

Financial Results for the First Half of Fiscal 2012

(From April 1, 2012 to September 30, 2012)

THE HIROSHIMA BANK, LTD.

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Consolidated Financial Information for the First Half of Fiscal 2012

1. Consolidated Balance Sheets

Item	Millions of yen	
	As of March 31, 2012	As of September 30, 2012
ASSETS		
Cash and due from banks	¥ 139,329	¥ 175,905
Call loans and bills purchased	14,033	19,546
Financial receivables purchased	6,072	5,309
Trading assets	32,046	31,813
Money held in trust	156	156
Securities	1,813,177	1,807,030
Loans and bills discounted	4,467,066	4,546,186
Foreign exchanges	4,471	5,162
Other assets	59,257	54,339
Tangible fixed assets	84,833	84,522
Intangible fixed assets	8,242	8,369
Deferred tax assets	28,693	29,232
Customers' liabilities for acceptances and guarantees	38,159	40,873
Reserve for possible loan losses	(44,864)	(44,694)
Total Assets	¥6,650,677	¥6,763,754
LIABILITIES AND NET ASSETS		
Liabilities		
Deposits	¥5,762,456	¥5,700,829
Negotiable certificates of deposit	125,870	192,445
Call money and bills sold	22,552	14,411
Deposits received for bonds lending / borrowing transactions	83,516	113,775
Trading liabilities	29,805	29,666
Borrowed money	132,110	212,869
Foreign exchanges	597	611
Bonds	70,000	70,000
Due to trust account	67	66
Other liabilities	40,744	38,054
Allowance for severance and retirement benefits	70	71
Reserve for retirement benefits of directors and corporate auditors	13	17
Reserve for reimbursement of deposits	1,084	1,127
Reserve for point loyalty programs	72	93
Deferred tax liabilities for land revaluation reserve	16,141	16,141
Acceptances and guarantees	38,159	40,873
Total liabilities	¥6,323,265	¥6,431,054
Net Assets		
Common stock	¥ 54,573	¥ 54,573
Capital surplus	30,635	30,635
Retained earnings	188,989	195,000
Common stock in treasury	(2,882)	(2,537)
Total stockholders' equity	271,316	277,671
Net unrealized holding gains on securities available for sale	1,570	533
Net deferred losses on hedging instruments, net of tax	(2,001)	(2,021)
Land revaluation reserve, net of tax	26,152	26,152
Foreign currency translation adjustments	(0)	(0)
Total accumulated other comprehensive income	25,721	24,663
Subscription rights to shares	202	191
Minority interests	30,172	30,172
Total net assets	327,411	332,699
Total liabilities and net assets	¥6,650,677	¥6,763,754

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

Consolidated Statements of Income

Item	Millions of yen	
	First half of FY2011	First half of FY2012
Operating income	¥64,022	¥64,567
Interest income	44,011	43,249
Interest on loans and discounts	35,357	34,267
Interest and dividends on securities	8,096	8,648
Trust fees	64	51
Fees and commissions	12,099	12,059
Trading income	110	253
Other operating income	6,342	7,601
Other income	1,393	1,350
Operating expenses	51,251	51,693
Interest expenses	5,550	4,987
Interest on deposits	3,157	2,483
Fees and commissions	4,402	4,191
Other operating expenses	2,003	1,400
General and administrative expenses	29,968	28,812
Other expenses	9,325	12,302
Operating profits	12,771	12,873
Extraordinary gains	—	—
Extraordinary losses	96	88
Losses on dispositions of fixed assets	95	22
Impairment losses	0	65
Income before income taxes and others	12,674	12,784
Provision for income taxes and others	3,140	4,582
Deferred income taxes	1,321	53
Total income taxes	4,462	4,635
Income before minority interests	8,212	8,148
Minority interests	478	478
Net income	¥ 7,733	¥ 7,670

Consolidated Statements of Comprehensive Income

Item	Millions of yen	
	First half of FY2011	First half of FY2012
Income before minority interests	¥8,212	¥8,148
Other comprehensive income	(977)	(1,057)
Net unrealized holding gains on securities available for sale	(798)	(1,036)
Net deferred (gains) losses on hedging	(177)	(19)
Foreign currency translation adjustment for affiliated company accounted for the equity-method	(0)	(0)
Amount equivalent to interest	(1)	(1)
Comprehensive income	7,234	7,091
Comprehensive income attributable to owners of the parent	6,756	6,613
Comprehensive income attributable to minority interests	478	478

