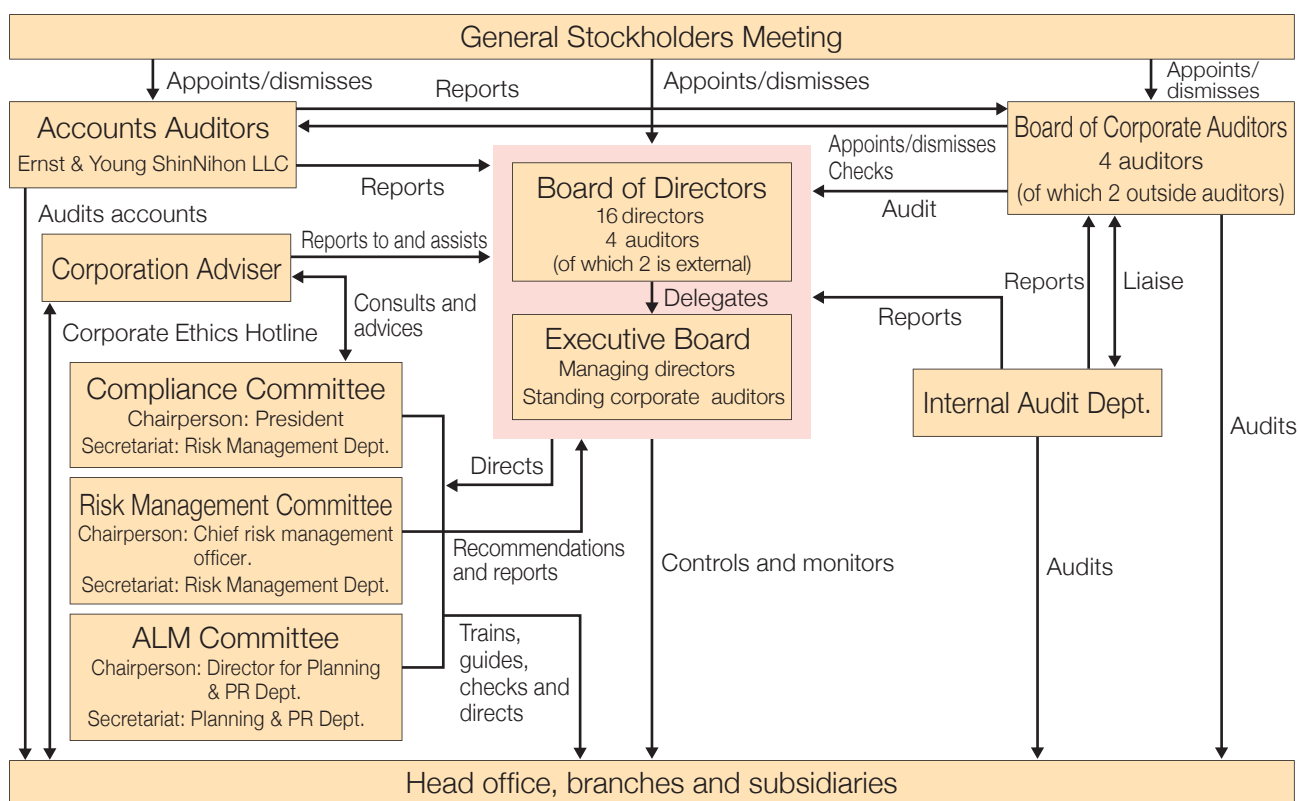
The Ehime Bank is a regional financial institution with high visibility. It is an important responsibility and our mission to contribute broadly to the economy and society. In order to carry out such social responsibilities, we have worked hard to develop an internal management and compliance system 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, 2017)

Corporate Governance

■ Current Status of Risk Management System

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 an Executive Director as the bank's Chief Risk Management Officer. To assist the Chief 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 Chief 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 (ALM) Committee for addressing market risks. Chaired by the Director for Planning & PR, 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, 2017)

(As of March 31, 2017)

