

Financial Results for the First Half of Fiscal 2013

(From April 1, 2013 to September 30, 2013)

THE HIROSHIMA BANK, LTD.

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Consolidated Financial Information for the First Half of Fiscal 2013

1. Consolidated Balance Sheets

Item	Millions of yen	
	As of March 31, 2013	As of September 30, 2013
ASSETS		
Cash and due from banks	¥ 153,183	¥ 358,511
Call loans and bills purchased	17,720	15,335
Financial receivables purchased	4,887	4,538
Trading assets	15,585	12,241
Money held in trust	156	156
Securities	2,060,603	1,722,940
Loans and bills discounted	4,645,163	4,715,546
Foreign exchanges	4,599	5,427
Other assets	58,483	57,793
Tangible fixed assets	84,698	86,011
Intangible fixed assets	8,405	8,212
Deferred tax assets	13,443	10,303
Customers' liabilities for acceptances and guarantees	40,644	42,497
Reserve for possible loan losses	(45,928)	(38,303)
Total assets	¥7,061,647	¥7,001,212
LIABILITIES AND NET ASSETS		
Liabilities		
Deposits	¥5,930,851	¥5,935,576
Negotiable certificates of deposit	200,799	278,495
Call money and bills sold	33,695	36,397
Deposits received for bonds lending / borrowing transactions	141,426	85,338
Trading liabilities	13,212	10,028
Borrowed money	155,263	127,578
Foreign exchanges	350	471
Bonds	70,000	50,000
Due to trust account	64	98
Other liabilities	91,452	41,057
Allowance for severance and retirement benefits	68	69
Reserve for retirement benefits of directors and corporate auditors	20	18
Reserve for reimbursement of deposits	1,248	1,248
Reserve for point loyalty programs	67	92
Deferred tax liabilities for land revaluation reserve	16,130	16,131
Acceptances and guarantees	40,644	42,497
Total liabilities	¥6,695,296	¥6,625,098
Net Assets		
Common stock	¥ 54,573	¥ 54,573
Capital surplus	30,635	30,635
Retained earnings	202,865	211,531
Common stock in treasury	(2,204)	(1,938)
Total stockholders' equity	285,869	294,801
Net unrealized holding gains on securities available for sale	25,809	26,357
Net deferred losses on hedging instruments, net of tax	(1,874)	(1,583)
Land revaluation reserve, net of tax	26,132	26,131
Foreign currency translation adjustments	(0)	(0)
Total accumulated other comprehensive income	50,067	50,906
Stock acquisition rights	241	232
Minority interests	30,172	30,172
Total net assets	366,351	376,113
Total liabilities and net assets	¥7,061,647	¥7,001,212

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

Consolidated Statements of Income

Item	Millions of yen	
	First half of FY2012	First half of FY2013
Operating income	¥64,567	¥72,367
Interest income	43,249	42,745
Interest on loans and discounts	34,267	33,153
Interest and dividends on securities	8,648	9,269
Trust fees	51	45
Fees and commissions	12,059	12,373
Trading income	253	189
Other operating income	7,601	12,336
Other income	1,350	4,676
Operating expenses	51,693	55,447
Interest expenses	4,987	4,636
Interest on deposits	2,483	2,231
Fees and commissions	4,191	4,110
Other operating expenses	1,400	13,985
General and administrative expenses	28,812	28,132
Other expenses	12,302	4,583
Operating profits	12,873	16,920
Extraordinary gains	—	0
Gain on dispositions of fixed assets	—	0
Extraordinary losses	88	54
Losses on dispositions of fixed assets	22	51
Impairment losses	65	3
Income before income taxes and others	12,784	16,865
Provision for income taxes and others	4,582	3,174
Deferred income taxes	53	2,666
Total income taxes	4,635	5,840
Income before minority interests	8,148	11,025
Minority interests	478	478
Net income	¥ 7,670	¥10,547

Consolidated Statements of Comprehensive Income

Item	Millions of yen	
	First half of FY2012	First half of FY2013
Income before minority interests	¥8,148	¥11,025
Other comprehensive income	(1,057)	838
Net unrealized holding gains on securities available for sale	(1,036)	548
Net deferred gains on hedging	(19)	291
Land revaluation reserve, net of tax	—	(0)
Foreign currency translation adjustment for affiliated company accounted for the equity-method	(0)	0
Amount equivalent to interest	(1)	0
Comprehensive income	7,091	11,864
Comprehensive income attributable to owners of the parent	6,613	11,386
Comprehensive income attributable to minority interests	478	478