3. Consolidated Statements of Stockholders' Equity

Item	Millions of yen	
	First half of FY2011	First half of FY2012
STOCKHOLDERS' EQUITY		
Common stock		
Balance at the start of current period	¥ 54,573	¥ 54,573
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	¥ 54,573	¥ 54,573
Capital surplus		
Balance at the start of current period	¥ 30,635	¥ 30,635
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	¥ 30,635	¥ 30,635
Retained earnings		
Balance at the start of current period	¥178,277	¥188,989
Changes of items during the period		
Dividends from surplus	(1,543)	(1,546)
Net income	7,733	7,670
Disposal of common stock in treasury	(34)	(113)
Reversal of land revaluation reserve, net of tax	0	—
Total changes of items during the period	6,155	6,010
Balance at the end of current period	¥184,432	¥195,000
Common stock in treasury		
Balance at the start of current period	¥ (3,278)	¥ (2,882)
Changes of items during the period		
Purchases of common stock in treasury	(2)	(46)
Disposal of common stock in treasury	208	390
Total changes of items during the period	206	344
Balance at the end of current period	¥ (3,072)	¥ (2,537)
Total stockholders' equity		
Balance at the start of current period	¥260,207	¥271,316
Changes of items during the period		
Dividends from surplus	(1,543)	(1,546)
Net income	7,733	7,670
Purchases of common stock in treasury	(2)	(46)
Disposal of common stock in treasury	174	277
Reversal of land revaluation reserve, net of tax	0	—
Total changes of items during the period	6,362	6,355
Balance at the end of current period	¥266,569	¥277,671
ACCUMULATED OTHER COMPREHENSIVE INCOME		
Net unrealized holding gains (losses) on securities available for sale		
Balance at the start of current period	¥ (3,561)	¥ 1,570
Changes of items during the period		
Net changes of items other than stockholders' equity	(799)	(1,037)
Total changes of items during the period	(799)	(1,037)
Balance at the end of current period	¥ (4,361)	¥ 533

Item	Millions of yen	
	First half of FY2011	First half of FY2012
Net deferred losses on hedging instruments, net of tax		
Balance at the start of current period	¥ (1,813)	¥ (2,001)
Changes of items during the period		
Net changes of items other than stockholders' equity	(177)	(19)
Total changes of items during the period	(177)	(19)
Balance at the end of current period	¥ (1,991)	¥ (2,021)
Land revaluation reserve, net of tax		
Balance at the start of current period	¥ 23,912	¥ 26,152
Changes of items during the period		
Net changes of items other than stockholders' equity	(0)	—
Total changes of items during the period	(0)	—
Balance at the end of current period	¥ 23,912	¥ 26,152
Foreign currency translation adjustments		
Balance at the start of current period	¥ (0)	¥ (0)
Changes of items during the period		
Net changes of items other than stockholders' equity	(0)	(0)
Total changes of items during the period	(0)	(0)
Balance at the end of current period	¥ (0)	¥ (0)
Total accumulated other comprehensive income		
Balance at the start of current period	¥ 18,537	¥ 25,721
Changes of items during the period		
Net changes of items other than stockholders' equity	(977)	(1,057)
Total changes of items during the period	(977)	(1,057)
Balance at the end of current period	¥ 17,559	¥ 24,663
SUBSCRIPTION RIGHTS TO SHARES		
Balance at the start of current period	¥ 93	¥ 202
Changes of items during the period		
Net changes of items other than stockholders' equity	50	(10)
Total changes of items during the period	50	(10)
Balance at the end of current period	¥ 144	¥ 191
MINORITY INTERESTS		
Balance at the start of current period	¥ 30,172	¥ 30,172
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	¥ 30,172	¥ 30,172
TOTAL NET ASSETS		
Balance at the start of current period	¥309,011	¥327,411
Changes of items during the period		
Dividends from surplus	(1,543)	(1,546)
Net income	7,733	7,670
Purchases of common stock in treasury	(2)	(46)
Disposal of common stock in treasury	174	277
Reversal of land revaluation reserve, net of tax	0	—
Net changes of items other than stockholders' equity	(927)	(1,067)
Total changes of items during the period	5,434	5,287
Balance at the end of current period	¥314,446	¥332,699

Non-Consolidated Financial Information for the First Half of Fiscal 2012

1. Non-Consolidated Balance Sheets

Item	Millions of yen	
	As of March 31, 2012	As of September 30, 2012
ASSETS		
Cash and due from banks	¥ 139,329	¥ 175,905
Call loans	14,033	19,546
Financial receivables purchased	6,072	5,309
Trading assets	32,046	31,813
Money held in trust	156	156
Securities	1,812,950	1,806,735
Loans and bills discounted	4,467,066	4,546,186
Foreign exchanges	4,471	5,162
Other assets	58,723	53,393
Tangible fixed assets	84,807	84,500
Intangible fixed assets	8,230	8,357
Deferred tax assets	28,611	29,139
Customers' liabilities for acceptances and guarantees	38,159	40,873
Reserve for possible loan losses	(44,808)	(44,631)
Total Assets	¥6,649,852	¥6,762,448
LIABILITIES AND NET ASSETS		
Liabilities		
Deposits	¥5,764,606	¥5,702,678
Negotiable certificates of deposit	126,010	192,590
Call money	22,552	14,411
Deposits received for bonds lending/borrowing transactions	83,516	113,775
Trading liabilities	29,805	29,666
Borrowed money	162,810	243,569
Foreign exchanges	597	611
Bonds	70,000	70,000
Due to trust account	67	66
Other liabilities	40,780	38,023
Reserve for reimbursement of deposits	1,084	1,127
Reserve for point loyalty programs	72	93
Deferred tax liabilities for land revaluation reserve	16,141	16,141
Acceptances and guarantees	38,159	40,873
Total liabilities	¥6,356,205	¥6,463,629
Net Assets		
Common stock	¥ 54,573	¥ 54,573
Capital surplus	30,634	30,634
Capital reserve	30,634	30,634
Retained earnings	185,303	191,178
Legal earned reserve	40,153	40,153
Other retained earnings	145,150	151,025
Voluntary reserve	131,604	141,604
Earned surplus brought forward	13,546	9,421
Common stock in treasury	(2,776)	(2,412)
Total stockholders' equity	267,736	273,973
Net unrealized holding gains on securities available for sale	1,558	522
Net deferred losses on hedging instruments, net of taxes	(2,001)	(2,021)
Land revaluation reserve, net of tax	26,152	26,152
Total valuation and translation adjustments	25,708	24,652
Subscription rights to shares	202	191
Total net assets	293,646	298,818
Total liabilities and net assets	¥6,649,852	¥6,762,448

