

Summary of Business Performance in FY2016

In FY2016, core banking profit declined ¥5.4 billion year on year to ¥34.4 billion, owing mainly to a decrease in net interest income as spreads narrowed under negative interest rates. However, net income was unchanged at ¥29.9 billion, thanks to a considerable increase in gains on securities.

On a consolidated basis, profit attributable to owners of the parent declined slightly by ¥0.2 billion to ¥31.2 billion, keeping profits near the record-high level set last fiscal year.

[Non-Consolidated]

(¥ billion)

		Result for FY2016	YoY change (Change rate)
Operating income		134.7	3.9 (3.0 %)
	Net interest income	71.4	(3.3)
	Net fees and commissions income	17.7	(1.1)
Core gross banking profit		89.1	(4.4) ((4.6)%)
	Expenses	54.7	1.0
Core banking profit		34.4	(5.4) ((13.4)%)
	Gains/Losses on securities	11.5	6.5
	Credit costs	2.7	1.0
Ordinary profit		43.2	(1.9) ((4.2)%)
Net income		29.9	(0.1) ((0.0)%)

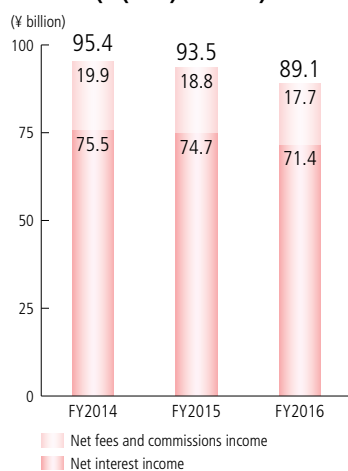
[Consolidated]

Operating income	138.2	3.8 (2.9 %)
Ordinary profit	45.0	(2.2) ((4.5)%)
Profit attributable to owners of the parent	31.2	(0.2) ((0.5)%)

Earnings

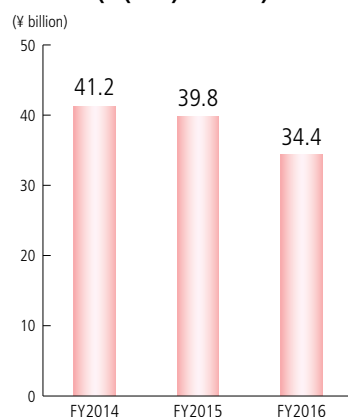
Core gross banking profit

¥89.1 billion
(¥(4.4) billion)



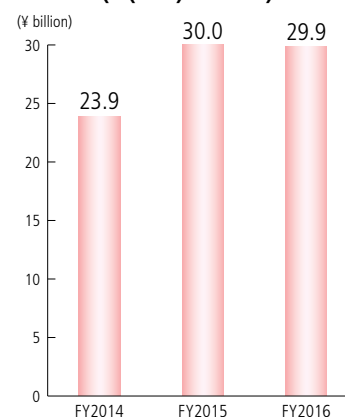
Core banking profit

¥34.4 billion
(¥(5.4) billion)



Net income

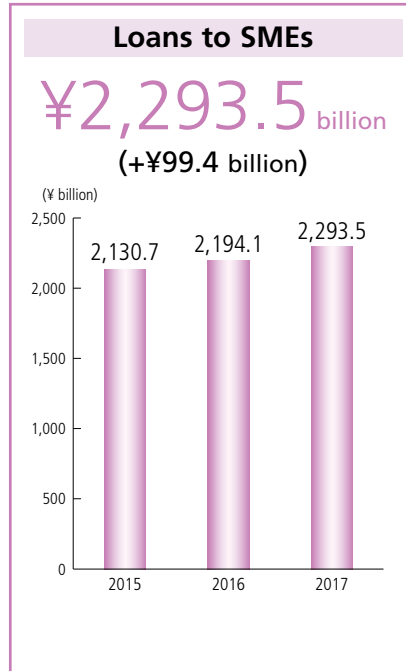
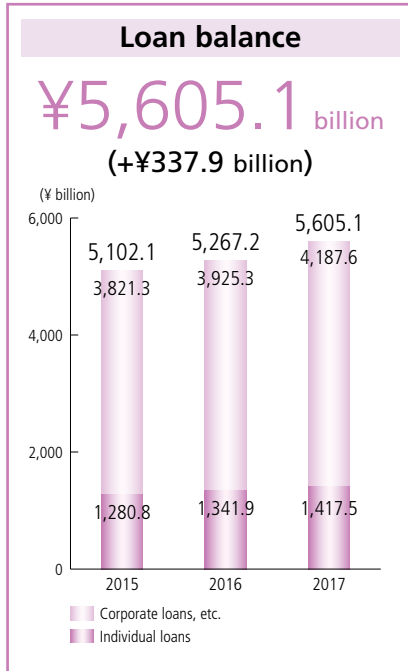
¥29.9 billion
(¥(0.1) billion)



