

Financial Results for the First Half of Fiscal 2015

(From April 1, 2015 to September 30, 2015)

THE HIROSHIMA BANK, LTD.

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Consolidated Financial Information for the First Half of Fiscal 2015

1. Consolidated Balance Sheets

Item	Millions of yen	
	As of March 31, 2015	As of September 30, 2015
ASSETS		
Cash and due from banks	¥ 427,769	¥ 631,827
Call loans and bills purchased	20,722	21,359
Financial receivables purchased	6,564	6,573
Trading assets	18,558	16,036
Money held in trust	156	156
Securities	2,135,659	1,760,135
Loans and bills discounted	5,102,855	5,150,654
Foreign exchanges	6,285	7,960
Other assets	27,466	27,035
Tangible fixed assets	84,798	86,888
Intangible fixed assets	8,750	8,975
Net defined benefit asset	57,454	59,683
Deferred tax assets	835	860
Customers' liabilities for acceptances and guarantees	54,970	50,251
Reserve for possible loan losses	(35,807)	(33,732)
Total assets	¥7,917,039	¥7,794,665
LIABILITIES AND NET ASSETS		
Liabilities		
Deposits	¥6,520,655	¥6,530,987
Negotiable certificates of deposit	273,007	252,026
Call money and bills sold	28,406	30,877
Payables under repurchase agreements	88,861	68,172
Deposits received for bonds lending/borrowing transactions	250,963	159,408
Trading liabilities	16,284	13,831
Borrowed money	150,960	152,938
Foreign exchanges	135	1,550
Bonds	20,000	20,000
Due to trust account	47	54
Other liabilities	36,573	41,789
Net defined benefit liability	38	39
Reserve for retirement benefits of directors and corporate auditors	36	40
Reserve for reimbursement of dormant deposits	1,413	1,413
Reserve for point loyalty programs	100	135
Deferred tax liabilities	24,324	19,323
Deferred tax liabilities for land revaluation reserve	14,062	14,062
Acceptances and guarantees	54,970	50,251
Total liabilities	¥7,480,843	¥7,356,902
Net Assets		
Common stock	¥ 54,573	¥ 54,573
Capital surplus	30,704	30,753
Retained earnings	240,990	256,391
Common stock in treasury	(1,416)	(1,110)
Total stockholders' equity	324,851	340,608
Net unrealized holding gains on securities available for sale	65,661	51,712
Net deferred losses on hedging instruments, net of tax	(1,125)	(830)
Land revaluation reserve, net of tax	27,344	27,344
Remeasurements of defined benefit plans	19,080	18,647
Total accumulated other comprehensive income	110,960	96,875
Stock acquisition rights	383	278
Total net assets	436,195	437,762
Total liabilities and net assets	¥7,917,039	¥7,794,665

2. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

Item	Millions of yen	
	First half of FY2014	First half of FY2015
Operating income	¥61,091	¥69,672
Interest income	40,759	40,828
Interest on loans and discounts	32,419	31,969
Interest and dividends on securities	8,040	8,150
Trust fees	51	66
Fees and commissions	12,914	14,384
Trading income	240	202
Other operating income	4,678	9,703
Other income	2,446	4,487
Operating expenses	41,699	42,212
Interest expenses	3,504	3,559
Interest on deposits	1,833	1,802
Fees and commissions	4,383	3,667
Other operating expenses	4,962	5,394
General and administrative expenses	28,002	26,879
Other expenses	846	2,711
Operating profits	19,392	27,459
Extraordinary gains	2	0
Gain on dispositions of fixed assets	2	0
Extraordinary losses	34	115
Losses on dispositions of fixed assets	32	110
Impairment losses	1	5
Income before income taxes and others	19,359	27,345
Provision for income taxes and others	5,590	7,243
Deferred income taxes	927	1,590
Total income taxes	6,518	8,834
Income before minority interests	12,841	18,511
Net income	¥12,841	¥18,511

Consolidated Statements of Comprehensive Income

Item	Millions of yen	
	First half of FY2014	First half of FY2015
Income before minority interests	¥12,841	¥ 18,511
Other comprehensive income	11,783	(14,085)
Net unrealized holding gains (losses) on securities available for sale	11,404	(13,947)
Net deferred gains (losses) on hedging instruments, net of tax	180	294
Foreign currency translation adjustments	0	—
Remeasurements of defined benefit plans	196	(432)
Share of other comprehensive income of affiliated companies accounted for by equity method	2	(0)
Comprehensive income	¥24,624	¥ 4,425
Comprehensive income attributable to owners of the parent	¥24,624	¥ 4,425

3. Consolidated Statements of Changes in Net Assets

Item	Millions of yen				
	First half of FY2014				
	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Common stock in treasury	Total stockholders' equity
Balance at the beginning of current period	¥54,573	¥30,635	¥221,787	¥(1,754)	¥305,242
Cumulative effect of changes in accounting policies			(2,534)		(2,534)
Restated balance	54,573	30,635	219,253	(1,754)	302,707
Changes of items during the period					
Dividends from surplus			(2,794)		(2,794)
Net income			12,841		12,841
Purchase of common stock in treasury				(10)	(10)
Disposal of common stock in treasury		13		223	236
Reversal of land revaluation reserve			20		20
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	13	10,066	212	10,292
Balance at the end of current period	¥54,573	¥30,648	¥229,319	¥(1,541)	¥313,000

Item	Millions of yen							
	First half of FY2014							
	Accumulated other comprehensive income							
	Net unrealized holding gains (losses) on securities available for sale, net of tax	Net deferred gains (losses) on hedging instruments, net of tax	Land valuation and translation adjustments, net of tax	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Stock acquisition rights	Total net assets
Balance at the beginning of current period	¥26,122	¥(1,447)	¥26,040	¥(0)	¥2,262	¥52,977	¥287	¥358,507
Cumulative effect of changes in accounting policies								(2,534)
Restated balance	26,122	(1,447)	26,040	(0)	2,262	52,977	287	355,972
Changes of items during the period								
Dividends from surplus								(2,794)
Net income								12,841
Purchase of common stock in treasury								(10)
Disposal of common stock in treasury								236
Reversal of land revaluation reserve								20
Net changes of items other than shareholders' equity	11,406	180	(20)	0	196	11,763	25	11,788
Total changes of items during the period	11,406	180	(20)	0	196	11,763	25	22,081
Balance at the end of current period	¥37,528	¥(1,267)	¥26,020	¥—	¥2,459	¥64,741	¥312	¥378,054