2. Non-Consolidated Statements of Income

Item	Millions of yen	
	First half of FY2011	First half of FY2012
Operating income	¥63,297	¥64,199
Interest income	44,013	43,312
Interest on loans and discounts	35,357	34,267
Interest and dividends on securities	8,098	8,711
Trust fees	64	51
Fees and commissions	11,538	11,724
Trading income	110	253
Other operating income	6,342	7,601
Other income	1,228	1,255
Operating expenses	51,343	52,011
Interest expense	6,042	5,469
Interest on deposits	3,157	2,483
Fees and commissions	4,083	4,126
Other operating expenses	2,003	1,400
General and administrative expenses	29,889	28,723
Other expenses	9,324	12,291
Operating profits	11,954	12,188
Extraordinary gains	—	—
Extraordinary losses	69	88
Income before income taxes and others	11,885	12,100
Provision for income taxes and others	3,089	4,506
Deferred income taxes	1,313	64
Total income taxes	4,403	4,571
Net income	¥ 7,482	¥ 7,528

3. Non-Consolidated Statements of Stockholders' Equity

Item	Millions of yen	
	First half of FY2011	First half of FY2012
STOCKHOLDERS' EQUITY		
Common stock		
Balance at the start of current period	¥ 54,573	¥ 54,573
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	¥ 54,573	¥ 54,573
Capital surplus		
Capital reserve		
Balance at the start of current period	¥ 30,634	¥ 30,634
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	¥ 30,634	¥ 30,634
Total capital surplus		
Balance at the start of current period	¥ 30,634	¥ 30,634
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	¥ 30,634	¥ 30,634
Retained earnings		
Legal earned		
Balance at the start of current period	¥ 40,153	¥ 40,153
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	¥ 40,153	¥ 40,153
Other retained earnings		
Voluntary reserve		
Balance at the start of current period	¥121,604	¥131,604
Changes of items during the period		
Voluntary reserve	10,000	10,000
Total changes of items during the period	10,000	10,000
Balance at the end of current period	¥131,604	¥141,604
Earned surplus brought forward		
Balance at the start of current period	¥ 13,307	¥ 13,546
Changes of items during the period		
Dividends from surplus	(1,543)	(1,546)
Voluntary reserve	(10,000)	(10,000)
Net income	7,482	7,528
Disposal of common stock in treasury	(34)	(108)
Reversal of land revaluation reserve, net of tax	0	—
Total changes of items during the period	(4,095)	(4,125)
Balance at the end of current period	¥ 9,212	¥ 9,421
Total retained earnings		
Balance at the start of current period	¥175,064	¥185,303
Changes of items during the period		
Dividends from surplus	(1,543)	(1,546)
Voluntary reserve	—	—
Net income	7,482	7,528
Disposal of common stock in treasury	(34)	(108)
Reversal of land revaluation reserve, net of tax	0	—
Total changes of items during the period	5,904	5,874
Balance at the end of current period	¥180,969	¥191,178
Common stock in treasury		
Balance at the start of current period	¥ (3,172)	¥ (2,776)
Changes of items during the period		
Purchases of common stock in treasury	(2)	(5)
Disposal of common stock in treasury	208	369
Total changes of items during the period	206	363
Balance at the end of current period	¥ (2,965)	¥ (2,412)

Item	Millions of yen	
	First half of FY2011	First half of FY2012
Total stockholders' equity		
Balance at the start of current period	¥257,100	¥267,736
Changes of items during the period		
Dividends from surplus	(1,543)	(1,546)
Net income	7,482	7,528
Purchases of common stock in treasury	(2)	(5)
Disposal of common stock in treasury	174	260
Reversal of land revaluation, net of tax	0	—
Total changes of items during the period	6,111	6,237
Balance at the end of current period	¥263,211	¥273,973
VALUATION AND TRANSLATION ADJUSTMENTS		
Net unrealized gains (losses) on securities available for sale, net of taxes		
Balance at the start of current period	¥ (3,570)	¥ 1,558
Changes of items during the period		
Net changes of items other than stockholders' equity	(798)	(1,036)
Total changes of items during the period	(798)	(1,036)
Balance at the end of current period	¥ (4,369)	¥ 522
Net deferred gains (losses) on hedging instruments, net of taxes		
Balance at the start of current period	¥ (1,813)	¥ (2,001)
Changes of items during the period		
Net changes of items other than stockholders' equity	(177)	(19)
Total changes of items during the period	(177)	(19)
Balance at the end of current period	¥ (1,991)	¥ (2,021)
Land valuation and translation adjustments, net of tax		
Balance at the start of current period	¥ 23,912	¥ 26,152
Changes of items during the period		
Net changes of items other than stockholders' equity	(0)	—
Total changes of items during the period	(0)	—
Balance at the end of current period	¥ 23,912	¥ 26,152
Total valuation and translation adjustments		
Balance at the start of current period	¥ 18,528	¥ 25,708
Changes of items during the period		
Net changes of items other than stockholders' equity	(976)	(1,055)
Total changes of items during the period	(976)	(1,055)
Balance at the end of current period	¥ 17,552	¥ 24,652
SUBSCRIPTION RIGHTS TO SHARES		
Balance at the start of current period	¥ 93	¥ 202
Changes of items during the period		
Net changes of items other than shareholders' equity	50	(10)
Total changes of item during the period	50	(10)
Balance at the end of current period	¥ 144	¥ 191
TOTAL NET ASSETS		
Balance at the start of current period	¥275,723	¥293,646
Changes of items during the period		
Dividends from surplus	(1,543)	(1,546)
Net income	7,482	7,528
Purchases of common stock in treasury	(2)	(5)
Disposal of common stock in treasury	174	260
Reversal of land revaluation, net of tax	0	—
Net changes of items other than stockholders' equity	(926)	(1,065)
Total changes of items during the period	5,184	5,171
Balance at the end of current period	¥280,908	¥298,818