3. Consolidated Statements of Stockholders' Equity

Item	Millions of yen	
	First half of FY2012	First half of FY2013
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	¥188,989	¥202,865
Changes of items during the period		
Dividends from surplus	(1,546)	(1,859)
Net income	7,670	10,547
Disposal of common stock in treasury	(113)	(20)
Total changes of items during the period	6,010	8,666
Balance at the end of current period	¥195,000	¥211,531
Common stock in treasury		
Balance at the start of current period	¥ (2,882)	¥ (2,204)
Changes of items during the period		
Purchases of common stock in treasury	(46)	(5)
Disposal of common stock in treasury	390	271
Total changes of items during the period	344	265
Balance at the end of current period	¥ (2,537)	¥ (1,938)
Total stockholders' equity		
Balance at the start of current period	¥271,316	¥285,869
Changes of items during the period		
Dividends from surplus	(1,546)	(1,859)
Net income	7,670	10,547
Purchases of common stock in treasury	(46)	(5)
Disposal of common stock in treasury	277	250
Total changes of items during the period	6,355	8,932
Balance at the end of current period	¥277,671	¥294,801
ACCUMULATED OTHER COMPREHENSIVE INCOME		
Net unrealized holding gains (losses) on securities available for sale		
Balance at the start of current period	¥ 1,570	¥ 25,809
Changes of items during the period		
Net changes of items other than stockholders' equity	(1,037)	548
Total changes of items during the period	(1,037)	548
Balance at the end of current period	¥ 533	¥ 26,357

Item	Millions of yen	
	First half of FY2012	First half of FY2013
Net deferred losses on hedging instruments, net of tax		
Balance at the start of current period	¥ (2,001)	¥ (1,874)
Changes of items during the period		
Net changes of items other than stockholders' equity	(19)	291
Total changes of items during the period	(19)	291
Balance at the end of current period	¥ (2,021)	¥ (1,583)
Land revaluation reserve, net of tax		
Balance at the start of current period	¥ 26,152	¥ 26,132
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	¥ 26,152	¥ 26,131
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	¥ 25,721	¥ 50,067
Changes of items during the period		
Net changes of items other than stockholders' equity	(1,057)	838
Total changes of items during the period	(1,057)	838
Balance at the end of current period	¥ 24,663	¥ 50,906
SUBSCRIPTION RIGHTS TO SHARES		
Balance at the start of current period	¥ 202	¥ 241
Changes of items during the period		
Net changes of items other than stockholders' equity	(10)	(9)
Total changes of items during the period	(10)	(9)
Balance at the end of current period	¥ 191	¥ 232
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	¥327,411	¥366,351
Changes of items during the period		
Dividends from surplus	(1,546)	(1,859)
Net income	7,670	10,547
Purchases of common stock in treasury	(46)	(5)
Disposal of common stock in treasury	277	250
Net changes of items other than stockholders' equity	(1,067)	829
Total changes of items during the period	5,287	9,762
Balance at the end of current period	¥332,699	¥376,113