	(1 trading unit = 100 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	—	43	20	990	121	2	5,296	6,472	—
Number of shares owned (trading unit)	—	126,925	4,038	130,670	41,033	22	80,677	383,365	129,965
Ratio of shares owned (%)	—	33.10	1.05	34.08	10.70	0.00	21.04	100.00	—

Notes: 1. The 136,555 treasury shares include 1,365 units of shares under "Individuals and others," and 55 individual shares under "Less under trading unit share." The figure of 136,555 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 two unit of shares on the ledger of a security storage and transfer organization.
3. In accordance with such resolution of the Ordinary General Meeting of Shareholders for the 112th business year convened on June 29, 2016, dated October 1, 2016, the Bank instituted a reverse stock split merging 5 shares of common stock into 1 share of common stock. Concurrently the Bank instituted a change of the number of shares per share unit from 1,000 shares to 100 shares.

Principal Stockholders

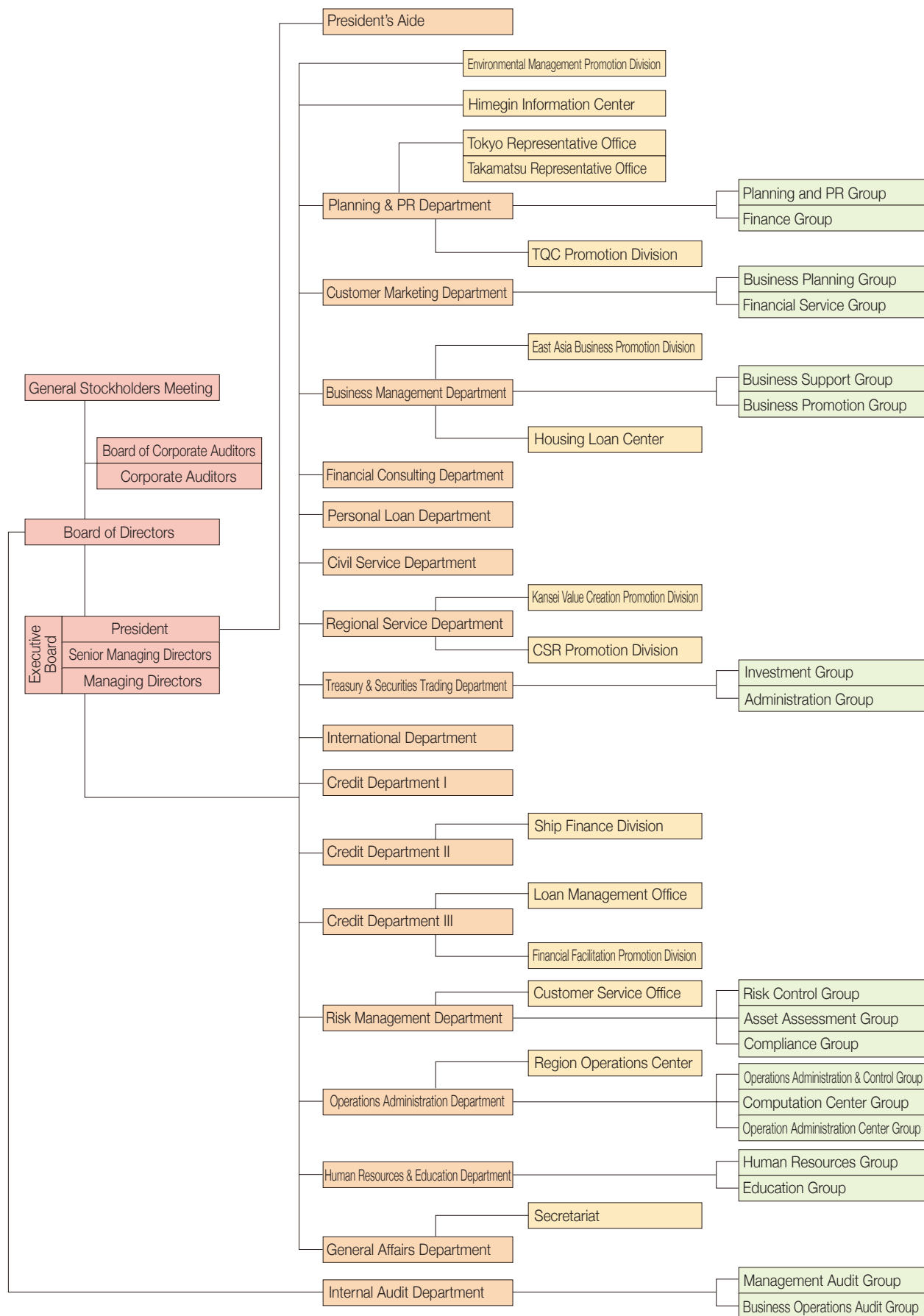
(As of March 31, 2017)