Financial Data for the First Half of Fiscal 2012

1. Income Status

(Non-Consolidated)

Item	Millions of yen		First half of FY2011 (B)
	First half of FY2012 (A)	(A) - (B)	
Gross banking profit	¥51,947	¥2,008	¥49,939
Core gross banking profit	46,708	(210)	46,918
Domestic gross banking profit	47,611	1,777	45,834
Core gross banking profit	42,887	(423)	43,310
Interest income	35,212	(461)	35,673
Fees and commissions	7,439	147	7,292
Trading income	75	16	59
Other operating income	4,883	2,075	2,808
Gains (losses) from securities	4,723	2,200	2,523
International gross banking profit	4,336	231	4,105
Core gross banking profit	3,821	214	3,607
Interest income	2,630	333	2,297
Fees and commissions	209	(17)	226
Trading income	177	127	50
Other operating income	1,318	(212)	1,530
Gains (losses) from securities	515	18	497
Expenses	28,008	(939)	28,947
Personnel expenses	14,807	(333)	15,140
Non-personnel expenses	11,992	(488)	12,480
Taxes	1,207	(119)	1,326
Banking profit (before transfer to general reserve for possible loan losses)	23,939	2,947	20,992
Core banking profit *1	18,700	729	17,971
Transfer to general reserve for possible loan losses (i)	(1,215)	(1,215)	—
Banking profit (after transfer to general reserve for possible loan losses) *2	25,155	4,163	20,992
Gains (losses) on bonds	5,239	2,218	3,021
Gains on sales of bonds	6,639	1,614	5,025
Losses on sales of bonds	1,186	(428)	1,614
Write-off amount of bonds	213	(176)	389
Non-recurrent gains (losses)	(12,967)	(3,930)	(9,037)
Gains (losses) on stocks	(6,665)	(3,096)	(3,569)
Gains on sales of stocks	566	458	108
Losses on sales of stocks	3,508	3,329	179
Write-off amount of stocks	3,724	225	3,499
Gains (losses) from securities	(1,426)	(878)	(548)
Disposal of non-performing loans (ii)	5,600	1,410	4,190
Write-off amount of loans	2,340	1,356	984
Net transfer to specific reserve for possible loan losses	3,198	3,198	—
Losses on sales of loans to credit	74	(4,039)	4,113
Reversal of reserve for possible loan losses	—	(680)	680
Recoveries of written-off claims	12	(214)	226
Credit cost ((i) + (ii))	4,385	195	4,190
Other non-recurrent gains (losses)	(700)	577	(1,277)
Operating profits	12,188	234	11,954
Extraordinary gains (losses)	(88)	(19)	(69)
Net gains (losses) from fixed assets	(88)	(19)	(69)
Gains on dispositions of fixed assets	—	—	—
Losses on dispositions of fixed assets	22	(46)	68
Impairment losses	65	65	0
Income before income taxes and others	12,100	215	11,885
Provision for income taxes and others	4,506	1,417	3,089
Deferred income taxes	64	(1,249)	1,313
Net income taxes	4,571	168	4,403
Net income	¥ 7,528	¥ 46	¥ 7,482

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 FY2012		First half of FY2011 (B)
	(A)	(A) - (B)	
Consolidated gross banking profit	¥52,637	¥1,966	¥50,671
Interest income	38,262	(198)	38,460
Fees and commissions	7,919	158	7,761
Trading income	253	143	110
Other operating income	6,201	1,862	4,339
General and administrative expenses	28,812	(1,156)	29,968
Credit cost	4,396	199	4,197
Write-off amount of loans	2,340	1,356	984
Net transfer to specific reserve for possible loan losses	3,206	3,206	—
Net transfer to general reserve for possible loan losses	(1,215)	(1,215)	—
Losses on sales of loans to credit	77	(4,037)	4,114
Reversal of reserve for possible loan losses	—	(675)	675
Recoveries of write-off claims	12	(214)	226
Gains (losses) on stocks	(6,665)	(3,096)	(3,569)
Equity in gains (losses) of affiliated companies	96	(70)	166
Others	13	344	(331)
Operating profits	12,873	102	12,771
Extraordinary gains (losses)	(88)	8	(96)
Income before income taxes and others	12,784	110	12,674
Provision for income taxes and others	4,582	1,442	3,140
Deferred income taxes	53	(1,268)	1,321
Net income taxes	4,635	173	4,462
Income before minority interests	8,148	(64)	8,212
Minority interests	478	—	478
Net income	¥ 7,670	¥ (63)	¥ 7,733

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		
	First half of FY2012		First half of FY2011 (B)
	(A)	(A) - (B)	
Consolidated core banking profit	¥19,304	¥678	¥18,626

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 FY2012		First half of FY2011 (B)
	(A)	(A) - (B)	
Number of consolidated subsidiaries	6	—	6
Number of affiliated companies applicable to the equity method	5	—	5

