

Financial Results for Fiscal 2016  
(From April 1, 2016 to March 31, 2017)

THE HIROSHIMA BANK, LTD.

# Contents

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# Consolidated Financial Information for Fiscal 2016

## 1. Consolidated Balance Sheets

Item	Millions of yen	
	As of March 31, 2016	As of March 31, 2017
<b>ASSETS</b>		
Cash and due from banks	¥ 712,514	¥1,253,275
Call loans and bills purchased	10,766	17,396
Financial receivables purchased	6,824	7,091
Trading assets	12,284	9,145
Money held in trust	189	156
Securities	1,995,792	1,761,462
Loans and bills discounted	5,267,812	5,605,677
Foreign exchanges	7,315	7,890
Other assets	35,951	57,766
Tangible fixed assets	88,689	92,305
Buildings	13,028	14,165
Land	57,753	61,437
Lease assets	754	695
Construction in progress	1,233	296
Other tangible fixed assets	15,919	15,709
Intangible fixed assets	9,689	10,249
Software	7,451	7,608
Other intangible fixed assets	2,238	2,641
Net defined benefit asset	41,663	46,078
Deferred tax assets	683	699
Customers' liabilities for acceptances and guarantees	46,746	42,001
Reserve for possible loan losses	(35,997)	(37,933)
<b>Total assets</b>	<b>¥8,200,925</b>	<b>¥8,873,264</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Deposits	¥6,792,193	¥6,985,538
Negotiable certificates of deposit	221,525	310,574
Call money and bills sold	25,288	3,365
Payables under repurchase agreements	129,184	137,187
Deposits received for bonds lending / borrowing transactions	268,079	401,641
Trading liabilities	10,232	7,183
Borrowed money	161,128	453,379
Foreign exchanges	185	163
Bonds	20,000	20,000
Due to trust account	42	22
Other liabilities	44,758	42,914
Net defined benefit liability	41	38
Reserve for retirement benefits of directors and corporate auditors	42	27
Reserve for reimbursement of deposits	1,495	1,461
Reserve for point loyalty programs	111	125
Reserve for loss on Head Office reconstruction	—	1,095
Deferred tax liabilities	18,328	5,790
Deferred tax liabilities for land revaluation reserve	13,622	13,613
Acceptances and guarantees	46,746	42,001
<b>Total liabilities</b>	<b>¥7,753,006</b>	<b>¥8,426,125</b>
<b>Net Assets</b>		
Common stock	¥ 54,573	¥ 54,573
Capital surplus	30,817	30,743
Retained earnings	265,811	290,180
Common stock in treasury	(982)	(437)
<b>Total stockholders' equity</b>	<b>350,220</b>	<b>375,060</b>
Net unrealized holding gains on securities available for sale	65,797	39,492
Net deferred gains (losses) on hedging instruments, net of tax	(764)	(512)
Land valuation and translation adjustments, net of tax	27,784	27,763
Remeasurements of defined benefit plans	4,548	5,011
<b>Total accumulated other comprehensive income</b>	<b>97,365</b>	<b>71,755</b>
Stock acquisition rights	334	322
<b>Total net assets</b>	<b>447,919</b>	<b>447,138</b>
<b>Total liabilities and net assets</b>	<b>¥8,200,925</b>	<b>¥8,873,264</b>

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

## Consolidated Statements of Income

Item	Millions of yen	
	FY2015	FY2016
<b>Operating income</b>	¥134,366	¥138,263
Interest income	82,056	80,579
Interest on loans and discounts	63,953	60,995
Interest and dividends on securities	15,110	18,253
Interest on call loans and bills purchased	253	195
Interest on deposits with banks	429	374
Other interest income	2,309	760
Trust fees	150	183
Fees and commissions	28,836	28,907
Trading income	289	295
Other operating income	15,712	10,633
Other income	7,323	17,664
Recoveries of written-off claims	5	65
Other	7,318	17,598
<b>Operating expenses</b>	87,156	93,177
Interest expenses	7,452	9,417
Interest on deposits	3,452	2,885
Interest on negotiable certificates of deposit	311	170
Interest on call money and bills sold	257	80
Interest on payables under repurchase agreement	437	1,150
Interest on bonds lending / borrowing transactions	503	1,469
Interest on borrowings and rediscounts	733	727
Interest on bonds	378	378
Other interest expenses	1,377	2,555
Fees and commissions	8,270	9,323
Other operating expenses	10,004	11,809
General and administrative expenses	54,630	57,379
Other expenses	6,798	5,247
Transfer to reserve for possible loan losses	1,909	2,957
Other	4,889	2,289
<b>Operating profits</b>	47,210	45,086
<b>Extraordinary gains</b>	1	6
Gains on dispositions of fixed assets	1	6
<b>Extraordinary losses</b>	198	1,242
Losses on dispositions of fixed assets	185	106
Impairment losses	13	40
Provision for loss on reconstruction of Head Office	—	1,095
<b>Income before income taxes and others</b>	47,013	43,850
Provision for income taxes and others	13,476	13,704
Deferred income taxes	2,181	(1,061)
<b>Total income taxes</b>	15,658	12,642
<b>Net income</b>	31,355	31,207
<b>Net income attributable to owners of the parent</b>	¥ 31,355	¥ 31,207