Non-Consolidated Financial Information for the First Half of Fiscal 2013

1. Non-Consolidated Balance Sheets

Item	Millions of yen	
	As of March 31, 2013	As of September 30, 2013
ASSETS		
Cash and due from banks	¥ 153,163	¥ 358,511
Call loans	17,720	15,335
Financial receivables purchased	4,887	4,538
Trading assets	15,585	12,241
Money held in trust	156	156
Securities	2,064,280	1,726,220
Loans and bills discounted	4,645,163	4,715,546
Foreign exchanges	4,599	5,427
Other assets	57,329	56,629
Tangible fixed assets	84,679	85,988
Intangible fixed assets	8,392	8,201
Deferred tax assets	14,169	10,998
Customers' liabilities for acceptances and guarantees	40,644	42,497
Reserve for possible loan losses	(45,842)	(38,213)
Reserve for investment losses	(5,359)	(5,135)
Total assets	¥7,059,572	¥6,998,943
LIABILITIES AND NET ASSETS		
Liabilities		
Deposits	¥5,932,538	¥5,937,200
Negotiable certificates of deposit	200,964	278,645
Call money	33,695	36,397
Deposits received for bonds lending/borrowing transactions	141,426	85,338
Trading liabilities	13,212	10,028
Borrowed money	185,963	158,278
Foreign exchanges	350	471
Bonds	70,000	50,000
Due to trust account	64	98
Other liabilities	91,432	41,114
Income taxes payable	7,735	2,554
Lease obligations	980	934
Asset retirement obligation	225	260
Other liabilities	82,491	37,364
Reserve for reimbursement of deposits	1,248	1,248
Reserve for point loyalty programs	67	92
Deferred tax liabilities for land revaluation reserve	16,130	16,131
Acceptances and guarantees	40,644	42,497
Total liabilities	¥6,727,738	¥6,657,542
Net Assets		
Common stock	¥ 54,573	¥ 54,573
Capital surplus	30,634	30,634
Capital reserve	30,634	30,634
Retained earnings	198,520	206,991
Legal earned reserve	40,153	40,153
Other retained earnings	158,366	166,838
Voluntary reserve	141,604	154,604
Earned surplus brought forward	16,762	12,234
Common stock in treasury	(2,191)	(1,925)
Total stockholders' equity	281,537	290,275
Net unrealized holding gains on securities available for sale	25,796	26,344
Net deferred losses on hedging instruments, net of taxes	(1,874)	(1,583)
Land revaluation reserve, net of tax	26,132	26,131
Total valuation and translation adjustments	50,054	50,893
Stock acquisition rights	241	232
Total net assets	331,834	341,401
Total liabilities and net assets	¥7,059,572	¥6,998,943

2. Non-Consolidated Statements of Income

Item	Millions of yen	
	First half of FY2012	First half of FY2013
Operating income	¥64,199	¥71,930
Interest income	43,312	42,907
Interest on loans and discounts	34,267	33,153
Interest and dividends on securities	8,711	9,432
Trust fees	51	45
Fees and commissions	11,724	12,036
Trading income	253	189
Other operating income	7,601	12,336
Other income	1,255	4,414
Operating expenses	52,011	55,679
Interest expense	5,469	5,118
Interest on deposits	2,483	2,231
Fees and commissions	4,126	4,032
Other operating expenses	1,400	13,985
General and administrative expenses	28,723	27,967
Other expenses	12,291	4,575
Operating profits	12,188	16,250
Extraordinary gains	—	0
Extraordinary losses	88	54
Income before income taxes and others	12,100	16,196
Provision for income taxes and others	4,506	3,146
Deferred income taxes	64	2,697
Total income taxes	4,571	5,844
Net income	¥ 7,528	¥10,352

3. Non-Consolidated Statements of Stockholders' Equity

Item	Millions of yen	
	First half of FY2012	First half of FY2013
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	¥131,604	¥141,604
Changes of items during the period		
Voluntary reserve	10,000	13,000
Total changes of items during the period	10,000	13,000
Balance at the end of current period	¥141,604	¥154,604
Earned surplus brought forward		
Balance at the start of current period	¥ 13,546	¥ 16,762
Changes of items during the period		
Dividends from surplus	(1,546)	(1,859)
Voluntary reserve	(10,000)	(13,000)
Net income	7,528	10,352
Disposal of common stock in treasury	(108)	(20)
Total changes of items during the period	(4,125)	(4,528)
Balance at the end of current period	¥ 9,421	¥ 12,234
Total retained earnings		
Balance at the start of current period	¥185,303	¥198,520
Changes of items during the period		
Dividends from surplus	(1,546)	(1,859)
Voluntary reserve	—	—
Net income	7,528	10,352
Disposal of common stock in treasury	(108)	(20)
Total changes of items during the period	5,874	8,471
Balance at the end of current period	¥191,178	¥206,991
Common stock in treasury		
Balance at the start of current period	¥ (2,776)	¥ (2,191)
Changes of items during the period		
Purchases of common stock in treasury	(5)	(5)
Disposal of common stock in treasury	369	271
Total changes of items during the period	363	265
Balance at the end of current period	¥ (2,412)	¥ (1,925)