2. Banking Profit

(Non-Consolidated)

Item	Millions of yen		
	First half of FY2012		First half of FY2011 (B)
	(A)	(A) - (B)	
Core banking profit	¥18,700	¥ 729	¥17,971
Per head (in thousands of yen)	6,099	432	5,667
Banking profit (before transfer to general reserve for possible loan losses)	23,939	2,947	20,992
Per head (in thousands of yen)	7,808	1,188	6,620
Banking profit	25,155	4,163	20,992
Per head (in thousands of yen)	8,204	1,584	6,620

3. Interest Rate Spread [Domestic Operations]

(Non-Consolidated)

Item	%		
	First half of FY2012		First half of FY2011 (B)
	(A)	(A) - (B)	
Average yield on interest earnings assets (i)	1.28	(0.08)	1.36
Average yield on loans and bills discounted	1.53	(0.09)	1.62
Average yield on securities	0.84	(0.07)	0.91
Average yield on interest bearing liabilities (ii)	1.04	(0.09)	1.13
Average yield on deposits and negotiable certificates of deposit	0.08	(0.02)	0.10
Average interest rate spread on loans and deposits	0.52	(0.01)	0.53
Average interest rate spread ((i) - (ii))	0.24	0.01	0.23

4. Gains and Losses on Securities

(Non-Consolidated)

Item	Millions of yen		
	First half of FY2012		First half of FY2011 (B)
	(A)	(A) - (B)	
Gains (losses) on bonds (National government bonds, etc.)	¥5,239	¥2,218	¥3,021
Gains on sales	6,639	1,614	5,025
Losses on sales	1,186	(428)	1,614
Write-offs	213	(176)	389

Item	Millions of yen		
	First half of FY2012		First half of FY2011 (B)
	(A)	(A) - (B)	
Gains (losses) on stocks	¥(6,665)	¥(3,096)	¥(3,569)
Gains on sales	566	458	108
Losses on sales	3,508	3,329	179
Write-offs	3,724	225	3,499

5. Capital Adequacy Ratio

(Non-Consolidated)

Item	Billions of yen		As of March 31, 2012 (B)
	As of September 30, 2012 (A)	(A) - (B)	
Capital adequacy ratio	12.22%	0.16%	12.06%
Tier I capital adequacy ratio	8.43%	0.16%	8.27%
Tier I (i)	302.3	5.9	296.4
Tier II (ii)	136.4	—	136.4
Land revaluation reserve included as qualifying capital	19.0	—	19.0
Subordinated loans (bonds)	95.0	—	95.0
Deduction (iii)	0.7	—	0.7
Investment in the capital of other financial institutions	—	—	—
Capital ((i) + (ii) - (iii))	438.0	5.9	432.1
Risk assets	3,584.5	3.9	3,580.6
Total required capital	¥ 143.3	¥0.1	¥ 143.2

Total required capital = (Value of the denominator used in the capital adequacy ratio formula) × 4%

(Consolidated)

Item	Billions of yen		As of March 31, 2012 (B)
	As of September 30, 2012 (A)	(A) - (B)	
Capital adequacy ratio	11.94%	0.15%	11.79%
Tier I capital adequacy ratio	8.55%	0.16%	8.39%
Tier I (i)	306.0	6.1	299.9
Tier II (ii)	136.3	—	136.3
Land revaluation reserve included as qualifying capital	19.0	—	19.0
Subordinated loans	95.0	—	95.0
Deduction (iii)	14.9	—	14.9
Investment in the capital of other financial institutions	14.2	0.1	14.1
Capital ((i) + (ii) - (iii))	427.4	6.0	421.4
Risk assets	3,577.6	4.3	3,573.3
Total required capital	¥ 143.1	¥0.2	¥ 142.9

Total required capital = (Value of the denominator used in the capital adequacy ratio formula) × 4%

Outlier Measurement

Item	Billions of yen		As of March 31, 2012 (B)
	As of September 30, 2012 (A)	(A) - (B)	
Outlier measurement	9.2%	(0.3)%	9.5%

Measurement = Percentile method

6. Return on Equity

(Non-Consolidated)

Item	%		First half of FY2011 (B)
	First half of FY2012 (A)	(A) - (B)	
Core banking profit basis	12.59	(0.29)	12.88
Banking profit basis (before transfer to general reserve for possible loan losses)	16.12	1.07	15.05
Banking profit basis	16.94	1.89	15.05
Net income basis	5.07	(0.29)	5.36

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

7. Deferred Tax Assets

(Non-Consolidated)

Item	Millions of yen	
	As of September 30, 2012	As of March 31, 2012
Breakdown of cause of deferred tax assets and liabilities		
Deferred tax assets		
Reserve for possible loan losses	¥27,137	¥26,392
Write-down of securities	1,995	2,048
Depreciation	909	843
Net unrealized holding gains on securities	399	—
Others	4,221	4,795
Deferred tax assets	34,663	34,079
Valuation allowance	(954)	(942)
Subtotal deferred tax assets	33,708	33,137
Deferred tax liability		
Allowance for severance and retirement benefits	(3,264)	(2,643)
Losses and gains on securities contributed to severance and retirement benefit trust	(1,304)	(1,728)
Net unrealized holding gains on securities	—	(154)
Subtotal deferred tax liability	(4,569)	(4,525)
Net deferred tax assets	¥29,139	¥28,611

(Consolidated)