## Consolidated Statements of Comprehensive Income

Item	Millions of yen	
	FY2015	FY2016
<b>Net income</b>	¥ 31,355	¥ 31,207
<b>Other comprehensive income (loss)</b>	(13,595)	(25,589)
Net unrealized holding gains on securities available for sale	137	(26,309)
Net deferred gains (losses) on hedging instruments, net of tax	360	252
Land valuation and translation adjustments, net of tax	439	—
Remeasurements of defined benefit plans	(14,532)	463
Share of other comprehensive income of affiliated companies accounted for by equity method	(1)	4
<b>Comprehensive income</b>	¥ 17,759	¥ 5,618
Comprehensive income attributable to owners of the parent	¥ 17,759	¥ 5,618

## 3. Consolidated Statements of Stockholders' Equity

Item	Millions of yen				
	FY2015				
	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Common stock in treasury	Total stockholders' equity
<b>Balance at the beginning of current period</b>	¥54,573	¥30,704	¥240,990	¥(1,416)	¥324,851
<b>Changes of items during the period</b>					
Dividends from surplus			(6,533)		(6,533)
Net income attributable to owners of the parent			31,355		31,355
Purchase of common stock in treasury				(15)	(15)
Disposal of common stock in treasury		113		449	562
Net changes of items other than shareholders' equity					
<b>Total changes of items during the period</b>	—	113	24,821	433	25,368
<b>Balance at the end of current period</b>	¥54,573	¥30,817	¥265,811	¥ (982)	¥350,220

Item	Millions of yen						
	FY2015						
	Accumulated other comprehensive income						
	Net unrealized holding gains 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	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Stock acquisition rights	Total net assets
<b>Balance at the beginning of current period</b>	¥65,661	¥(1,125)	¥27,344	¥ 19,080	¥110,960	¥383	¥436,195
<b>Changes of items during the period</b>							
Dividends from surplus							(6,533)
Net income attributable to owners of the parent							31,355
Purchase of common stock in treasury							(15)
Disposal of common stock in treasury							562
Net changes of items other than shareholders' equity	136	360	439	(14,532)	(13,595)	(49)	(13,644)
<b>Total changes of items during the period</b>	136	360	439	(14,532)	(13,595)	(49)	11,724
<b>Balance at the end of current period</b>	¥65,797	¥ (764)	¥27,784	¥ 4,548	¥ 97,365	¥334	¥447,919

Item	Millions of yen				
	FY2016				
	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Common stock in treasury	Total stockholders' equity
<b>Balance at the beginning of current period</b>	¥54,573	¥30,817	¥265,811	¥(982)	¥350,220
<b>Changes of items during the period</b>					
Dividends from surplus			(6,859)		(6,859)
Net income attributable to owners of the parent			31,207		31,207
Purchase of common stock in treasury				(7)	(7)
Disposal of common stock in treasury		(73)		552	478
Reversal of land revaluation reserve			20		20
Net changes of items other than shareholders' equity					
<b>Total changes of items during the period</b>	—	(73)	24,369	545	24,840
<b>Balance at the end of current period</b>	¥54,573	¥30,743	¥290,180	¥(437)	¥375,060

Item	Millions of yen						
	FY2016						
	Accumulated other comprehensive income						
	Net unrealized holding gains 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	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Stock acquisition rights	Total net assets
<b>Balance at the beginning of current period</b>	¥ 65,797	¥(764)	¥27,784	¥4,548	¥ 97,365	¥334	¥447,919
<b>Changes of items during the period</b>							
Dividends from surplus							(6,859)
Net income attributable to owners of the parent							31,207
Purchase of common stock in treasury							(7)
Disposal of common stock in treasury							478
Reversal of land revaluation reserve							20
Net changes of items other than shareholders' equity	(26,304)	252	(20)	463	(25,609)	(11)	(25,621)
<b>Total changes of items during the period</b>	(26,304)	252	(20)	463	(25,609)	(11)	(780)
<b>Balance at the end of current period</b>	¥ 39,492	¥(512)	¥27,763	¥5,011	¥ 71,755	¥322	¥447,138