Item	Millions of yen	
	First half of FY2012	First half of FY2013
Total stockholders' equity		
Balance at the start of current period	¥267,736	¥281,537
Changes of items during the period		
Dividends from surplus	(1,546)	(1,859)
Net income	7,528	10,352
Purchases of common stock in treasury	(5)	(5)
Disposal of common stock in treasury	260	250
Total changes of items during the period	6,237	8,737
Balance at the end of current period	¥273,973	¥290,275
VALUATION AND TRANSLATION ADJUSTMENTS		
Net unrealized gains (losses) on securities available for sale, net of taxes		
Balance at the start of current period	¥ 1,558	¥ 25,796
Changes of items during the period		
Net changes of items other than stockholders' equity	(1,036)	548
Total changes of items during the period	(1,036)	548
Balance at the end of current period	¥ 522	¥ 26,344
Net deferred gains (losses) on hedging instruments, net of taxes		
Balance at the start of current period	¥ (2,001)	¥ (1,874)
Changes of items during the period		
Net changes of items other than stockholders' equity	(19)	291
Total changes of items during the period	(19)	291
Balance at the end of current period	¥ (2,021)	¥ (1,583)
Land valuation and translation adjustments, net of tax		
Balance at the start of current period	¥ 26,152	¥ 26,132
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	¥ 26,152	¥ 26,131
Total valuation and translation adjustments		
Balance at the start of current period	¥ 25,708	¥ 50,054
Changes of items during the period		
Net changes of items other than stockholders' equity	(1,055)	838
Total changes of items during the period	(1,055)	838
Balance at the end of current period	¥ 24,652	¥ 50,893
SUBSCRIPTION RIGHTS TO SHARES		
Balance at the start of current period	¥ 202	¥ 241
Changes of items during the period		
Net changes of items other than shareholders' equity	(10)	(9)
Total changes of item during the period	(10)	(9)
Balance at the end of current period	¥ 191	¥ 232
TOTAL NET ASSETS		
Balance at the start of current period	¥293,646	¥331,834
Changes of items during the period		
Dividends from surplus	(1,546)	(1,859)
Net income	7,528	10,352
Purchases of common stock in treasury	(5)	(5)
Disposal of common stock in treasury	260	250
Net changes of items other than stockholders' equity	(1,065)	829
Total changes of items during the period	5,171	9,567
Balance at the end of current period	¥298,818	¥341,401

Financial Data for the First Half of Fiscal 2013

1. Income Status

(Non-Consolidated)

Item	Millions of yen		
	First half of FY2013 (A)	(A) - (B)	First half of FY2012 (B)
Gross banking profit	¥44,379	¥ (7,568)	¥51,947
Core gross banking profit	47,132	424	46,708
Domestic gross banking profit	44,198	(3,413)	47,611
Core gross banking profit	42,357	(530)	42,887
Interest income	34,263	(949)	35,212
Fees and commissions	7,860	421	7,439
Trading income	71	(4)	75
Other operating income	2,002	(2,881)	4,883
Gains (losses) from securities	1,840	(2,883)	4,723
International gross banking profit	181	(4,155)	4,336
Core gross banking profit	4,774	953	3,821
Interest income	3,525	895	2,630
Fees and commissions	188	(21)	209
Trading income	118	(59)	177
Other operating income	(3,650)	(4,968)	1,318
Gains (losses) from securities	(4,593)	(5,108)	515
Expenses	27,502	(506)	28,008
Personnel expenses	14,379	(428)	14,807
Non-personnel expenses	11,828	(164)	11,992
Taxes	1,295	88	1,207
Banking profit (before transfer to general reserve for possible loan losses)	16,876	(7,063)	23,939
Core banking profit *1	19,629	929	18,700
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	16,876	(8,279)	25,155
Gains (losses) on bonds	(2,752)	(7,991)	5,239
Gains on sales of bonds	11,232	4,593	6,639
Losses on sales of bonds	13,985	12,799	1,186
Write-off amount of bonds	—	(213)	213
Non-recurrent gains (losses)	(625)	12,342	(12,967)
Gains (losses) on stocks	1,357	8,022	(6,665)
Gains on sales of stocks	1,850	1,284	566
Losses on sales of stocks	491	(3,017)	3,508
Write-off amount of stocks	0	(3,724)	3,724
Gains (losses) from securities	(1,395)	31	(1,426)
Disposal of non-performing loans (ii)	1,370	(4,230)	5,600
Write-off amount of loans	2,518	178	2,340
Net transfer to specific reserve for possible loan losses	—	(3,198)	3,198
Losses on sales of loans to credit	913	839	74
Reversal of reserve for possible loan losses	2,048	2,048	—
Recoveries of written-off claims	13	1	12
Credit cost ((i) + (ii))	1,370	(3,015)	4,385
Other non-recurrent gains (losses)	(612)	88	(700)
Operating profits	16,250	4,062	12,188
Extraordinary gains (losses)	(54)	34	(88)
Net gains (losses) from fixed assets	(54)	34	(88)
Gains on dispositions of fixed assets	0	0	—
Losses on dispositions of fixed assets	51	29	22
Impairment losses	3	(62)	65
Income before income taxes and others	16,196	4,096	12,100
Provision for income taxes and others	3,146	(1,360)	4,506
Deferred income taxes	2,697	2,633	64
Net income taxes	5,844	1,273	4,571
Net income	¥10,352	¥ 2,824	¥ 7,528