Item	Millions of yen	
	As of September 30, 2012	As of March 31, 2012
Breakdown of cause of deferred tax assets and liabilities		
Deferred tax assets		
Reserve for possible loan losses	¥27,161	¥26,413
Write-down of securities	1,995	2,048
Depreciation	909	843
Net unrealized holding gains on securities	399	—
Others	4,290	4,855
Deferred tax assets	34,756	34,161
Valuation allowance	(954)	(942)
Subtotal deferred tax assets	33,801	33,219
Deferred tax liability		
Allowance for severance and retirement benefits	(3,264)	(2,643)
Losses and gains on securities contributed to severance and retirement benefit trust	(1,304)	(1,728)
Net unrealized holding gains on securities	—	(154)
Subtotal deferred tax liability	(4,569)	(4,525)
Net deferred tax assets	¥29,232	¥28,693

8. Market Value of Securities

(Consolidated)

Held to maturity securities: Not applicable.

[Other Securities]

Item	Millions of yen		
	As of September 30, 2012		
	Consolidated balance sheet amount (A)	Acquisition cost (B)	Net unrealized gains (losses) (A) - (B)
Other securities with unrealized gains			
Stocks	¥ 28,009	¥ 18,219	¥ 9,789
Bonds	1,348,569	1,330,743	17,826
National government bonds	1,051,847	1,040,208	10,639
Local government bonds	155,301	150,624	4,676
Corporate bonds	142,421	139,910	2,510
Others	213,739	207,360	6,378
Subtotal	1,590,318	1,556,322	33,995
Other securities with unrealized losses			
Stocks	38,380	54,616	(16,235)
Bonds	78,174	79,084	(909)
National government bonds	58,009	58,204	(195)
Local government bonds	—	—	—
Corporate bonds	20,165	20,879	(714)
Others	89,336	105,378	(16,041)
Subtotal	205,891	239,078	(33,187)
Total	¥1,796,209	¥1,795,401	¥ 808

Item	Millions of yen		
	As of March 31, 2012		
	Consolidated balance sheet amount (A)	Acquisition cost (B)	Net unrealized gains (losses) (A) - (B)
Other securities with unrealized gains			
Stocks	¥ 37,483	¥ 22,945	¥14,537
Bonds	1,324,264	1,311,316	12,947
National government bonds	1,044,990	1,037,251	7,738
Local government bonds	146,745	143,205	3,540
Corporate bonds	132,527	130,859	1,668
Others	143,704	140,342	3,362
Subtotal	1,505,452	1,474,605	30,846
Other securities with unrealized losses			
Stocks	42,069	54,684	(12,615)
Bonds	133,415	134,842	(1,426)
National government bonds	98,984	99,364	(379)
Local government bonds	4,844	4,847	(3)
Corporate bonds	29,586	30,630	(1,044)
Others	122,980	137,358	(14,377)
Subtotal	298,465	326,885	(28,419)
Total	¥1,803,918	¥1,801,491	¥ 2,427

[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 FY2012 (A)	(A) - (B)	First half of FY2011 (B)
Loans outstanding in Hiroshima Prefecture	¥3,152.7	¥ 53.7	¥3,099.0
Loans outstanding in Okayama Prefecture	240.0	7.6	232.4
Loans outstanding in Yamaguchi Prefecture	149.1	5.8	143.3
Loans outstanding in Ehime Prefecture	311.7	9.7	302.0
Loans outstanding except for our Hometown Area	646.5	27.2	619.3
Total	¥4,500.0	¥104.0	¥4,396.0

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

Loans outstanding (term-end balance)	Billions of yen		
	As of September 30, 2012 (A)	(A) - (B)	As of March 31, 2012 (B)
Loans outstanding in Hiroshima Prefecture	¥3,184.2	¥46.5	¥3,137.7
Loans outstanding in Okayama Prefecture	243.9	8.5	235.4
Loans outstanding in Yamaguchi Prefecture	148.4	(0.1)	148.5
Loans outstanding in Ehime Prefecture	315.1	2.7	312.4
Loans outstanding except for our Hometown Area	654.5	21.5	633.0
Total	¥4,546.1	¥79.1	¥4,467.0

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

(2) Individual Loans (Non-Consolidated)

Item	Billions of yen		
	As of September 30, 2012 (A)	(A) - (B)	As of March 31, 2012 (B)
Individual loans	¥1,147.8	¥12.6	¥1,135.2
Housing loans	817.9	2.9	815.0
Other loans	329.9	9.7	320.2

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

Item	Billions of yen		
	As of September 30, 2012 (A)	(A) - (B)	As of March 31, 2012 (B)
Individual loans in Hiroshima Prefecture	¥974.8	¥6.4	¥968.4
Individual loans in Okayama Prefecture	93.6	2.9	90.7
Individual loans in Yamaguchi Prefecture	52.5	1.7	50.8
Individual loans in Ehime Prefecture	20.4	1.0	19.4

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

Item	Billions of yen		
	As of September 30, 2012 (A)	(A) - (B)	As of March 31, 2012 (B)
Loans outstanding to small-and medium-sized businesses and individuals	¥3,045.3	¥(6.1)	¥3,051.4
Ratio to total loans and bill discounted	67.0%	(1.3)%	68.3%