## 4. Consolidated Statements of Cash Flows

Item	Millions of yen	
	FY2015	FY2016
<b>Cash flows from operating activities:</b>		
Income before income taxes and minority interests	¥ 47,013	¥ 43,850
Depreciation of premise, equipment and others	3,879	4,501
Impairment losses of fixed assets	13	40
Equity in earnings of affiliates	(333)	(225)
Net change in reserve for possible loan losses	189	1,936
Decrease (increase) in net defined benefit asset	15,790	(4,414)
Increase (decrease) in net defined benefit liability	2	(2)
Net change in reserve for executive retirement benefits	6	(14)
Net change in reserve for reimbursement of dormant deposits	81	(34)
Net change in reserve for point loyalty programs	10	14
Net change in reserve for loss on Head Office reconstruction	—	1,095
Interest income	(82,056)	(80,579)
Interest expense	7,452	9,417
Net losses on securities transactions	(5,024)	(11,583)
Net losses on dispositions of fixed assets	183	99
Net change in trading assets	6,273	3,138
Net change in trading liabilities	(6,052)	(3,049)
Net change in loans	(164,956)	(337,865)
Net change in deposits	271,538	193,345
Net change in negotiable certificates of deposits	(51,481)	89,048
Net change in borrowed money excluding subordinated loans	11,168	302,251
Net change in due from banks other than from the BANK OF JAPAN	(987)	(3,895)
Net change in call loans and bills bought	9,696	(6,897)
Net change in call money and bills sold	37,204	(13,918)
Net change in deposits received for bonds lending/borrowing transactions	17,115	133,561
Net change in foreign exchanges (assets)	(1,029)	(575)
Net change in foreign exchanges (liabilities)	49	(21)
Interest received	91,542	88,307
Interest paid	(7,554)	(9,590)
Other – net	(15,210)	(16,089)
Subtotal	184,523	381,849
Income taxes paid	(6,713)	(16,108)
<b>Net cash provided by operating activities</b>	<b>177,810</b>	<b>365,741</b>
<b>Cash flows from investing activities:</b>		
Purchases of securities	(1,106,527)	(786,813)
Proceeds from sales of securities	1,021,065	800,076
Proceeds from maturity of securities	208,075	183,499
Increase in money held in trust	(34)	(0)
Decrease in money held in trust	1	33
Purchases of tangible fixed assets	(5,878)	(5,964)
Purchase of intangible assets	(3,472)	(3,247)
Proceeds from sales of tangible fixed assets	13	52
<b>Net cash provided by investing activities</b>	<b>113,242</b>	<b>187,634</b>
<b>Cash flows from financing activities:</b>		
Repayments of subordinated loans	(1,000)	(10,000)
Dividends paid	(6,531)	(6,857)
Purchase of treasury stock	(15)	(7)
Proceeds from sales of treasury stock	394	377
Payment of lease liabilities	(72)	(69)
<b>Net cash used in financing activities</b>	<b>(7,225)</b>	<b>(16,557)</b>
Effect of foreign exchange rate changes on cash and cash equivalents	(70)	46
<b>Net change in cash and cash equivalents</b>	<b>283,756</b>	<b>536,865</b>
Cash and cash equivalents at the beginning of year	424,537	708,294
Cash and cash equivalents at the end of year	¥ 708,294	¥ 1,245,160

# Non-Consolidated Financial Information for Fiscal 2016

## 1. Non-Consolidated Balance Sheets

Item	Millions of yen	
	As of March 31, 2016	As of March 31, 2017
<b>ASSETS</b>		
Cash and due from banks	¥ 711,894	¥1,252,600
Cash	77,506	80,603
Due from banks	634,388	1,171,997
Call loans	10,766	17,396
Financial receivables purchased	5,193	5,536
Trading assets	12,284	9,145
Trading account securities	918	919
Trading-related financial derivatives	11,365	8,226
Money held in trust	156	156
Securities	1,999,381	1,765,068
National government bonds	1,052,823	786,478
Local government bonds	129,137	139,456
Corporate bonds	176,046	214,385
Stocks	123,198	130,987
Other securities	518,174	493,760
Loans and bills discounted	5,267,228	5,605,192
Bills discounted	25,755	25,138
Loans on bills	130,745	129,497
Loans on deeds	4,490,981	4,807,198
Overdrafts	619,746	643,357
Foreign exchanges	7,315	7,890
Due from foreign banks (our accounts)	5,077	5,679
Foreign bills bought	431	533
Foreign bills receivable	1,807	1,677
Other assets	32,240	54,292
Domestic exchange settlement account, debit	2	7
Prepaid expenses	349	407
Accrued income	7,582	6,539
Derivatives other than for trading-assets	11,600	9,235
Cash collateral paid for financial instruments	3,509	5,427
Other	9,197	32,675
Tangible fixed assets	88,357	91,974
Buildings	12,988	14,128
Land	57,753	61,437
Lease assets	754	695
Construction in progress	1,233	296
Other tangible fixed assets	15,626	15,415
Intangible fixed assets	9,673	10,235
Software	7,439	7,597
Other intangible fixed assets	2,233	2,637
Prepaid pension cost	35,072	38,814
Customers' liabilities for acceptances and guarantees	44,331	39,950
Reserve for possible loan losses	(33,888)	(35,775)
Reserve for investment losses	(4,730)	(4,901)
<b>Total Assets</b>	<b>¥8,185,278</b>	<b>¥8,857,577</b>