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 FY2013		First half of FY2012 (B)
	(A)	(A) - (B)	
Consolidated gross banking profit	¥44,959	¥(7,678)	¥52,637
Interest income	38,109	(153)	38,262
Fees and commissions	8,309	390	7,919
Trading income	189	(64)	253
Other operating income	(1,648)	(7,849)	6,201
General and administrative expenses	28,132	(680)	28,812
Credit cost	1,386	(3,010)	4,396
Write-off amount of loans	2,518	178	2,340
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	921	844	77
Reversal of reserve for possible loan losses	2,039	2,039	—
Recoveries of write-off claims	13	1	12
Gains (losses) on stocks	1,357	8,022	(6,665)
Equity in gains (losses) of affiliated companies	495	399	96
Others	(373)	(386)	13
Operating profits	16,920	4,047	12,873
Extraordinary gains (losses)	(54)	34	(88)
Income before income taxes and others	16,865	4,081	12,784
Provision for income taxes and others	3,174	(1,408)	4,582
Deferred income taxes	2,666	2,613	53
Net income taxes	5,840	1,205	4,635
Income before minority interests	11,025	2,877	8,148
Minority interests	478	—	478
Net income	¥10,547	¥ 2,877	¥ 7,670

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 FY2013		First half of FY2012 (B)
	(A)	(A) - (B)	
Consolidated core banking profit	¥20,048	¥744	¥19,304

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 FY2013		First half of FY2012 (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 FY2013		First half of FY2012 (B)
	(A)	(A) - (B)	
Core banking profit	¥19,629	¥ 929	¥18,700
Per head (in thousands of yen)	6,452	353	6,099
Banking profit (before transfer to general reserve for possible loan losses)	16,876	(7,063)	23,939
Per head (in thousands of yen)	5,547	(2,261)	7,808
Banking profit	16,876	(8,279)	25,155
Per head (in thousands of yen)	5,547	(2,657)	8,204

3. Interest Rate Spread [Domestic Operations] (Non-Consolidated)

Item	%		
	First half of FY2013		First half of FY2012 (B)
	(A)	(A) - (B)	
Average yield on interest earnings assets (i)	1.21	(0.07)	1.28
Average yield on loans and bills discounted	1.42	(0.11)	1.53
Average yield on securities	0.87	0.03	0.84
Average yield on interest bearing liabilities (ii)	0.97	(0.07)	1.04
Average yield on deposits and negotiable certificates of deposit	0.07	(0.01)	0.08
Average interest rate spread on loans and deposits	0.47	(0.05)	0.52
Average interest rate spread ((i) - (ii))	0.24	—	0.24

4. Gains and Losses on Securities (Non-Consolidated)

Item	Millions of yen		
	First half of FY2013		First half of FY2012 (B)
	(A)	(A) - (B)	
Gains (losses) on bonds (National government bonds, etc.)	¥ (2,752)	¥ (7,991)	¥5,239
Gains on sales	11,232	4,593	6,639
Losses on sales	13,985	12,799	1,186
Write-offs	—	(213)	213

Item	Millions of yen		
	First half of FY2013		First half of FY2012 (B)
	(A)	(A) - (B)	
Gains (losses) on stocks	¥1,357	¥8,022	¥(6,665)
Gains on sales	1,850	1,284	566
Losses on sales	491	(3,017)	3,508
Write-offs	0	(3,724)	3,724

5. Capital Adequacy Ratio (Domestic Standard)

From September 30, 2013 onward, Hiroshima Bank has changed its method for measuring credit risk during capital adequacy ratio calculation from the Standardized Approach to the Foundation Internal Ratings-Based Approach (FIRB).