Item	Millions of yen				
	First half of FY2015				
	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Common stock in treasury	Total stockholders' equity
Balance at the beginning of current period	¥54,573	¥30,704	¥240,990	¥(1,416)	¥324,851
Cumulative effect of changes in accounting policies					—
Restated balance	54,573	30,704	240,990	(1,416)	324,851
Changes of items during the period					
Dividends from surplus			(3,109)		(3,109)
Net income			18,511		18,511
Purchase of common stock in treasury				(9)	(9)
Disposal of common stock in treasury		48		316	365
Reversal of land revaluation reserve					—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	48	15,401	306	15,757
Balance at the end of current period	¥54,573	¥30,753	¥256,391	¥(1,110)	¥340,608

Item	Millions of yen							
	First half of FY2015							
	Accumulated other comprehensive income							
	Net unrealized holding gains (losses) on securities available for sale, net of tax	Net deferred gains (losses) on hedging instruments, net of tax	Land valuation and translation adjustments, net of tax	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Stock acquisition rights	Total net assets
Balance at the beginning of current period	¥ 65,661	¥(1,125)	¥27,344	¥—	¥19,080	¥110,960	¥ 383	¥436,195
Cumulative effect of changes in accounting policies								—
Restated balance	65,661	(1,125)	27,344	—	19,080	110,960	383	436,195
Changes of items during the period								
Dividends from surplus								(3,109)
Net income								18,511
Purchase of common stock in treasury								(9)
Disposal of common stock in treasury								365
Reversal of land revaluation reserve								—
Net changes of items other than shareholders' equity	(13,948)	294	—	—	(432)	(14,085)	(104)	(14,190)
Total changes of items during the period	(13,948)	294	—	—	(432)	(14,085)	(104)	1,566
Balance at the end of current period	¥ 51,712	¥ (830)	¥27,344	¥—	¥18,647	¥ 96,875	¥ 278	¥437,762

Non-Consolidated Financial Information for the First Half of Fiscal 2015

1. Non-Consolidated Balance Sheets

Item	Millions of yen	
	As of March 31, 2015	As of September 30, 2015
ASSETS		
Cash and due from banks	¥ 427,145	¥ 631,211
Call loans and bills purchased	20,722	21,359
Financial receivables purchased	4,939	4,962
Trading assets	18,558	16,036
Money held in trust	156	156
Securities	2,139,431	1,763,788
Loans and bills discounted	5,102,145	5,150,009
Foreign exchanges	6,285	7,960
Other assets	23,905	23,589
Tangible fixed assets	84,461	86,552
Intangible fixed assets	8,731	8,959
Prepaid pension expenses	29,395	32,259
Customers' liabilities for acceptances and guarantees	52,204	47,670
Reserve for possible loan losses	(33,378)	(31,217)
Reserve for investment losses	(4,827)	(4,784)
Total assets	¥7,879,877	¥7,758,513
LIABILITIES AND NET ASSETS		
Liabilities		
Deposits	¥6,525,108	¥6,536,113
Negotiable certificates of deposit	278,442	257,472
Call money and bills sold	28,406	30,877
Payables under repurchase agreements	88,861	68,172
Deposits received for bonds lending/borrowing transactions	250,963	159,408
Trading liabilities	16,284	13,831
Borrowed money	150,960	152,938
Foreign exchanges	135	1,550
Bonds	20,000	20,000
Due to trust account	47	54
Other liabilities	28,562	33,925
Income taxes payable	2,348	6,146
Lease obligations	852	816
Asset retirement obligation	297	300
Other liabilities	25,063	26,661
Reserve for reimbursement of dormant deposits	1,413	1,413
Reserve for point loyalty programs	63	98
Deferred tax liabilities	14,686	9,894
Deferred tax liabilities for land revaluation reserve	14,062	14,062
Acceptances and guarantees	52,204	47,670
Total liabilities	¥7,470,205	¥7,347,483
Net Assets		
Common stock	¥ 54,573	¥ 54,573
Capital surplus	30,703	30,752
Capital reserve	30,634	30,634
Other capital surplus	68	117
Retained earnings	233,536	248,296
Legal earned reserve	40,153	40,153
Other retained earnings	193,383	208,143
Voluntary reserve	170,604	186,604
Earned surplus brought forward	22,779	21,539
Common stock in treasury	(1,402)	(1,096)
Total stockholders' equity	317,411	332,525
Net unrealized holding gains on securities available for sale	65,658	51,710
Net deferred losses on hedging instruments, net of taxes	(1,125)	(830)
Land revaluation reserve, net of tax	27,344	27,344
Total valuation and translation adjustments	91,878	78,225
Stock acquisition rights	383	278
Total net assets	409,672	411,029
Total liabilities and net assets	¥7,879,877	¥7,758,513

2. Non-Consolidated Statements of Income

Item	Millions of yen	
	First half of FY2014	First half of FY2015
Operating income	¥60,519	¥68,090
Interest income	41,010	40,999
Interest on loans and discounts	32,419	31,923
Interest and dividends on securities	8,291	8,385
Trust fees	51	66
Fees and commissions	12,399	12,773
Trading income	240	202
Other operating income	4,678	9,703
Other income	2,139	4,345
Operating expenses	41,292	41,595
Interest expense	3,504	3,559
Interest on deposits	1,833	1,803
Fees and commissions	4,167	3,994
Other operating expenses	4,962	5,394
General and administrative expenses	27,823	25,993
Other expenses	834	2,654
Operating profits	19,227	26,494
Extraordinary gains	2	0
Extraordinary losses	34	115
Income before income taxes and others	19,195	26,380
Provision for income taxes and others	5,561	6,889
Deferred income taxes	924	1,621
Total income taxes	6,485	8,511
Net income	¥12,709	¥17,868