Item	Millions of yen	
	As of March 31, 2016	As of March 31, 2017
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Deposits	¥6,797,573	¥6,992,488
Current deposits	367,786	392,723
Ordinary deposits	3,374,560	3,584,389
Saving deposits	67,355	65,788
Deposits at notice	67,889	37,707
Time deposits	2,548,921	2,482,449
Installment savings	38	36
Other deposits	371,021	429,393
Negotiable certificates of deposit	226,993	316,053
Call money	25,288	3,365
Payables under repurchase agreements	129,184	137,187
Deposits received for bonds lending/borrowing transactions	268,079	401,641
Trading liabilities	10,232	7,183
Trading-related financial derivatives	10,232	7,183
Borrowed money	161,128	453,379
Borrowings from other banks	161,128	453,379
Foreign exchanges	185	163
Foreign bills sold	182	127
Foreign bills payable	3	36
Bonds	20,000	20,000
Due to trust account	42	22
Other liabilities	36,810	34,882
Domestic exchange settlement account, credit	350	357
Income taxes payable	9,163	6,733
Accrued expenses	6,726	6,534
Unearned revenue	1,914	1,780
Reserve for interest on installment savings	1	1
Derivatives other than for trading-liabilities	10,036	7,734
Cash collateral received for financial instruments	2,990	5,597
Lease obligations	788	727
Asset retirement obligations	304	313
Other	4,533	5,101
Reserve for reimbursement of dormant deposits	1,495	1,461
Reserve for point loyalty programs	72	86
Reserve for loss on Head Office reconstruction	—	1,095
Deferred tax liabilities	15,660	2,891
Deferred tax liabilities for land revaluation reserve	13,622	13,613
Acceptances and guarantees	44,331	39,950
<b>Total liabilities</b>	<b>¥7,750,700</b>	<b>¥8,425,466</b>
<b>Net Assets</b>		
Common stock	¥ 54,573	¥ 54,573
Capital surplus	30,816	30,742
Capital reserve	30,634	30,634
Other capital surplus	182	108
Retained earnings	257,006	280,157
Legal earned reserve	40,153	40,153
Other retained earnings	216,853	240,004
Voluntary reserve	186,604	209,604
Earned surplus brought forward	30,249	30,400
Common stock in treasury	(969)	(423)
<b>Total stockholders' equity</b>	<b>341,427</b>	<b>365,050</b>
Net unrealized holding gains on securities available for sale	65,796	39,486
Net deferred gains (losses) on hedging instruments, net of tax	(764)	(512)
Land valuation and translation adjustments, net of tax	27,784	27,763
<b>Total valuation and translation adjustments</b>	<b>92,815</b>	<b>66,738</b>
Stock acquisition rights	334	322
<b>Total net assets</b>	<b>434,577</b>	<b>432,110</b>
<b>Total liabilities and net assets</b>	<b>¥8,185,278</b>	<b>¥8,857,577</b>

## 2. Non-Consolidated Statements of Income

Item	Millions of yen	
	FY2015	FY2016
<b>Operating income</b>	¥130,841	¥134,778
Interest income	82,167	80,852
Interest on loans and discounts	63,867	60,925
Interest and dividends on securities	15,345	18,625
Interest on call loans	253	195
Interest on deposits with banks	427	373
Interest on interest swaps	37	62
Other interest income	2,236	670
Trust fees	150	183
Fees and commissions	25,401	25,337
Fees and commissions on domestic and foreign exchanges	7,683	7,611
Other fees and commissions	17,718	17,726
Trading income	289	295
Gains on trading account securities transactions	66	84
Income from trading-related financial derivatives transactions	222	211
Other operating income	15,712	10,633
Gains on foreign exchange transactions	1,666	1,514
Gains on sales of bonds	13,946	8,988
Income from derivatives other than for trading or hedging	98	129
Other	0	0
Other income	7,121	17,475
Recoveries of written-off claims	4	65
Gains on sales of stocks	3,554	15,138
Other	3,561	2,271
<b>Operating expenses</b>	85,705	91,546
Interest expense	7,451	9,415
Interest on deposits	3,453	2,886
Interest on negotiable certificates of deposit	313	172
Interest on call money	257	80
Interest on payables under repurchase agreement	437	1,150
Interest on bonds lending / borrowing transactions	503	1,469
Interest on borrowings and rediscounts	733	727
Interest on bonds	378	378
Interest on interest swaps	1,007	1,352
Other interest expenses	365	1,198
Fees and commissions	8,794	9,717
Fees and commissions on domestic and foreign exchanges	2,761	2,786
Other fees and commissions	6,032	6,930
Other operating expenses	10,004	11,809
Losses on sales of bonds	10,004	11,809
General and administrative expenses	52,809	55,629
Other expenses	6,645	4,975
Transfer to reserve for possible loan losses	2,227	2,777
Losses on sales of stocks	2,323	723
Write-off amount of stocks	148	9
Other	1,946	1,463
<b>Operating profits</b>	45,136	43,231
<b>Extraordinary gains</b>	1	6
Gains on dispositions of fixed assets	1	6
<b>Extraordinary losses</b>	197	1,242
Losses on dispositions of fixed assets	184	106
Impairment losses	13	40
Provision for loss on reconstruction of Head Office	—	1,095
<b>Income before income taxes and others</b>	44,940	41,996
Provision for income taxes and others	12,873	13,074
Deferred income taxes	2,064	(1,067)
<b>Total income taxes</b>	14,937	12,006
<b>Net income</b>	¥ 30,002	¥ 29,989

## 3. Non-Consolidated Statements of Stockholders' Equity

Item	Millions of yen							
	FY2015							
	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	¥ 68	¥30,703	¥40,153	¥170,604	¥ 22,779	¥233,536
Changes of items during the period								
Dividends from surplus							(6,533)	(6,533)
Voluntary reserve						16,000	(16,000)	—
Net income							30,002	30,002
Purchase of common stock in treasury								
Disposal of common stock in treasury			113	113				
Net changes of items other than shareholders' equity								
Total changes of items during the period	—	—	113	113	—	16,000	7,469	23,469
Balance at the end of current period	¥54,573	¥30,634	¥182	¥30,816	¥40,153	¥186,604	¥ 30,249	¥257,006