According to the Reference (Old Standard: Standardized Approach), capital adequacy ratio decreases as subordinated loans of ¥7.0 billion are reimbursed, but capital quality steadily improves as the Tier I capital adequacy ratio increases.

(Non-Consolidated)

New Standard: FIRB

Item	Billions of yen	
	As of September 30, 2013	
Capital adequacy ratio	13.77%	
Tier I capital adequacy ratio	10.41%	
Tier I (i)	¥ 317.2	
Tier II (ii)	104.0	
Land revaluation reserve included as qualifying capital	19.0	
Subordinated loans (bonds)	85.0	
Deduction (iii)	1.7	
Investment in the capital of other financial institutions	—	
Capital ((i) + (ii) - (iii))	419.5	
Risk assets	3,045.4	

(Reference)

Old Standard: Standardized Approach

Item	Billions of yen		
	As of September 30, 2013		As of March 31, 2013 (B)
	(A)	(A) - (B)	
Capital adequacy ratio	12.03%	(0.07)%	12.10%
Tier I capital adequacy ratio	8.60%	0.15%	8.45%
Tier I (i)	¥ 318.3	¥ 8.4	¥ 309.9
Tier II (ii)	127.1	(6.8)	133.9
Land revaluation reserve included as qualifying capital	19.0	—	19.0
Subordinated loans (bonds)	85.0	(7.0)	92.0
Deduction (iii)	0.3	0.3	—
Investment in the capital of other financial institutions	—	—	—
Capital ((i) + (ii) - (iii))	445.1	1.3	443.8
Risk assets	3,699.2	32.7	3,666.5

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

(Consolidated)

New Standard: FIRB

Item	Billions of yen	
	As of September 30, 2013	
Capital adequacy ratio	13.73%	
Tier I capital adequacy ratio	10.69%	
Tier I (i)	¥ 321.8	
Tier II (ii)	104.0	
Land revaluation reserve included as qualifying capital	19.0	
Subordinated loans	85.0	
Deduction (iii)	12.4	
Investment in the capital of other financial institutions	10.6	
Capital ((i) + (ii) - (iii))	413.4	
Risk assets	3,009.0	

(Reference)

Old Standard: Standardized Approach

Item	Billions of yen		As of March 31, 2013 (B)
	As of September 30, 2013 (A)	(A) - (B)	
Capital adequacy ratio	11.86%	(0.08)%	11.94%
Tier I capital adequacy ratio	8.72%	0.15%	8.57%
Tier I (i)	¥ 322.9	¥ 8.7	¥ 314.2
Tier II (ii)	127.1	(6.8)	133.9
Land revaluation reserve included as qualifying capital	19.0	—	19.0
Subordinated loans	85.0	(7.0)	92.0
Deduction (iii)	11.0	0.8	10.2
Investment in the capital of other financial institutions	10.6	0.4	10.2
Capital ((i) + (ii) - (iii))	438.9	1.0	437.9
Risk assets	3,699.1	33.6	3,665.5

6. Return on Equity

(Non-Consolidated)

Item	%		First half of FY2012 (B)
	First half of FY2013 (A)	(A) - (B)	
Core banking profit basis	11.63	(0.96)	12.59
Banking profit basis (before transfer to general reserve for possible loan losses)	10.00	(6.12)	16.12
Banking profit basis	10.00	(6.94)	16.94
Net income basis	6.13	1.06	5.07

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

7. Deferred Tax Assets

(Non-Consolidated)

Item	Millions of yen	
	As of September 30, 2013	As of March 31, 2013
Breakdown of cause of deferred tax assets and liabilities		
Deferred tax assets		
Reserve for possible loan losses	¥23,671	¥25,813
Write-down of securities	886	1,035
Depreciation	924	933
Others	5,715	6,378
Deferred tax assets	31,198	34,160
Valuation allowance	(2,158)	(2,229)
Subtotal deferred tax assets	29,040	31,931
Deferred tax liability		
Allowance for severance and retirement benefits	(3,727)	(3,573)
Losses and gains on securities contributed to severance and retirement benefit trust	(1,057)	(1,098)
Net unrealized holding gains on securities	(13,257)	(13,089)
Subtotal deferred tax liability	(18,042)	(17,761)
Net deferred tax assets	¥10,998	¥14,169

8. Market Value of Securities

(Consolidated)

Held to maturity securities: Not applicable.