3. Non-Consolidated Statements of Changes in Net Assets

Item	Millions of yen							
	First half of FY2014							
	Stockholders' equity				Retained earnings			
	Common stock	Capital surplus		Total capital surplus	Legal earned reserve	Other retained earnings		Total retained earnings
Capital reserve		Other capital surpluses	Voluntary reserve			Earned surplus brought forward		
Balance at the beginning of current period	¥54,573	¥30,634	¥—	¥30,634	¥40,153	¥154,604	¥ 22,253	¥217,010
Cumulative effect of changes in accounting policies							(2,534)	(2,534)
Restated balance	54,573	30,634	—	30,634	40,153	154,604	19,718	214,475
Changes of items during the period								
Dividends from surplus							(2,794)	(2,794)
Voluntary reserve						16,000	(16,000)	—
Net income							12,709	12,709
Purchase of common stock in treasury								
Disposal of common stock in treasury			13	13				
Reversal of land revaluation reserve							20	20
Net changes of items other than shareholders' equity								
Total changes of items during the period	—	—	13	13	—	16,000	(6,064)	9,935
Balance at the end of current period	¥54,573	¥30,634	¥13	¥30,647	¥40,153	¥170,604	¥ 13,654	¥224,411

Item	Millions of yen							
	First half of FY2014							
	Stockholders' equity		Valuation and translation adjustments					
	Common stock in treasury	Total stockholders' equity	Net unrealized holding gains (losses) on securities available for sale, net of tax	Net deferred gains (losses) on hedging instruments, net of tax	Land valuation and translation adjustments, net of tax	Total valuation and translation adjustments	Stock acquisition rights	Total net assets
Balance at the beginning of current period	¥(1,740)	¥300,478	¥26,108	¥(1,447)	¥26,040	¥50,701	¥287	¥351,468
Cumulative effect of changes in accounting policies		(2,534)						(2,534)
Restated balance	(1,740)	297,943	26,108	(1,447)	26,040	50,701	287	348,933
Changes of items during the period								
Dividends from surplus		(2,794)						(2,794)
Voluntary reserve		—						—
Net income		12,709						12,709
Purchase of common stock in treasury	(10)	(10)						(10)
Disposal of common stock in treasury	223	236						236
Reversal of land revaluation reserve		20						20
Net changes of items other than shareholders' equity			11,404	180	(20)	11,564	25	11,589
Total changes of items during the period	212	10,161	11,404	180	(20)	11,564	25	21,750
Balance at the end of current period	¥(1,528)	¥308,104	¥37,513	¥(1,267)	¥26,020	¥62,265	¥312	¥370,683

Millions of yen								
First half of FY2015								
Item	Stockholders' equity				Legal earned reserve	Retained earnings		
	Common stock	Capital surplus		Total capital surplus		Other retained earnings		Total retained earnings
		Capital reserve	Other capital surpluses			Voluntary reserve	Earned surplus brought forward	
Balance at the beginning of current period	¥54,573	¥30,634	¥ 68	¥30,703	¥40,153	¥170,604	¥ 22,779	¥233,536
Cumulative effect of changes in accounting policies								—
Restated balance	54,573	30,634	68	30,703	40,153	170,604	22,779	233,536
Changes of items during the period								
Dividends from surplus							(3,109)	(3,109)
Voluntary reserve						16,000	(16,000)	—
Net income							17,868	17,868
Purchase of common stock in treasury								
Disposal of common stock in treasury			48	48				
Reversal of land revaluation reserve								—
Net changes of items other than shareholders' equity								
Total changes of items during the period	—	—	48	48	—	16,000	(1,240)	14,759
Balance at the end of current period	¥54,573	¥30,634	¥117	¥30,752	¥40,153	¥186,604	¥ 21,539	¥248,296

Millions of yen									
First half of FY2015									
Item	Stockholders' equity		Valuation and translation adjustments					Stock acquisition rights	Total net assets
	Common stock in treasury	Total stockholders' equity	Net unrealized holding gains (losses) on securities available for sale, net of tax	Net deferred gains (losses) on hedging instruments, net of tax	Land valuation and translation adjustments, net of tax	Total valuation and translation adjustments			
Balance at the beginning of current period	¥(1,402)	¥317,411	¥ 65,658	¥(1,125)	¥27,344	¥ 91,878	¥383	¥409,672	
Cumulative effect of changes in accounting policies		—						—	
Restated balance	(1,402)	317,411	65,658	(1,125)	27,344	91,878	383	409,672	
Changes of items during the period									
Dividends from surplus		(3,109)						(3,109)	
Voluntary reserve		—						—	
Net income		17,868						17,868	
Purchase of common stock in treasury	(9)	(9)						(9)	
Disposal of common stock in treasury	316	365						365	
Reversal of land revaluation reserve		—						—	
Net changes of items other than shareholders' equity			(13,947)	294	—	(13,653)	(104)	(13,757)	
Total changes of items during the period	306	15,114	(13,947)	294	—	(13,653)	(104)	1,357	
Balance at the end of current period	¥(1,096)	¥332,525	¥ 51,710	¥ (830)	¥27,344	¥ 78,225	¥278	¥411,029	

Financial Data for the First Half of Fiscal 2015

1. Income Status

(Non-Consolidated)