Name	Address	Shareholdings (thousands)	Percentage of total shares outstanding (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	1-8-11, Harumi, Chuo-ku, Tokyo	3,395	8.82
Japan Trustee Services Bank, Ltd. (Trust Account 4)	1-8-11, Harumi, Chuo-ku, Tokyo	1,911	4.96
The Ehime Bank, Ltd., Employee Stock Ownership Association	2-1, Katsuyama-cho, Matsuyama-shi, Ehime	1,209	3.14
Nomura PB Nominees Limited Omnibus-Margin (CASHPB)	1 Angel Lane, London, EC4R 3AB, United Kingdom	895	2.32
Japan Trustee Services Bank, Ltd. (Trust Account 9)	1-8-11, Harumi, Chuo-ku, Tokyo	804	2.09
Daio Paper Corporation	2-60, Mishima Kamiya-cho, Shikoku-chuo-shi, Ehime	750	1.95
Mizuho Bank, Ltd.	1-5-5, Otemachi, Chiyoda-ku, Tokyo	676	1.75
Sumitomo Insurance Company, Limited	7-18-24, Tsukiji, Chuo-ku, Tokyo	599	1.55
Chase Manhattan Bank GTS Clients Account Escrow	5th Floor, Trinity Tower 9, Thomas More Street, London, E1W 1YT, United Kingdom	581	1.51
Sompo Japan Nipponkoa Insurance Inc.	1-26-1, Nishi-shinjuku, Shinjuku-ku, Tokyo	499	1.29
Total	—	11,322	29.43

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 9): 6,111,000 shares

Organization

Management Structure



(As of July 1, 2017)

Outline of the Ehime Bank Group

Overview of Group Companies

THE EHIME BANK, LTD.

104 domestic branches (including 8 sub-branches), 8 subsidiaries

Subsidiaries

(As of March 31, 2017)

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 	December 6, 1984	30	50
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
(Non-Consolidated Subsidiaries Subject to the Equity Method)					
Ehime Gaiya Fund Growth Industry Support Fund Limited Partnership for Investment Businesses	2-1, Katsuyama-cho, Matsuyama, Ehime 790-8580, Japan +81-(0)89-933-1111	<ul style="list-style-type: none"> Investment in agriculture, forestry and fisheries 	March 29, 2013	15	50
Ehime Venture Fund 2013 Limited Partnership for Investment Businesses	(secretariat) 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 30, 2013	100	95
Ehime Agricultural Fund Limited Partnership for Investment Businesses	2-1, Katsuyama-cho, Matsuyama, Ehime 790-8580, Japan +81-(0)89-933-1111	<ul style="list-style-type: none"> Operations for investments in agricultural entities 	September 4, 2014	29	51

Consolidated Financial Statements

Consolidated Balance Sheets

● Assets

(Unit: million yen)

	Previous FY (As of March 31, 2016)	Current FY (As of March 31, 2017)
Assets		
Cash and due from banks	239,067	310,083
Call loans and bills bought	120,000	—
Monetary claims bought	59,399	58,790
Trading account securities	224	337
Securities	499,751	513,209
Loans and bills discounted	1,494,933	1,575,716
Foreign exchanges	9,449	6,324
Long-term leases and lease investments	6,978	6,981
Other assets	10,995	13,437
Tangible fixed assets	31,690	32,334
Buildings	7,318	7,925
Land	22,855	22,611
Lease assets	451	713
Construction in progress	1	1
Other tangible fixed assets	1,063	1,082
Intangible fixed assets	1,224	979
Software	1,049	819
Lease assets	25	10
Other intangible fixed assets	149	149
Deferred tax assets	507	511
Customers' liabilities for acceptances and guarantees	5,232	5,468
Allowance for loan losses	(17,972)	(18,527)
Total assets	2,461,481	2,505,647