Item	Millions of yen							
	FY2015							
	Stockholders' equity		Valuation and translation adjustments					
	Common stock in treasury	Total stockholders' equity	Net unrealized holding gains 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	¥(1,402)	¥317,411	¥65,658	¥(1,125)	¥27,344	¥91,878	¥383	¥409,672
Changes of items during the period								
Dividends from surplus		(6,533)						(6,533)
Voluntary reserve		—						—
Net income		30,002						30,002
Purchase of common stock in treasury	(15)	(15)						(15)
Disposal of common stock in treasury	449	562						562
Net changes of items other than shareholders' equity			137	360	439	937	(49)	888
Total changes of items during the period	433	24,016	137	360	439	937	(49)	24,905
Balance at the end of current period	¥ (969)	¥341,427	¥65,796	¥ (764)	¥27,784	¥92,815	¥334	¥434,577

Millions of yen								
FY2016								
Item	Stockholders' equity					Retained earnings		
	Common stock	Capital surplus			Legal earned reserve	Other retained earnings		Total retained earnings
		Capital reserve	Other capital surpluses	Total capital surplus		Voluntary reserve	Earned surplus brought forward	
<b>Balance at the beginning of current period</b>	¥54,573	¥30,634	¥182	¥30,816	¥40,153	¥186,604	¥ 30,249	¥257,006
<b>Changes of items during the period</b>								
Dividends from surplus							(6,859)	(6,859)
Voluntary reserve						23,000	(23,000)	—
Net income							29,989	29,989
Purchase of common stock in treasury								
Disposal of common stock in treasury			(73)	(73)				
Reversal of land revaluation reserve							20	20
Net changes of items other than shareholders' equity								
<b>Total changes of items during the period</b>	—	—	(73)	(73)	—	23,000	151	23,151
<b>Balance at the end of current period</b>	¥54,573	¥30,634	¥108	¥30,742	¥40,153	¥209,604	¥ 30,400	¥280,157

Millions of yen								
FY2016								
Item	Stockholders' equity		Valuation and translation adjustments					Total net assets
	Common stock in treasury	Total stockholders' equity	Net unrealized holding gains 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	
<b>Balance at the beginning of current period</b>	¥(969)	¥341,427	¥65,796	¥(764)	¥27,784	¥92,815	¥334	¥434,577
<b>Changes of items during the period</b>								
Dividends from surplus		(6,859)						(6,859)
Voluntary reserve		—						—
Net income		29,989						29,989
Purchase of common stock in treasury	(7)	(7)						(7)
Disposal of common stock in treasury	552	478						478
Reversal of land revaluation reserve		20						20
Net changes of items other than shareholders' equity			(26,309)	252	(20)	(26,077)	(11)	(26,089)
<b>Total changes of items during the period</b>	545	23,622	(26,309)	252	(20)	(26,077)	(11)	(2,466)
<b>Balance at the end of current period</b>	¥(423)	¥365,050	¥39,486	¥(512)	¥27,763	¥66,738	¥322	¥432,110

# Financial Data for Fiscal 2016

## 1. Income Status

(Non-Consolidated)

Item	Millions of yen		
	FY2016 (A)	(A) – (B)	FY2015 (B)
Gross banking profit	¥86,360	¥(11,110)	¥97,470
Core gross banking profit	89,181	(4,347)	93,528
Domestic gross banking profit	80,071	(2,739)	82,810
Core gross banking profit	78,950	(3,281)	82,231
Interest income	63,200	(2,470)	65,670
Fees and commissions	15,541	(855)	16,396
Trading income	84	18	66
Other operating income	1,245	568	677
Gains (losses) from securities	1,121	542	579
International gross banking profit	6,289	(8,370)	14,659
Core gross banking profit	10,231	(1,065)	11,296
Interest income	8,235	(811)	9,046
Fees and commissions	262	(98)	360
Trading income	211	(11)	222
Other operating income	(2,421)	(7,451)	5,030
Gains (losses) from securities	(3,942)	(7,305)	3,363
Expenses	54,714	1,000	53,714
Personnel expenses	28,594	117	28,477
Non-personnel expenses	22,190	325	21,865
Taxes	3,929	559	3,370
Banking profit (before transfer to general reserve for possible loan losses) ((i) + (ii))	31,646	(12,110)	43,756
Core banking profit ((i) + (ii) – (iii))	34,467	(5,347)	39,814
Transfer to general reserve for possible loan losses (i)	(5,746)	(13,060)	7,314
Banking profit (after transfer to general reserve for possible loan losses) (ii)	37,392	951	36,441
Gains (losses) on bonds (iii)	(2,821)	(6,763)	3,942
Gains on sales of bonds	8,988	(4,958)	13,946
Losses on sales of bonds	11,809	1,805	10,004
Write-off amount of bonds	—	—	—
Non-recurrent gains (losses)	5,839	(2,855)	8,694
Gains (losses) on stocks (iv)	14,404	13,322	1,082
Gains on sales of stocks	15,138	11,584	3,554
Losses on sales of stocks	723	(1,600)	2,323
Write-off amount of stocks	9	(139)	148
Gains (losses) from securities ((iii) + (iv))	11,583	6,559	5,024
Disposal of non-performing loans (v)	8,506	14,103	(5,597)
Write-off amount of loans	—	—	—
Net transfer to specific reserve for possible loan losses	8,524	13,611	(5,087)
Losses on sales of loans to credit	185	(201)	386
Reversal of reserve for possible loan losses	—	—	—
Recoveries of written-off claims	203	(693)	896
Credit cost ((i) + (v))	2,760	1,043	1,717
Other non-recurrent gains (losses)	(59)	(2,074)	2,015
Operating profits	43,231	(1,905)	45,136
Extraordinary gains (losses)	(1,235)	(1,040)	(195)
Net gains (losses) from fixed assets	(140)	55	(195)
Gains on dispositions of fixed assets	6	5	1
Losses on dispositions of fixed assets	106	(78)	184
Impairment losses	40	27	13
Provision for loss on reconstruction of Head Office	(1,095)	(1,095)	—
Income before income taxes and others	41,996	(2,944)	44,940
Provision for income taxes and others	13,074	201	12,873
Deferred income taxes	(1,067)	(3,131)	2,064
Net income taxes	12,006	(2,931)	14,937
Net income	¥29,989	¥ (13)	¥30,002