Item	Millions of yen		First half of FY2014 (B)
	First half of FY2015 (A)	(A) – (B)	
Gross banking profit	¥50,797	¥5,051	¥45,746
Core gross banking profit	47,442	603	46,839
Domestic gross banking profit	42,629	1,703	40,926
Core gross banking profit	41,423	(329)	41,752
Interest income	32,570	(923)	33,493
Fees and commissions	8,670	606	8,064
Trading income	29	(55)	84
Other operating income	1,359	2,073	(714)
Gains (losses) from securities	1,205	2,030	(825)
International gross banking profit	8,168	3,349	4,819
Core gross banking profit	6,019	932	5,087
Interest income	4,869	857	4,012
Fees and commissions	175	(44)	219
Trading income	173	18	155
Other operating income	2,950	2,520	430
Gains (losses) from securities	2,149	2,417	(268)
Expenses	26,495	(902)	27,397
Personnel expenses	14,218	(232)	14,450
Non-personnel expenses	10,604	(961)	11,565
Taxes	1,672	291	1,381
Banking profit (before transfer to general reserve for possible loan losses)	24,302	5,954	18,348
Core banking profit *1	20,946	1,504	19,442
Transfer to general reserve for possible loan losses (i)	—	—	—
Banking profit (after transfer to general reserve for possible loan losses) *2	24,302	5,954	18,348
Gains (losses) on bonds (ii)	3,355	4,448	(1,093)
Gains on sales of bonds	8,749	4,881	3,868
Losses on sales of bonds	5,394	432	4,962
Write-off amount of bonds	—	—	—
Non-recurrent gains (losses)	2,192	1,313	879
Gains (losses) on stocks (iii)	633	(165)	798
Gains on sales of stocks	2,498	1,548	950
Losses on sales of stocks	1,724	1,573	151
Write-off amount of stocks	140	140	—
Gains (losses) from securities ((ii) + (iii))	3,988	4,283	(295)
Disposal of non-performing loans (iv)	(1,508)	(606)	(902)
Write-off amount of loans	—	—	—
Net transfer to specific reserve for possible loan losses	—	—	—
Losses on sales of loans to credit	85	52	33
Reversal of reserve for possible loan losses	1,358	437	921
Recoveries of written-off claims	235	221	14
Credit cost ((i) + (iv))	(1,508)	(606)	(902)
Other non-recurrent gains (losses)	50	871	(821)
Operating profits	26,494	7,267	19,227
Extraordinary gains (losses)	(114)	(82)	(32)
Net gains (losses) from fixed assets	(114)	(82)	(32)
Gains on dispositions of fixed assets	0	(2)	2
Losses on dispositions of fixed assets	110	78	32
Impairment losses	5	4	1
Income before income taxes and others	26,380	7,185	19,195
Provision for income taxes and others	6,889	1,328	5,561
Deferred income taxes	1,621	697	924
Net income taxes	8,511	2,026	6,485
Net income	¥17,868	¥5,159	¥12,709

Notes 1. Core banking profit excludes gains/(losses) from securities, transfer to general reserve for possible loan losses.

2. Banking profit excludes transfer to general reserve for possible loan losses.

(Consolidated)

Item	Millions of yen		
	First half of FY2015		First half of FY2014 (B)
	(A)	(A) – (B)	
Consolidated gross banking profit	¥52,563	¥ 6,769	¥45,794
Interest income	37,268	13	37,255
Fees and commissions	10,783	2,201	8,582
Trading income	202	(38)	240
Other operating income	4,309	4,592	(283)
General and administrative expenses	26,879	(1,123)	28,002
Credit cost	(1,364)	(480)	(884)
Write-off amount of loans	—	—	—
Net transfer to specific reserve for possible loan losses	—	—	—
Net transfer to general reserve for possible loan losses	—	—	—
Losses on sales of loans to credit	142	96	46
Reversal of reserve for possible loan losses	1,271	356	915
Recoveries of write-off claims	235	220	15
Gains (losses) on stocks	633	(165)	798
Equity in gains (losses) of affiliated companies	269	(82)	351
Others	(491)	(57)	(434)
Operating profits	27,459	8,067	19,392
Extraordinary gains (losses)	(114)	(82)	(32)
Income before income taxes and others	27,345	7,986	19,359
Provision for income taxes and others	7,243	1,653	5,590
Deferred income taxes	1,590	663	927
Net income taxes	8,834	2,316	6,518
Net income	18,511	5,670	12,841
Net income attributable to owners of the parent	¥18,511	¥ 5,670	¥12,841

Notes: 1. Consolidated gross banking profit = (Interest income – Interest expenses) + (Fees and commissions income – Fees and commissions expenses) + (Trading income – Trading expenses) + (Other operating income – Other operating expenses)

2. Accompanying changes in accounting standards, the consolidated net income before minority interests for the six months ended September 30, 2015 has been restated as the consolidated net income for the six months ended September 30, 2015, and the consolidated net income for the six months ended September 30, 2015 has been restated as the consolidated net income attributable to owners of the parent for the six months ended September 30, 2015.

[Reference: Consolidated Core Banking Profit]

Item	Millions of yen		
	First half of FY2015		First half of FY2014 (B)
	(A)	(A) – (B)	
Consolidated core banking profit	¥21,832	¥2,516	¥19,316

Note: Consolidated core banking profit = Consolidated gross banking profit – Expenses – gains/(losses) from securities

[Reference: Number of Consolidated Subsidiaries]

Item	Number of companies		
	First half of FY2015		First half of FY2014 (B)
	(A)	(A) – (B)	
Number of consolidated subsidiaries	6	2	4
Number of affiliated companies applicable to the equity method	3	(2)	5

2. Banking Profit

(Non-Consolidated)

Item	Millions of yen		
	First half of FY2015		First half of FY2014 (B)
	(A)	(A) – (B)	
Core banking profit	¥20,946	¥1,504	¥19,442
Per head (in thousands of yen)	6,453	378	6,075
Banking profit (before transfer to general reserve for possible loan losses)	24,302	5,954	18,348
Per head (in thousands of yen)	7,486	1,753	5,733
Banking profit	24,302	5,954	18,348
Per head (in thousands of yen)	7,486	1,753	5,733

3. Interest Rate Spread (Domestic Operations)

(Non-Consolidated)