(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, 2012		As of March 31, 2012 (B)
	(A)	(A) - (B)	
Loans outstanding to small-and medium-sized businesses and individuals in Hiroshima Prefecture	¥2,240.8	¥(11.1)	¥2,251.9
Loans outstanding to small-and medium-sized businesses and individuals in Okayama Prefecture	206.9	4.1	202.8
Loans outstanding to small-and medium-sized businesses and individuals in Yamaguchi Prefecture	131.7	0.8	130.9
Loans outstanding to small-and medium-sized businesses and individuals in Ehime Prefecture	277.4	4.0	273.4

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

Item	Billions of yen		
	As of September 30, 2012		As of March 31, 2012 (B)
	(A)	(A) - (B)	
Loans outstanding insured by the Association in Hiroshima Prefecture	¥241.9	¥(1.2)	¥243.1
Loans outstanding insured by the Association in Okayama Prefecture	17.7	(1.1)	18.8
Loans outstanding insured by the Association in Yamaguchi Prefecture	11.8	0.5	11.3
Loans outstanding insured by the Association in Ehime Prefecture	7.5	0.1	7.4

2.Risk Managed Loans

(Non-Consolidated)

Item	Millions of yen		
	As of September 30, 2012		As of March 31, 2012 (B)
	(A)	(A) - (B)	
Loans to debtors legally bankrupt	¥ 2,215	¥ (498)	¥ 2,713
Other delinquent loans	80,368	1,858	78,510
Loans past due 3 months or more	3,744	186	3,558
Restructured loans	22,154	5,316	16,838
Total risk managed loans	¥108,482	¥6,861	¥101,621

(Consolidated)

Item	Millions of yen		
	As of September 30, 2012		As of March 31, 2012 (B)
	(A)	(A) - (B)	
Loans to debtors legally bankrupt	¥ 2,215	¥ (498)	¥ 2,713
Other delinquent loans	80,368	1,858	78,510
Loans past due 3 months or more	3,744	186	3,558
Restructured loans	22,154	5,316	16,838
Total risk managed loans	¥108,482	¥6,861	¥101,621

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 September 30, 2012		As of March 31, 2012 (B)
	(A)	(A) - (B)	
Reserve for possible loan losses	¥44,631	¥ (177)	¥44,808
General reserve for possible loan losses	23,194	(1,216)	24,410
Specific reserve for possible loan losses	21,436	1,038	20,398
Reserve for specific foreign borrowers/countries	—	—	—

(Consolidated)

Item	Millions of yen		
	As of September 30, 2012		As of March 31, 2012 (B)
	(A)	(A) - (B)	
Reserve for possible loan losses	¥44,694	¥ (170)	¥44,864
General reserve for possible loan losses	23,194	(1,216)	24,410
Specific reserve for possible loan losses	21,500	1,046	20,454
Reserve for specific foreign borrowers/countries	—	—	—

4. Ratio to Reserve for Total Risk Managed Loans

(Non-Consolidated)

Item	%		
	As of September 30, 2012		As of March 31, 2012 (B)
	(A)	(A) - (B)	
Before partial direct write-off	54.7	(1.8)	56.5
After partial direct write-off	41.0	(2.9)	43.9

(Consolidated)

Item	%		
	As of September 30, 2012		As of March 31, 2012 (B)
	(A)	(A) - (B)	
Before partial direct write-off	54.7	(1.8)	56.5
After partial direct write-off	41.0	(2.9)	43.9

5. Problem Loans Disclosed under the Financial Revitalization Law

(Non-Consolidated)

Item	Millions of yen		
	As of September 30, 2012		As of March 31, 2012 (B)
	(A)	(A) - (B)	
Loans to bankrupt and quasi-bankrupt loans	¥ 18,450	¥ (564)	¥ 19,014
Doubtful loans	67,439	1,665	65,774
Substandard loans	25,898	5,501	20,397
Total (i)	¥111,787	¥6,601	¥105,186

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

(Non-Consolidated)

Item	Millions of yen		
	As of September 30, 2012 (A)	30, 2012 (A) - (B)	As of March 31, 2012 (B)
Coverage amount (ii)	¥93,431	¥5,263	¥88,168
Portion covered by reserve (iii)	26,052	1,761	24,291
Portion covered by collateral	67,378	3,502	63,876
Specific reserve for loan losses	—	—	—
Coverage ratio to disclosed totals (ii)/(i)	83.6%	(0.2)%	83.8%
Coverage ratio before partial direct write-off	87.4%	—	87.4%
Excluding collateral and guarantees (iv)	44,409	3,099	41,310
Coverage ratio (iii)/(iv)	58.7%	(0.1)%	58.8%
Ratio to total loans outstanding	2.42%	0.11%	2.31%

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 September 30, 2012 (A)	30, 2012 (A) - (B)	As of March 31, 2012 (B)
Domestic (excluding JOM account)	¥4,546,186	¥79,120	¥4,467,066
Manufacturing	765,816	1,290	764,526
Agriculture/Forestry	2,757	(100)	2,857
Fishery	716	13	703
Mining/Quarrying of stone/Gravel	440	(14)	454
Construction	145,451	(3,761)	149,212
Electricity, gas and water	71,533	7,874	63,659
Telecommunication	43,340	2,355	40,985
Transportation/Postal activities	212,074	4,642	207,432
Wholesale/Retail services	495,854	(3,088)	498,942
Financial and insurance services	272,714	19,252	253,462
Retail estate/Goods rental and leasing	651,084	(5,341)	656,425
Services	342,402	(1,423)	343,825
Municipal government	367,958	41,403	326,555
Others	1,174,040	16,021	1,158,019