## (Consolidated)

Item	Millions of yen		
	FY2016 (A)	(A) – (B)	FY2015 (B)
Consolidated gross banking profit	¥90,049	¥(11,266)	¥101,315
Interest income	71,162	(3,441)	74,603
Fees and commissions	19,767	(948)	20,715
Trading income	295	6	289
Other operating income	(1,176)	(6,883)	5,707
General and administrative expenses	57,379	2,749	54,630
Credit cost	3,217	1,335	1,882
Write-off amount of loans	—	—	—
Net transfer to specific reserve for possible loan losses	8,744	13,915	(5,171)
Net transfer to general reserve for possible loan losses	(5,786)	(12,866)	7,080
Losses on sales of loans to credit	447	(402)	849
Reversal of reserve for possible loan losses	—	—	—
Recoveries of write-off claims	187	(689)	876
Gains (losses) on stocks	14,404	13,322	1,082
Equity in gains (losses) of affiliated companies	225	(108)	333
Others	1,004	13	991
Operating profits	45,086	(2,124)	47,210
Extraordinary gains (losses)	(1,235)	(1,039)	(196)
Income before income taxes and others	43,850	(3,163)	47,013
Provision for income taxes and others	13,704	228	13,476
Deferred income taxes	(1,061)	(3,242)	2,181
Net income taxes	12,642	(3,016)	15,658
Net income	31,207	(148)	31,355
Net income attributable to owners of the parent	¥31,207	¥ (148)	¥ 31,355

Note: 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)

## [Reference: Consolidated Core Banking Profit]

Item	Millions of yen		
	FY2016 (A)	(A) – (B)	FY2015 (B)
Consolidated core banking profit	¥36,415	¥(5,434)	¥41,849

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

## [Reference: Number of Consolidated Subsidiaries]

Item	Number of companies		
	FY2016 (A)	(A) – (B)	FY2015 (B)
Number of consolidated subsidiaries	6	—	6
Number of affiliated companies applicable to the equity method	3	—	3

## 2. Banking Profit

(Non-Consolidated)

Item	Millions of yen		
	FY2016 (A)	(A) – (B)	FY2015 (B)
Core banking profit	¥34,467	¥ (5,347)	¥39,814
Per head (in thousands of yen)	10,866	(1,721)	12,587
Banking profit (before transfer to general reserve for possible loan losses)	31,646	(12,110)	43,756
Per head (in thousands of yen)	9,976	(3,857)	13,833
Banking profit	37,392	951	36,441
Per head (in thousands of yen)	11,788	267	11,521

## 3. Interest Rate Spread

(Non-Consolidated)

[All Branches]

Item	%		
	FY2016 (A)	(A) – (B)	FY2015 (B)
Average yield on interest earnings assets (i)	1.08	(0.08)	1.16
Average yield on loans and bills discounted	1.12	(0.10)	1.22
Average yield on securities	0.95	0.11	0.84
Average yield on interest bearing liabilities (ii)	0.79	(0.04)	0.83
Average yield on deposits and negotiable certificates of deposit	0.04	(0.01)	0.05
Average interest rate spread on loans and deposits	0.34	(0.05)	0.39
Average interest rate spread ((i) – (ii))	0.29	(0.04)	0.33

[Domestics Operations]

Item	%		
	FY2016 (A)	(A) – (B)	FY2015 (B)
Average yield on interest earnings assets (i)	0.96	(0.10)	1.06
Average yield on loans and bills discounted	1.09	(0.13)	1.22
Average yield on securities	0.75	0.07	0.68
Average yield on interest bearing liabilities (ii)	0.76	(0.07)	0.83
Average yield on deposits and negotiable certificates of deposit	0.03	(0.02)	0.05
Average interest rate spread on loans and deposits	0.32	(0.08)	0.40
Average interest rate spread ((i) – (ii))	0.20	(0.03)	0.23

## 4. Return on Equity

(Non-Consolidated)

Item	%		
	FY2016 (A)	(A) – (B)	FY2015 (B)
Core banking profit basis	7.95	(1.48)	9.43
Banking profit basis (before transfer to general reserve for possible loan losses)	7.30	(3.07)	10.37
Banking profit basis	8.63	(0.01)	8.64
Net income basis	6.92	(0.19)	7.11

$$\text{ROE} = \frac{\text{Core banking profit (Banking profit (before transfer to general reserve for possible loan losses) or Banking profit or Net income)}}{(\text{Net assets at beginning of period excludes stock acquisition rights} + \text{Net assets at end of period excludes stock acquisition rights}) / 2}$$