Item	%		
	First half of FY2015		First half of FY2014 (B)
	(A)	(A) – (B)	
Average yield on interest earnings assets (i)	1.05	(0.06)	1.11
Average yield on loans and bills discounted	1.24	(0.08)	1.32
Average yield on securities	0.71	(0.03)	0.74
Average yield on interest bearing liabilities (ii)	0.82	(0.09)	0.91
Average yield on deposits and negotiable certificates of deposit	0.05	—	0.05
Average interest rate spread on loans and deposits	0.43	—	0.43
Average interest rate spread ((i) – (ii))	0.23	0.03	0.20

4. Gains and Losses on Securities

(Non-Consolidated)

Item	Millions of yen		
	First half of FY2015		First half of FY2014 (B)
	(A)	(A) – (B)	
Gains (losses) on bonds (National government bonds, etc.)	¥3,355	¥4,448	¥(1,093)
Gains on sales	8,749	4,881	3,868
Losses on sales	5,394	432	4,962
Write-offs	—	—	—

Item	Millions of yen		
	First half of FY2015		First half of FY2014 (B)
	(A)	(A) – (B)	
Gains (losses) on stocks	¥ 683	¥ (165)	¥798
Gains on sales	2,498	1,548	950
Losses on sales	1,724	1,573	151
Write-offs	140	140	—

5. Return on Equity

(Non-Consolidated)

Item	%		First half of FY2014 (B)
	First half of FY2015 (A)	(A) – (B)	
Core banking profit basis	10.18	(0.60)	10.78
Banking profit basis (before transfer to general reserve for possible loan losses)	11.82	1.65	10.17
Banking profit basis	11.82	1.65	10.17
Net income basis	8.69	1.64	7.05

Note: ROE = $\frac{\text{Core banking profit (Banking profit (before transfer to general reserve for possible loan losses) or Banking profit or Net income)}}{(\text{Net assets at beginning of period excludes subscription rights to shares} + \text{Net assets at term-end excludes subscription rights to shares})/2} \div 183 \times 365$

6. Capital Adequacy Ratio (Domestic Standard)

Capital adequacy ratio is calculated on both a consolidated basis and on a non-consolidated basis according to the calculation formula specified under “the standards for judgment of the appropriateness of equity capital sufficiency based on assets, etc., held by banks pursuant to the provisions of Article 14-2 of the Banking Act” (FSA’s Notice No. 19 of 2006).

In addition, Hiroshima Bank used the foundation internal ratings-based approach in the calculation of credit risk assets and the gross profit allotment approach in the calculation of the operational risk value.

For the equity capital structure, please see the homepage of Hiroshima Bank. (<http://www.hirogin.co.jp/>)

(Non-Consolidated)

Item	Billions of yen		
	As of September 30, 2015 (A)	(A) – (B)	As of March 31, 2015 (B)
Base items related to core capital (i)	¥ 372.1	¥ 14.7	¥ 357.4
Adjustment items related to core capital (ii)	18.1	1.0	17.1
Capital (iii): (i) – (ii)	353.9	13.6	340.3
Sum of risk assets, etc. (iv)	2,956.2	(135.8)	3,092.0
Capital adequacy ratio: (iii) / (iv)	11.97%	0.97%	11.00%

(Consolidated)

Item	Billions of yen		
	As of September 30, 2015 (A)	(A) – (B)	As of March 31, 2015 (B)
Base items related to core capital (i)	¥ 384.0	¥ 15.3	¥ 368.7
Adjustment items related to core capital (ii)	21.9	1.0	20.9
Capital (iii): (i) – (ii)	362.1	14.4	347.7
Sum of risk assets, etc. (iv)	2,976.4	(140.5)	3,116.9
Capital adequacy ratio: (iii) / (iv)	12.16%	1.01%	11.15%

7. Deferred Tax Assets

(Non-Consolidated)

Item	Millions of yen	
	As of September 30, 2015	As of March 31, 2015
Breakdown of cause of deferred tax assets and liabilities		
Deferred tax assets		
Reserve for possible loan losses	¥ 13,714	¥ 14,021
Write-down of securities	1,020	1,057
Depreciation	993	983
Others	4,735	4,832
Subtotal deferred tax assets	20,464	20,894
Valuation allowance	(2,664)	(2,686)
Total deferred tax assets	17,799	18,207
Deferred tax liability		
Allowance for severance and retirement benefits	(3,709)	(2,871)
Losses and gains on securities contributed to severance and retirement benefit trust	(713)	(713)
Net unrealized holding gains on securities	(23,270)	(29,308)
Total deferred tax liability	(27,693)	(32,893)
Net deferred tax assets (liabilities)	¥ (9,894)	¥(14,686)

8. Market Value of Securities

(Consolidated)

Held to maturity securities: Not applicable.

[Other Securities]

Item	Millions of yen		
	As of September 30, 2015		
	Consolidated balance sheet amount (A)	Acquisition cost (B)	Net unrealized gains (losses) (A) – (B)
Other securities with unrealized gains			
Stocks	¥ 105,344	¥ 55,293	¥50,051
Bonds	1,114,461	1,104,102	10,358
National government bonds	850,952	845,698	5,254
Local government bonds	124,581	122,326	2,254
Corporate bonds	138,927	136,078	2,849
Others	316,889	297,548	19,341
Subtotal	1,536,696	1,456,945	79,751
Other securities with unrealized losses			
Stocks	4,138	5,471	(1,333)
Bonds	106,178	106,473	(295)
National government bonds	79,061	79,267	(206)
Local government bonds	14,313	14,344	(30)
Corporate bonds	12,803	12,860	(57)
Others	103,042	106,184	(3,141)
Subtotal	213,358	218,128	(4,770)
Total	¥1,750,055	¥1,675,074	¥74,981

Note: Unlisted stocks are not included in the above table since their fair values are deemed extremely difficult to determine.