● Liabilities and Net Assets

(Unit: million yen)

	Previous FY (As of March 31, 2016)	Current FY (As of March 31, 2017)
Liabilities		
Deposits	1,900,602	1,901,596
Negotiable certificates of deposits	393,288	414,959
Call money and bills sold	—	3,365
Payables under securities lending transactions	—	5,297
Borrowed money	25,437	36,433
Foreign exchanges	1	3
Warrant bonds	7,928	4,560
Other liabilities	12,143	13,354
Reserve for directors' bonuses	58	50
Retirement benefit obligations	1,015	1,069
Reserve for directors' retirement benefits	504	248
Reserve for loss due to returning interests	52	53
Reserve for reimbursement of deposits	191	156
Deferred tax liabilities	1,434	86
Deferred tax liabilities for land revaluation	4,076	4,015
Acceptances and guarantees	5,232	5,468
Total liabilities	2,351,966	2,390,719
Net Assets		
Capital stock	19,114	20,798
Capital surplus	13,249	14,933
Retained earnings	54,145	58,670
Treasury stock	(236)	(241)
Total stockholders' equity	86,273	94,161
Valuation difference on available-for-sale securities	14,580	12,172
Revaluation reserve for land	7,857	7,717
Remeasurements of defined benefit plans	(51)	(26)
Valuation and translation adjustments	22,386	19,863
Non-controlling interests	855	902
Total net assets	109,515	114,927
Total liabilities and net assets	2,461,481	2,505,647

Consolidated Financial Statements

Consolidated Statements of Income

(Unit: million yen)

	Previous FY (April 1, 2015 to) (March 31, 2016)	Current FY (April 1, 2016 to) (March 31, 2017)
Ordinary income	43,478	42,063
Interest income	33,085	33,120
Interest on loans and discounts	25,956	24,751
Interest and dividends on securities	4,375	5,990
Interest on call loans and bills bought	45	7
Interest due from banks	135	104
Other interest income	2,572	2,265
Fees and commissions	4,472	3,836
Other ordinary income	3,984	4,024
Other income	1,936	1,082
Bad debt recovered	516	1
Other	1,419	1,080
Ordinary expenses	33,718	34,589
Interest expenses	2,772	2,861
Interest on deposits	2,064	1,688
Interest on negotiable certificates of deposit	219	61
Interest on call money and bills sold	0	40
Interest on payables under securities lending transactions	15	35
Interest on borrowings and rediscounts	196	209
Interest on bonds	49	—
Warrant bond interest payments	11	9
Other interest expenses	214	815
Fees and commissions payments	4,468	4,685
Other ordinary expenses	123	910
General and administrative expenses	23,802	24,306
Other expenses	2,551	1,825
Provision of allowance for loan losses	1,348	826
Other	1,203	999
Ordinary profit	9,760	7,474
Extraordinary income	15	0
Gain on disposal of noncurrent assets	15	0
Extraordinary losses	159	220
Loss on disposal of noncurrent assets	95	56
Impairment loss	63	164
Income before income taxes	9,616	7,254
Income taxes—current	2,699	2,076
Income taxes—deferred	1,044	(324)
Total taxes and adjustments	3,744	1,751
Net income	5,872	5,502
Of which:		
Net income attributable to owners of parent	5,814	5,449
Net income attributable to non-controlling interests	57	53
Other comprehensive income	712	(2,385)
Net unrealized gains(losses) on other securities	179	(2,410)
Land revaluation excess	317	—
Retirement benefits adjustment	216	24
Comprehensive income	6,585	3,117
Of which:		
Comprehensive income attributable to owners of the parent	6,502	3,067
Comprehensive income attributable to minority interests	82	49