## 5. 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 March 31, 2017 (A)	(A) – (B)	As of March 31, 2016 (B)
Base items related to core capital (i)	¥ 389.9	¥ 11.7	¥ 378.2
Adjustment items related to core capital (ii)	24.7	7.3	17.4
Capital (iii): (i) – (ii)	365.2	4.5	360.7
Sum of risk assets, etc. (iv)	3,374.6	120.7	3,253.9
Capital adequacy ratio: (iii) / (iv)	10.82%	(0.26)%	11.08%

### (Consolidated)

Item	Billions of yen		
	As of March 31, 2017 (A)	(A) – (B)	As of March 31, 2016 (B)
Base items related to core capital (i)	¥ 403.0	¥ 14.1	¥ 388.9
Adjustment items related to core capital (ii)	27.7	8.4	19.3
Capital (iii): (i) – (ii)	375.2	5.7	369.5
Sum of risk assets, etc. (iv)	3,378.9	117.1	3,261.8
Capital adequacy ratio: (iii) / (iv)	11.10%	(0.23)%	11.33%

## 6. Gains (Losses) on Valuation of Securities

### (Non-Consolidated)

Item	Billions of yen							
	As of March 31, 2017 (A)				As of March 31, 2016 (B)			
	Valuation gains (losses)	(A) – (B)	Valuation gains	Valuation losses	Valuation gains (losses)	Valuation gains	Valuation losses	
Held-to-maturity	—	—	—	—	—	—	—	
Other securities	56.2	(38.1)	72.0	15.8	94.3	102.1	7.8	
Stocks	48.7	10.1	52.3	3.6	38.6	42.7	4.1	
Bonds	8.9	(11.1)	10.2	1.3	20.0	20.0	0.0	
Others	(1.4)	(37.1)	9.4	10.9	35.7	39.3	3.6	
Total	56.2	(38.1)	72.0	15.8	94.3	102.1	7.8	

Note: Unlisted stocks, etc. are not included in the above table because it is recognized that it is extremely difficult to determine their market value.



# [Loans and Other Assets Information]

## 1. Loans Outstanding

### (1) Breakdown of Loans Outstanding (Non-Consolidated)

Loans outstanding (average balance)	Billions of yen		
	FY2016 (A)	(A) – (B)	FY2015 (B)
Loans	¥5,431.5	¥226.4	¥5,205.1
Corporate loans	4,059.0	159.9	3,899.1
Individual loans	1,372.5	66.6	1,305.9
Housing loans	922.3	28.3	894.0
Other loans	450.1	38.2	411.9

Loans outstanding (term-end balance)	Billions of yen		
	As of March 31, 2017 (A)	(A) – (B)	As of March 31, 2016 (B)
Loans	¥5,605.1	¥337.9	¥5,267.2
Corporate loans	4,187.6	262.3	3,925.3
Individual loans	1,417.5	75.6	1,341.9
Housing loans	941.1	30.4	910.7
Other loans	476.4	45.2	431.2

### (2) Loans Outstanding to Small- and Medium-Sized Businesses (Non-Consolidated)

Item	Billions of yen		
	As of March 31, 2017 (A)	(A) – (B)	As of March 31, 2016 (B)
Loans outstanding to small- and medium-sized businesses	¥3,723.0	¥170.9	¥3,552.1
Ratio to total loans and bill discounted	66.4%	(1.0)%	67.4%

Notes: 1. Loans outstanding to small- and medium-sized businesses.

2. Loans that are denominators of the ratio to total loans and bills discounted excluding JOM account.

## 2. Risk Managed Loans

### (Non-Consolidated)

Item	Millions of yen		
	As of March 31, 2017 (A)	(A) – (B)	As of March 31, 2016 (B)
Loans to debtors legally bankrupt	¥ 1,265	¥ (143)	¥ 1,408
Other delinquent loans	53,917	8,822	45,095
Loans past due 3 months or more	2,027	(757)	2,784
Restructured loans	12,626	(9,650)	22,276
Total risk managed loans	¥69,837	¥(1,726)	¥71,563

### (Consolidated)

Item	Millions of yen		
	As of March 31, 2017 (A)	(A) – (B)	As of March 31, 2016 (B)
Loans to debtors legally bankrupt	¥ 1,313	¥ (148)	¥ 1,461
Other delinquent loans	53,917	8,822	45,095
Loans past due 3 months or more	2,027	(757)	2,784
Restructured loans	12,626	(9,650)	22,276
Total risk managed loans	¥69,885	¥(1,732)	¥71,617

Notes: Hiroshima Bank adopts partial direct write-off.

Hiroshima Bank has adopted the uniform non-accrual loan accounting method for loans to customers in the self-assessment categories.