Item	Millions of yen		
	As of March 31, 2015		
	Consolidated balance sheet amount (A)	Acquisition cost (B)	Net unrealized gains (losses) (A) – (B)
Other securities with unrealized gains			
Stocks	¥ 101,975	¥ 49,388	¥52,587
Bonds	1,310,313	1,298,124	12,189
National government bonds	1,031,173	1,024,497	6,675
Local government bonds	137,293	134,725	2,568
Corporate bonds	141,846	138,900	2,945
Others	543,628	509,149	34,479
Subtotal	1,955,917	1,856,662	99,255
Other securities with unrealized losses			
Stocks	12,433	13,012	(579)
Bonds	124,381	124,803	(421)
National government bonds	103,474	103,790	(315)
Local government bonds	7,708	7,747	(38)
Corporate bonds	13,197	13,265	(67)
Others	33,835	36,607	(2,772)
Subtotal	170,650	174,424	(3,773)
Total	¥2,126,568	¥2,031,086	¥95,482

Note: Unlisted stocks are not included in the above table since their fair values are deemed extremely difficult to determine.

[Loans and Other Assets Information]

1. Loans Outstanding

(1) Breakdown of Loans Outstanding for Our Hometown Area (Non-Consolidated)

Loans outstanding (average balance)	Billions of yen		
	First half of FY2015 (A)	(A) – (B)	First half of FY2014 (B)
Loans outstanding in Hiroshima Prefecture	¥3,544.4	¥139.5	¥3,404.9
Loans outstanding in Okayama Prefecture	287.3	18.3	269.0
Loans outstanding in Yamaguchi Prefecture	170.6	11.1	159.5
Loans outstanding in Ehime Prefecture	419.0	28.5	390.5
Loans outstanding except for our Hometown Area	727.2	40.1	687.1
Total	¥5,148.5	¥237.5	¥4,911.0

Note: Hometown Area means Hiroshima, Okayama, Yamaguchi, and Ehime Prefecture.

Loans outstanding (term-end balance)	Billions of yen		
	As of September 30, 2015 (A)	(A) – (B)	As of March 31, 2015 (B)
Loans outstanding in Hiroshima Prefecture	¥3,545.6	¥25.7	¥3,519.9
Loans outstanding in Okayama Prefecture	286.5	4.4	282.1
Loans outstanding in Yamaguchi Prefecture	174.1	2.5	171.6
Loans outstanding in Ehime Prefecture	417.6	1.3	416.3
Loans outstanding except for our Hometown Area	726.2	14.0	712.2
Total	¥5,150.0	¥47.9	¥5,102.1

Note: Hometown Area means Hiroshima, Okayama, Yamaguchi, and Ehime Prefecture.

(2) Individual Loans (Non-Consolidated)

Item	Billions of yen		
	As of September 30, 2015 (A)	(A) – (B)	As of March 31, 2015 (B)
Individual loans	¥1,310.8	¥30.0	¥1,280.8
Housing loans	896.2	11.7	884.5
Other loans	414.6	18.3	396.3

(3) Breakdown of Individual Loans for Our Hometown Area (Non-Consolidated)

Item	Billions of yen		
	As of September 30, 2015 (A)	(A) – (B)	As of March 31, 2015 (B)
Individual loans in Hiroshima Prefecture	¥1,090.6	¥19.9	¥1,070.7
Individual loans in Okayama Prefecture	115.5	4.2	111.3
Individual loans in Yamaguchi Prefecture	68.8	3.4	65.4
Individual loans in Ehime Prefecture	27.0	1.3	25.7

(4) Loans Outstanding to Small- and Medium-Sized Businesses and Individuals (Non-Consolidated)

Item	Billions of yen		
	As of September 30, 2015 (A)	(A) – (B)	As of March 31, 2015 (B)
Loans outstanding to small- and medium-sized businesses and individuals	¥3,447.0	¥22.5	¥3,424.5
Ratio to total loans and bill discounted	66.9%	(0.2)%	67.1%

Notes: 1. Includes loans outstanding to individuals.

2. Loans outstanding to small- and medium-sized businesses and individuals excludes the special account for international financial transactions.

(5) Breakdown of Loans Outstanding to Small- and Medium-Sized Businesses and Individuals for Our Hometown Area (Non-Consolidated)

Item	Billions of yen		
	As of September 30, 2015		As of March 31, 2015 (B)
	(A)	(A) – (B)	
Loans outstanding to small- and medium-sized businesses and individuals in Hiroshima Prefecture	¥2,463.0	¥9.3	¥2,453.7
Loans outstanding to small- and medium-sized businesses and individuals in Okayama Prefecture	239.3	1.7	237.6
Loans outstanding to small- and medium-sized businesses and individuals in Yamaguchi Prefecture	155.9	1.7	154.2
Loans outstanding to small- and medium-sized businesses and individuals in Ehime Prefecture	377.6	2.1	375.5

(6) Breakdown of Loans Outstanding Insured by the Association for Our Hometown Area (Non-Consolidated)

Item	Billions of yen		
	As of September 30, 2015		As of March 31, 2015 (B)
	(A)	(A) – (B)	
Loans outstanding insured by the Association in Hiroshima Prefecture	¥207.0	¥(14.7)	¥221.7
Loans outstanding insured by the Association in Okayama Prefecture	15.9	(0.8)	16.7
Loans outstanding insured by the Association in Yamaguchi Prefecture	10.3	(0.1)	10.4
Loans outstanding insured by the Association in Ehime Prefecture	7.2	(0.8)	8.0

2. Risk Managed Loans

(Non-Consolidated)

Item	Millions of yen		
	As of September 30, 2015		As of March 31, 2015 (B)
	(A)	(A) – (B)	
Loans to debtors legally bankrupt	¥ 1,611	¥ 248	¥ 1,363
Other delinquent loans	70,852	(4,821)	75,673
Loans past due 3 months or more	2,809	660	2,149
Restructured loans	16,584	(107)	16,691
Total risk managed loans	¥91,858	¥(4,020)	¥95,878

Notes: Hiroshima Bank adopts partial direct write-off.

Hiroshima Bank has adopted the uniform non-accrual loan accounting method for loans to customers who are at risk or in default.