Consolidated Financial Statements

Consolidated Statements of Changes in Net Assets

Previous FY (April 1, 2015 to March 31, 2016)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at start of fiscal year	19,107	13,241	49,676	(232)	81,793
Changes in the fiscal year					
New stock issuance	7	7			15
Dividends from surplus			(1,419)		(1,419)
Net income attributable to owners of parent			5,814		5,814
Purchase of treasury stock				(4)	(4)
Reversal of land revaluation excess			74		74
Net changes in items other than shareholders' equity in the fiscal year					
Net changes in the fiscal year	7	7	4,469	(4)	4,480
Balance at the end of the fiscal year	19,114	13,249	54,145	(236)	86,273

(Unit: million yen)

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Land revaluation excess	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income		
Balance at start of fiscal year	14,425	7,614	(267)	21,772	774	104,340
Changes in the fiscal year						
New stock issuance						15
Dividends from surplus						(1,419)
Net income attributable to owners of parent						5,814
Purchase of treasury stock						(4)
Reversal of land revaluation excess						74
Net changes in items other than shareholders' equity in the fiscal year	154	242	216	613	80	694
Net changes in the fiscal year	154	242	216	613	80	5,174
Balance at the end of the fiscal year	14,580	7,857	(51)	22,386	855	109,515

Current FY (April 1, 2016 to March 31, 2017)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at start of fiscal year	19,114	13,249	54,145	(236)	86,273
Changes in the fiscal year					
New stock issuance	1,684	1,684			3,368
Dividends from surplus			(1,064)		(1,064)
Net income attributable to owners of parent			5,449		5,449
Purchase of treasury stock				(5)	(5)
Disposal of treasury stock			(0)	0	0
Reversal of land revaluation excess			139		139
Net changes in items other than shareholders' equity in the fiscal year					
Net changes in the fiscal year	1,684	1,684	4,524	(5)	7,887
Balance at the end of the fiscal year	20,798	14,933	58,670	(241)	94,161

(Unit: million yen)

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Land revaluation excess	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income		
Balance at start of fiscal year	14,580	7,857	(51)	22,386	855	109,515
Changes in the fiscal year						
New stock issuance						3,368
Dividends from surplus						(1,064)
Net income attributable to owners of parent						5,449
Purchase of treasury stock						(5)
Disposal of treasury stock						0
Reversal of land revaluation excess						139
Net changes in items other than shareholders' equity in the fiscal year	(2,407)	(139)	24	(2,522)	46	(2,475)
Net changes in the fiscal year	(2,407)	(139)	24	(2,522)	46	5,412
Balance at the end of the fiscal year	12,172	7,717	(26)	19,863	902	114,927

Consolidated Financial Statements

Consolidated Statements of Cash Flows

(Unit: million yen)