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

Item	Billions of yen			
	Hiroshima Prefecture	Okayama Prefecture	Ymaguchi Prefecture	Ehime Prefecture
Total	¥31,842	¥2,439	¥1,484	¥3,151
Manufacturing	4,479	414	254	440
Agriculture/Forestry	20	4	2	1
Fishery	6	0	—	0
Mining/Quarrying of stone/Gravel	3	0	2	—
Construction	1,094	137	100	41
Electricity, gas and water	611	3	2	6
Telecommunication	312	13	4	0
Transportation/Postal activities	1,072	50	73	504
Wholesale/Retail services	3,558	378	227	252
Financial and insurance services	1,722	31	0	10
Retail estate/Goods rental and leasing	4,194	468	142	167
Services	2,340	295	178	176
Municipal government	3,554	45	32	—
Others	8,877	601	468	1,554

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

Item	Millions of yen		
	As of September 30, 2012 (A)	(A) - (B)	As of March 31, 2012 (B)
Domestic (excluding JOM account)	¥108,482	¥6,861	¥101,621
Manufacturing	25,450	260	25,190
Agriculture/Forestry	122	12	110
Fishery	44	(7)	51
Mining/Quarrying of stone/Gravel	156	(26)	182
Construction	15,302	(125)	15,427
Electricity, gas and water	—	—	—
Telecommunication	400	1	399
Transportation/Postal activities	2,256	(1,337)	3,593
Wholesale/Retail services	13,792	2,152	11,640
Financial and insurance services	292	(38)	330
Retail estate/Goods rental and leasing	17,478	(715)	18,193
Services	17,226	378	16,848
Municipal government	—	—	—
Others	15,957	6,306	9,651

[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 FY2012 (A)	(A) - (B)	First half of FY2011 (B)
Deposits outstanding in Hiroshima Prefecture	¥5,129.9	¥140.1	¥4,989.8
Deposits outstanding in Okayama Prefecture	273.6	4.3	269.3
Deposits outstanding in Yamaguchi Prefecture	183.6	(0.8)	184.4
Deposits outstanding in Ehime Prefecture	164.5	(10.2)	174.7
Deposits outstanding except for our Hometown Area	153.9	(2.4)	156.3
Total	¥5,905.5	¥131.0	¥5,774.5

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, 2012 (A)	(A) - (B)	As of March 31, 2012 (B)
Deposits outstanding in Hiroshima Prefecture	¥5,121.3	¥12.3	¥5,109.0
Deposits outstanding in Okayama Prefecture	276.6	1.5	275.1
Deposits outstanding in Yamaguchi Prefecture	183.8	1.4	182.4
Deposits outstanding in Ehime Prefecture	167.3	1.4	165.9
Deposits outstanding except for our Hometown Area	146.2	(12.0)	158.2
Total	¥5,895.2	¥ 4.6	¥5,890.6

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, 2012 (A)	(A) - (B)	As of March 31, 2012 (B)
Outstanding individual custody assets	¥4,950.6	¥38.9	¥4,911.7
Individual deposits	4,000.0	35.4	3,964.6
Public bonds (National government bonds, etc.)	180.3	(20.9)	201.2
Investment trusts	290.3	(0.6)	290.9
Insurance	393.8	17.4	376.4
Foreign bonds, and derivative bonds, etc.	86.2	7.6	78.6

Note: Individual deposits includes negotiable certificates of deposit.

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

Hiroshima Prefecture	Billions of yen		
	As of September 30, 2012		As of March 31, 2012 (B)
	(A)	(A) - (B)	
Outstanding individual custody assets	¥4,420.7	¥42.3	¥4,378.4
Individual deposits	3,572.7	38.5	3,534.2
Public bonds (National government bonds, etc.)	157.3	(18.2)	175.5
Investment trusts	257.2	0.3	256.9
Insurance	356.5	15.0	341.5
Foreign bonds, and derivative bonds, etc.	77.0	6.7	70.3

Okayama Prefecture	Billions of yen		
	As of September 30, 2012		As of March 31, 2012 (B)
	(A)	(A) - (B)	
Outstanding individual custody assets	¥226.7	¥(0.7)	¥227.4
Individual deposits	184.3	(0.7)	185.0
Public bonds (National government bonds, etc.)	8.5	(1.0)	9.5
Investment trusts	15.0	(0.2)	15.2
Insurance	15.8	0.9	14.9
Foreign bonds, and derivative bonds, etc.	3.1	0.3	2.8

Yamaguchi Prefecture	Billions of yen		
	As of September 30, 2012		As of March 31, 2012 (B)
	(A)	(A) - (B)	
Outstanding individual custody assets	¥167.7	¥(1.4)	¥169.1
Individual deposits	132.7	(0.6)	133.3
Public bonds (National government bonds, etc.)	7.8	(1.0)	8.8
Investment trusts	11.3	(0.6)	11.9
Insurance	13.4	0.5	12.9
Foreign bonds, and derivative bonds, etc.	2.5	0.3	2.2

Ehime Prefecture	Billions of yen		
	As of September 30, 2012		As of March 31, 2012 (B)
	(A)	(A) - (B)	
Outstanding individual custody assets	¥88.3	¥(1.2)	¥89.5
Individual deposits	69.3	(1.7)	71.0
Public bonds (National government bonds, etc.)	4.8	(0.6)	5.4
Investment trusts	5.2	—	5.2
Insurance	6.7	0.8	5.9
Foreign bonds, and derivative bonds, etc.	2.3	0.3	2.0