(Consolidated)

Item	Millions of yen		
	As of September 30, 2015		As of March 31, 2015 (B)
	(A)	(A) – (B)	
Loans to debtors legally bankrupt	¥ 1,671	¥ 241	¥ 1,430
Other delinquent loans	70,852	(4,821)	75,673
Loans past due 3 months or more	2,809	660	2,149
Restructured loans	16,584	(107)	16,691
Total risk managed loans	¥91,918	¥(4,026)	¥95,944

Notes: Hiroshima Bank adopts partial direct write-off.

Hiroshima Bank has adopted the uniform non-accrual loan accounting method for loans to customers who are at risk or in default.

3. Reserve for Possible Loan Losses

(Non-Consolidated)

Item	Millions of yen		As of March 31, 2015 (B)
	As of September (A)	30, 2015 (A) – (B)	
Reserve for possible loan losses	¥31,217	¥(2,161)	¥33,378
General reserve for possible loan losses	14,597	(822)	15,419
Specific reserve for possible loan losses	16,619	(1,340)	17,959
Reserve for specific foreign borrowers/countries	—	—	—

(Consolidated)

Item	Millions of yen		As of March 31, 2015 (B)
	As of September (A)	30, 2015 (A) – (B)	
Reserve for possible loan losses	¥33,732	¥(2,075)	¥35,807
General reserve for possible loan losses	15,571	(822)	16,393
Specific reserve for possible loan losses	18,161	(1,253)	19,414
Reserve for specific foreign borrowers/countries	—	—	—

4. Ratio to Reserve for Total Risk Managed Loans

(Non-Consolidated)

Item	%		As of March 31, 2015 (B)
	As of September (A)	30, 2015 (A) – (B)	
Before partial direct write-off	43.0	(0.4)	43.4
After partial direct write-off	33.9	(0.8)	34.7

(Consolidated)

Item	%		As of March 31, 2015 (B)
	As of September (A)	30, 2015 (A) – (B)	
Before partial direct write-off	43.0	(0.4)	43.4
After partial direct write-off	33.9	(0.9)	34.8

5. Problem Loans Disclosed under the Financial Revitalization Law

(Non-Consolidated)

Item	Millions of yen		As of March 31, 2015 (B)
	As of September (A)	30, 2015 (A) – (B)	
Loans to bankrupt and quasi-bankrupt loans	¥ 8,761	¥ (127)	¥ 8,888
Doubtful loans	65,502	(4,492)	69,994
Substandard loans	19,394	554	18,840
Total (i)	¥93,658	¥(4,064)	¥97,722

6. Coverage of Problem Loans Disclosed under the Financial Revitalization Law

(Non-Consolidated)

Item	Millions of yen		As of March 31, 2015 (B)
	As of September (A)	30, 2015 (A) – (B)	
Coverage amount (ii)	¥72,560	¥(2,501)	¥75,061
Portion covered by reserve (iii)	19,242	(1,468)	20,710
Portion covered by collateral	53,318	(1,032)	54,350
Specific reserve for loan losses	—	—	—
Coverage ratio to disclosed totals (ii)/(i)	77.5%	0.7%	76.8%
Coverage ratio before partial direct write-off	80.6%	0.7%	79.9%
Excluding collateral and guarantees (iv)	40,340	(3,031)	43,371
Coverage ratio (iii)/(iv)	47.7%	(0.1)%	47.8%
Ratio to total loans outstanding	1.79%	(0.09)%	1.88%

7. Loans to Entities Overseas by Country

(1) Loans to Asian Countries (Non-Consolidated)

Not applicable.

(2) Loans to Latin American Countries (Non-Consolidated)

Not applicable.

8. Loan Portfolio

(1) Classification of Loans by Type of Industry

(Non-Consolidated)

Item	Millions of yen		As of March 31, 2015 (B)
	As of September (A)	30, 2015 (A) – (B)	
Domestic (excluding JOM account)	¥5,150,009	¥47,864	¥5,102,145
Manufacturing	738,002	(9,757)	747,759
Agriculture/Forestry	4,042	(136)	4,178
Fishery	538	58	480
Mining/Quarrying of stone/Gravel	556	19	537
Construction	145,980	(8,230)	154,210
Electricity, gas and water	118,333	5,855	112,478
Telecommunication	35,319	(1,312)	36,631
Transportation/Postal activities	248,475	8,901	239,574
Wholesale/Retail services	504,204	(7,189)	511,393
Financial and insurance services	326,787	(4,001)	330,788
Retail estate/Goods rental and leasing	794,394	19,413	774,981
Services	343,097	3,821	339,276
Municipal government	513,165	37,254	475,911
Others	1,377,104	3,168	1,373,936

Note: Others are included in the following loans.

Item	Millions of yen		As of March 31, 2015 (B)
	As of September (A)	30, 2015 (A) – (B)	
Individuals	¥1,003,332	¥ 9,112	¥994,220
Ship chartering industry (nonresidents)	334,785	(11,169)	345,954

- Ship chartering industry (nonresidents) refers primarily to foreign subsidiaries of domestic ship chartering companies.
- Ship-related loans, including loans to the ship chartering industry (domestic and nonresidents) and shipbuilding companies, amounted to 508,356 million yen as of September 30, 2015.