	Previous FY (April 1, 2015 to) (March 31, 2016)	Current FY (April 1, 2016 to) (March 31, 2017)
Cash Flows from Operating Activities		
Income (loss) before income taxes and minority interests	9,616	7,254
Depreciation	831	978
Losses on impairment of fixed assets	63	164
Increase (decrease) in reserve for possible loan losses	(172)	554
Increase (decrease) in reserve for directors' bonuses	–	(8)
Increase (decrease) in retirement benefit obligations	38	65
Increase (decrease) in reserve for directors' retirement benefits	118	(255)
Increase (decrease) in reserve for reimbursement deposits	33	(34)
Increase (decrease) in reserve for loss due to returning interests	9	1
Interest income	(33,085)	(33,120)
Interest expenses	2,772	2,861
Securities losses (gains), net	(1,537)	(837)
Foreign exchange losses (gains), net	(3)	(3)
Losses (gains) on disposition of fixed assets	80	54
Net decrease (increase) in trading securities	(55)	(113)
Net decrease (increase) in loans and bills discounted	(44,784)	(80,783)
Net increase (decrease) in deposits	39,753	994
Net increase (decrease) in negotiable certificates of deposits	(2,374)	21,671
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	771	10,996
Net decrease (increase) in due from banks (excluding due from central banks)	(172)	10,275
Net decrease (increase) in call loans	(111,521)	120,608
Net change in call money (decrease)	–	3,365
Increase (decrease) in payables under securities lending transactions	(20,034)	5,297
Net decrease (increase) in foreign exchange assets	2,325	3,124
Net increase (decrease) in foreign exchange liabilities	0	1
Interest and dividend income	33,358	33,163
Interest expenses	(2,912)	(3,276)
Other–net	(3,217)	(404)
Subtotal	(130,099)	102,595
Cash refunded (paid) in income taxes	(3,219)	(2,138)
Net cash provided by (used in) operating activities	(133,318)	100,456
Cash Flows from Investing Activities		
Payments for purchase of securities	(238,044)	(929,833)
Proceeds from sale of securities	47,333	17,686
Proceeds from redemption of securities	215,414	895,614
Payments for purchase of tangible fixed assets	(1,873)	(1,608)
Proceeds from sale of tangible fixed assets	148	109
Payments for purchase of intangible fixed assets	(758)	(64)
Net cash provided by investing activities	22,220	(18,096)
Cash Flows from Financing Activities		
Redemption of subordinated bonds	(7,000)	–
Cash dividends paid	(1,420)	(1,064)
Cash dividends paid to non-controlling interests	(2)	(3)
Payments for repurchase of treasury stock	(4)	(5)
Proceeds from sale of treasury stock	–	0
Net cash provided by (used in) financing activities	(8,426)	(1,072)
Foreign currency translation adjustments	3	3
Net increase (decrease) in cash and cash equivalents	(119,520)	81,291
Cash and cash equivalents at the beginning of the fiscal year	348,050	228,529
Cash and cash equivalents at the end of the fiscal year	228,529	309,820

THE EHIME BANK, LTD.

■ Founded	1915
■ Incorporated	March 20, 1943
■ Paid in Capital	¥20,798 million
■ Number of Branches	104 (including 8 sub-branches)
■ Number of Employees	1,364
■ Stock Listings	Tokyo Stock 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/>

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

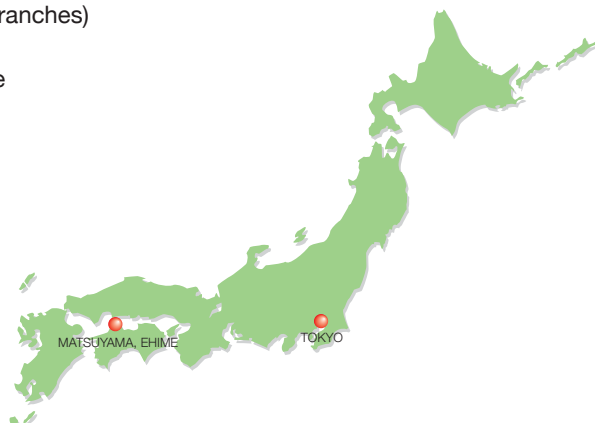
2-4, Iwamoto-cho 3-chome, Chiyoda-ku, Tokyo 101-0032, Japan
Phone: +81-(0)3-3861-8151

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

5-11, Mishimamiyagawa 4-chome, Shikoku-chuo, Ehime 799-0404, 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

3508-1, 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, 2017)

President	Senior Managing Directors	Managing Directors	
Motohiro Honda	Keizo Yamamoto Yoshinori Nishikawa	Osamu Fukutomi Mitsuru Hino	Yuzo Ojuku Shoichi Chikami
Directors		Outside Directors	
Ryuji Oue Shuichiro Hirao Hisakazu Matsuki	Muneo Tsubouchi Masamitsu Toyoda	Yasuhiro Kataoka Tokio Isobe	Minenori Takeda Shozo Isshiki
Corporate Auditors		Outside Corporate Auditors	
Takeshi Yamashita Morinobu Kihara		Koichi Nishizawa Katsuhiro Aono	