### 3. Reserve for Possible Loan Losses

(Non-Consolidated)

Item	Millions of yen		
	As of March 31, 2017		As of March 31, 2016 (B)
	(A)	(A) – (B)	
Reserve for possible loan losses	¥35,775	¥1,887	¥33,888
General reserve for possible loan losses	16,987	(5,746)	22,733
Specific reserve for possible loan losses	18,787	7,633	11,154
Reserve for specific foreign borrowers/countries	—	—	—

(Consolidated)

Item	Millions of yen		
	As of March 31, 2017		As of March 31, 2016 (B)
	(A)	(A) – (B)	
Reserve for possible loan losses	¥37,933	¥1,936	¥35,997
General reserve for possible loan losses	17,687	(5,787)	23,474
Specific reserve for possible loan losses	20,245	7,722	12,523
Reserve for specific foreign borrowers/countries	—	—	—

### 4. Ratio to Reserve for Total Risk Managed Loans

(Non-Consolidated)

Item	%		
	As of March 31, 2017		As of March 31, 2016 (B)
	(A)	(A) – (B)	
Before partial direct write-off	59.7	3.5	56.2
After partial direct write-off	51.1	3.9	47.2

(Consolidated)

Item	%		
	As of March 31, 2017		As of March 31, 2016 (B)
	(A)	(A) – (B)	
Before partial direct write-off	59.8	3.5	56.3
After partial direct write-off	51.1	3.8	47.3

### 5. Problem Loans Disclosed under the Financial Revitalization Law

(Non-Consolidated)

Item	Millions of yen		
	As of March 31, 2017		As of March 31, 2016 (B)
	(A)	(A) – (B)	
Loans to bankrupt and quasi-bankrupt loans	¥ 5,333	¥ (1,667)	¥ 7,000
Doubtful loans	52,647	11,189	41,458
Substandard loans	14,654	(10,406)	25,060
Total (i)	¥72,634	¥ (885)	¥73,519

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

(Non-Consolidated)

Item	Millions of yen		As of March 31, 2016 (B)
	As of March 31, 2017 (A)	(A) – (B)	
Coverage amount (ii)	¥54,815	¥(1,523)	¥56,338
Portion covered by reserve (iii)	21,275	5,656	15,619
Portion covered by collateral	33,540	(7,178)	40,718
Specific reserve for loan losses	—	—	—
Coverage ratio to disclosed totals (ii)/(i)	75.5%	(1.1)%	76.6%
Coverage ratio before partial direct write-off	79.7%	(0.9)%	80.6%
Excluding collateral and guarantees (iv)	39,094	6,293	32,801
Coverage ratio (iii)/(iv)	54.4%	6.8%	47.6%
Ratio to total loans outstanding	1.28%	(0.09)%	1.37%

## 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, 2016 (B)
	As of March 31, 2017 (A)	(A) – (B)	
Domestic (excluding JOM account)	¥5,605,192	¥337,964	¥5,267,228
Manufacturing	716,519	(22,101)	738,620
Agriculture/Forestry	3,710	(507)	4,217
Fishery	962	376	586
Mining/Quarrying of stone/Gravel	3,699	(13)	3,712
Construction	157,345	3,057	154,288
Electricity, gas and water	143,335	19,081	124,254
Telecommunication	34,285	(535)	34,820
Transportation/Postal activities	269,471	9,326	260,145
Wholesale/Retail services	502,790	(9,608)	512,398
Financial and insurance services	322,646	(19,904)	342,550
Retail estate/Goods rental and leasing	888,527	56,906	831,621
Services	384,416	30,694	353,722
Municipal government	748,055	226,280	521,775
Others	1,429,421	44,908	1,384,513

Note: Others are included in the following loans.

Item	Millions of yen		As of March 31, 2016 (B)
	As of March 31, 2017 (A)	(A) – (B)	
Individual	¥1,063,557	¥43,781	¥1,019,776
Ship chartering industry (nonresidents)	330,881	4,260	326,621

Note: 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 534,399 million yen as of March 31, 2017.

## (2) Classification of Risk Managed Loans by Type of Industry (Non-Consolidated)

Item	Millions of yen		
	As of March 31, 2017		As of March 31, 2016 (B)
	(A)	(A) – (B)	
Domestic (excluding JOM account)	¥69,837	¥(1,726)	¥71,563
Manufacturing	17,459	1,925	15,534
Agriculture/Forestry	68	1	67
Fishery	1	(13)	14
Mining/Quarrying of stone/Gravel	85	(7)	92
Construction	5,964	(1,752)	7,716
Electricity, gas and water	—	—	—
Telecommunication	425	154	271
Transportation/Postal activities	690	(198)	888
Wholesale/Retail services	6,367	(730)	7,097
Financial and insurance services	2,788	1,470	1,318
Retail estate/Goods rental and leasing	9,307	129	9,178
Services	10,477	283	10,194
Municipal government	—	—	—
Others	16,202	(2,986)	19,188

## 9. Deposits Outstanding

### Breakdown of Deposits Outstanding (Non-Consolidated)

Deposits outstanding (average balance)	Billions of yen		
	FY2016 (A)	(A) – (B)	FY2015 (B)
Deposits and NCD	¥7,309.1	¥428.0	¥6,881.1
Corporate deposits	2,199.5	144.4	2,055.1
Individual deposits	4,584.6	127.6	4,457.0
Public and finance institution deposits	524.9	156.0	368.9

Deposits outstanding (term-end balance)	Billions of yen		
	As of March 31, 2017 (A)	(A) – (B)	As of March 31, 2016 (B)
Deposits and NCD	¥7,308.5	¥284.0	¥7,024.5
Corporate deposits	2,242.0	87.5	2,154.5
Individual deposits	4,645.2	154.0	4,491.2
Public and finance institution deposits	421.1	42.3	378.8