**(2) Breakdown of Classification of Loans by Type of Industry for Our Hometown Area
(Non-Consolidated)**

Item	Billions of yen			
	Hiroshima Prefecture	Okayama Prefecture	Yamaguchi Prefecture	Ehime Prefecture
Total	¥3,545.6	¥286.5	¥174.1	¥417.6
Manufacturing	419.3	43.6	21.0	46.9
Agriculture/Forestry	2.8	0.8	0.3	0.0
Fishery	0.5	0.0	—	0.0
Mining/Quarrying of stone/Gravel	0.3	0.0	0.3	—
Construction	99.3	18.4	14.4	5.2
Electricity, gas and water	94.6	0.5	0.9	3.2
Telecommunication	26.1	2.1	0.3	0.1
Transportation/Postal activities	105.2	7.5	8.4	76.0
Wholesale/Retail services	338.9	40.5	30.7	27.4
Financial and insurance services	223.4	2.5	0.2	1.4
Retail estate/Goods rental and leasing	475.1	63.7	27.2	20.6
Services	249.1	27.3	18.7	17.2
Municipal government	494.9	10.8	3.9	—
Others	1,016.1	68.8	47.8	219.6

**(3) Classification of Risk Managed Loans by Type of Industry
(Non-Consolidated)**

Item	Millions of yen		
	As of September 30, 2015 (A)	As of September 30, 2015 (A) – (B)	As of March 31, 2015 (B)
Domestic (excluding JOM account)	¥91,858	¥(4,020)	¥95,878
Manufacturing	12,593	(474)	13,067
Agriculture/Forestry	78	(4)	82
Fishery	15	(1)	16
Mining/Quarrying of stone/Gravel	66	(6)	72
Construction	9,146	99	9,047
Electricity, gas and water	—	—	—
Telecommunication	214	(16)	230
Transportation/Postal activities	3,337	(1,505)	4,842
Wholesale/Retail services	9,303	1,973	7,330
Financial and insurance services	1,161	125	1,036
Retail estate/Goods rental and leasing	29,195	(967)	30,162
Services	7,750	(1,687)	9,437
Municipal government	—	—	—
Others	18,995	(1,557)	20,552

[Deposits and Other Liabilities Information]

1. Deposits Outstanding

(1) Breakdown of Deposits Outstanding for Our Hometown Area

Deposits outstanding (average balance)	Billions of yen		
	First half of FY2015 (A)	(A) – (B)	First half of FY2014 (B)
Deposits outstanding in Hiroshima Prefecture	¥5,931.6	¥315.5	¥5,616.1
Deposits outstanding in Okayama Prefecture	300.0	17.1	282.9
Deposits outstanding in Yamaguchi Prefecture	197.1	5.3	191.8
Deposits outstanding in Ehime Prefecture	202.1	22.0	180.1
Deposits outstanding except for our Hometown Area	205.0	22.2	182.8
Total	¥6,835.8	¥382.1	¥6,453.7

Note: Hometown Area means Hiroshima, Okayama, Yamaguchi and Ehime Prefecture.
Deposits outstanding includes negotiable certificates of deposit.

Deposits outstanding (term-end balance)	Billions of yen		
	As of September 30, 2015 (A)	(A) – (B)	As of March 31, 2015 (B)
Deposits outstanding in Hiroshima Prefecture	¥5,896.7	¥(20.8)	¥5,917.5
Deposits outstanding in Okayama Prefecture	302.8	11.3	291.5
Deposits outstanding in Yamaguchi Prefecture	199.0	1.0	198.0
Deposits outstanding in Ehime Prefecture	205.1	11.7	193.4
Deposits outstanding except for our Hometown Area	189.9	(13.2)	203.1
Total	¥6,793.5	¥(10.0)	¥6,803.5

Note: Hometown Area means Hiroshima, Okayama, Yamaguchi and Ehime Prefecture.
Deposits outstanding includes negotiable certificates of deposit.

2. Individual Custody Assets

(1) Outstanding Individual Custody Assets (Non-Consolidated)

Outstanding individual custody assets	Billions of yen		
	As of September 30, 2015 (A)	(A) – (B)	As of March 31, 2015 (B)
Outstanding individual custody assets	¥5,296.4	¥ 32.7	¥5,263.7
Individual deposits	4,422.5	45.6	4,376.9
Insurance	407.0	(1.6)	408.6
Investment trusts	302.9	9.5	293.4
Public bonds (National government bonds, etc.)	104.1	(16.9)	121.0
Foreign bonds, and derivative bonds, etc.	59.9	(3.9)	63.8

(2) Breakdown of Outstanding Individual Custody Assets for Our Hometown Area

Hiroshima Prefecture	Billions of yen		
	As of September 30, 2015		As of March 31, 2015 (B)
	(A)	(A) – (B)	
Outstanding individual custody assets	¥4,783.4	¥ 34.3	¥4,749.1
Individual deposits	3,999.4	45.7	3,953.7
Insurance	367.3	(1.5)	368.8
Investment trusts	273.1	8.6	264.5
Public bonds (National government bonds, etc.)	91.5	(14.5)	106.0
Foreign bonds, and derivative bonds, etc.	52.1	(4.0)	56.1

Okayama Prefecture	Billions of yen		
	As of September 30, 2015		As of March 31, 2015 (B)
	(A)	(A) – (B)	
Outstanding individual custody assets	¥224.2	¥ 0.1	¥224.1
Individual deposits	183.1	0.2	182.9
Insurance	17.8	—	17.8
Investment trusts	14.5	0.5	14.0
Public bonds (National government bonds, etc.)	5.4	(0.7)	6.1
Foreign bonds, and derivative bonds, etc.	3.4	0.1	3.3

Yamaguchi Prefecture	Billions of yen		
	As of September 30, 2015		As of March 31, 2015 (B)
	(A)	(A) – (B)	
Outstanding individual custody assets	¥165.1	¥(0.4)	¥165.5
Individual deposits	137.2	0.5	136.7
Insurance	12.8	(0.1)	12.9
Investment trusts	9.2	0.1	9.1
Public bonds (National government bonds, etc.)	4.1	(0.9)	5.0
Foreign bonds, and derivative bonds, etc.	1.8	—	1.8

Ehime Prefecture	Billions of yen		
	As of September 30, 2015		As of March 31, 2015 (B)
	(A)	(A) – (B)	
Outstanding individual custody assets	¥79.2	¥(0.9)	¥80.1
Individual deposits	64.1	(0.5)	64.6
Insurance	7.6	(0.1)	7.7
Investment trusts	4.6	0.3	4.3
Public bonds (National government bonds, etc.)	2.1	(0.6)	2.7
Foreign bonds, and derivative bonds, etc.	0.8	—	0.8