(As of March 31)

Loans

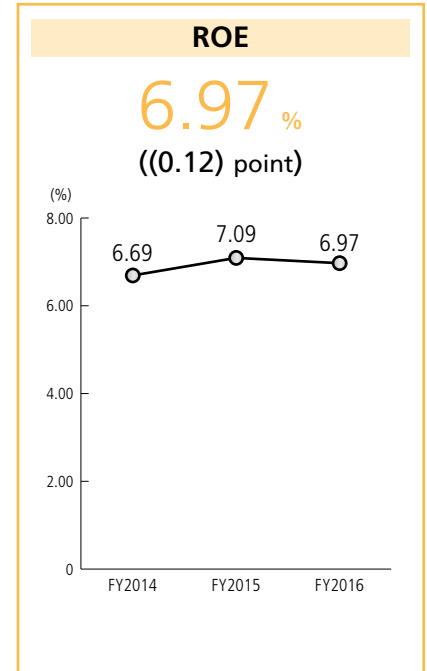
Compared with the end of FY2015, the loan balance expanded ¥337.9 billion (+6.4%) to ¥5,605.1 billion on growth in both corporate loans and individual loans. The balance of corporate loans stood at ¥4,187.6 billion, an increase of ¥262.3 billion (+6.7%) from the end of FY2015, as a result of promoting loans based on feasibility studies and efforts to unearth needs for financing through consulting-based financial products. Of this, the balance of loans to SMEs was ¥2,293.5 billion, an increase of ¥99.4 billion (+4.5%). The balance of individual loans expanded ¥75.6 billion (+5.6%) to ¥1,417.5 billion compared with the end of FY2015, owing to a broader selection of new products and services and efforts to promote housing and consumer loans through promotion campaigns targeting each life stage.



(As of March 31)

ROE (Consolidated)

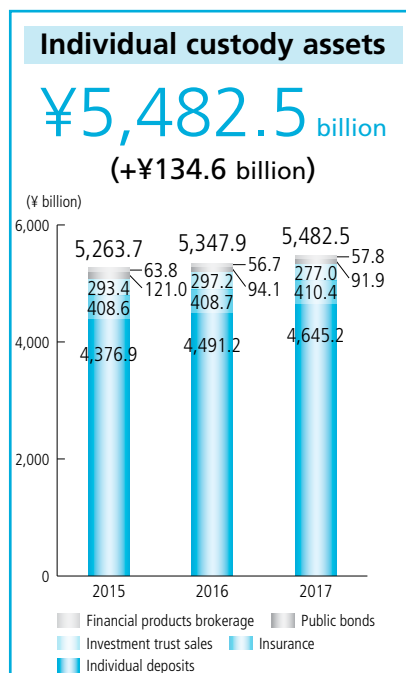
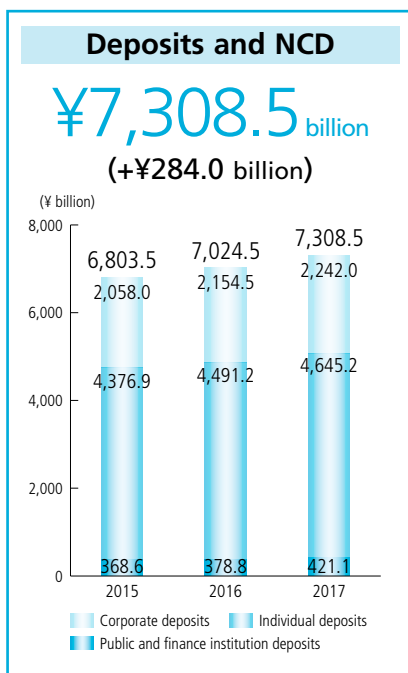
As an indicator of business efficiency, Hiroshima Bank's return on equity (ROE) remained at a high level of 6.97%.



(As of March 31)

Deposits

The Bank's balance of deposits and NCD stood at ¥7,308.5 billion, an increase of ¥284.0 billion (+4.0%) from the end of FY2015, thanks to marketing activities tied to local communities. Of this, corporate deposits grew ¥87.5 billion (+4.1%) to ¥2,242.0 billion, and individual deposits rose ¥154.0 billion (+3.4%) to ¥4,645.2 billion. Individual custody assets totaled ¥5,482.5 billion, an increase of ¥134.6 billion (+2.5%) compared with the end of FY2015, resulting from consulting-based marketing tailored to customer needs amid efforts to enhance customer-oriented operations (fiduciary duty).



(As of March 31)

Capital adequacy ratio

Hiroshima Bank's consolidated capital adequacy ratio was 11.10%, a decline of 0.23 of a percentage point from the end of FY2015, reflecting an increase in risk assets accompanying growth in the balance of loans. Nonetheless, the ratio remains well above Japan's domestic standard of 4%.