[Other Securities]

Item	Millions of yen		
	As of September 30, 2013		
	Consolidated balance sheet amount (A)	Acquisition cost (B)	Net unrealized gains (losses) (A) - (B)
Other securities with unrealized gains			
Stocks	¥ 69,999	¥ 40,931	¥29,067
Bonds	1,111,738	1,099,920	11,817
National government bonds	842,785	836,823	5,962
Local government bonds	132,445	128,967	3,478
Corporate bonds	136,507	134,129	2,377
Others	223,123	215,613	7,509
Subtotal	1,404,861	1,356,466	48,395
Other securities with unrealized losses			
Stocks	22,746	25,107	(2,361)
Bonds	181,941	183,185	(1,244)
National government bonds	158,772	159,816	(1,044)
Local government bonds	7,178	7,195	(17)
Corporate bonds	15,990	16,172	(182)
Others	103,994	107,627	(3,633)
Subtotal	308,681	315,920	(7,239)
Total	¥1,713,542	¥1,672,386	¥41,156

Item	Millions of yen		
	As of March 31, 2013		
	Consolidated balance sheet amount (A)	Acquisition cost (B)	Net unrealized gains (losses) (A) - (B)
Other securities with unrealized gains			
Stocks	¥ 51,582	¥ 31,838	¥19,744
Bonds	1,363,613	1,342,944	20,669
National government bonds	1,057,108	1,044,683	12,425
Local government bonds	154,908	149,683	5,225
Corporate bonds	151,596	148,577	3,018
Others	253,223	239,491	13,732
Subtotal	1,668,419	1,614,273	54,145
Other securities with unrealized losses			
Stocks	36,186	43,320	(7,133)
Bonds	214,936	215,473	(537)
National government bonds	199,718	199,787	(69)
Local government bonds	—	—	—
Corporate bonds	15,218	15,686	(467)
Others	133,079	139,253	(6,174)
Subtotal	384,201	398,047	(13,845)
Total	¥2,052,621	¥2,012,321	¥40,300

[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 FY2013 (A)	(A) - (B)	First half of FY2012 (B)
Loans outstanding in Hiroshima Prefecture	¥3,265.4	¥112.7	¥3,152.7
Loans outstanding in Okayama Prefecture	251.0	11.0	240.0
Loans outstanding in Yamaguchi Prefecture	149.6	0.5	149.1
Loans outstanding in Ehime Prefecture	351.4	39.7	311.7
Loans outstanding except for our Hometown Area	665.7	19.2	646.5
Total	¥4,683.1	¥183.1	¥4,500.0

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

Loans outstanding (term-end balance)	Billions of yen		
	As of September 30, 2013 (A)	(A) - (B)	As of March 31, 2013 (B)
Loans outstanding in Hiroshima Prefecture	¥3,283.6	¥39.7	¥3,243.9
Loans outstanding in Okayama Prefecture	252.3	3.6	248.7
Loans outstanding in Yamaguchi Prefecture	147.3	(1.4)	148.7
Loans outstanding in Ehime Prefecture	356.4	16.1	340.3
Loans outstanding except for our Hometown Area	675.9	12.4	663.5
Total	¥4,715.5	¥70.4	¥4,645.1

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

(2) Individual Loans (Non-Consolidated)

Item	Billions of yen		
	As of September 30, 2013 (A)	(A) - (B)	As of March 31, 2013 (B)
Individual loans	¥1,200.0	¥25.2	¥1,174.8
Housing loans	849.1	16.3	832.8
Other loans	350.9	8.9	342.0

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

Item	Billions of yen		
	As of September 30, 2013 (A)	(A) - (B)	As of March 31, 2013 (B)
Individual loans in Hiroshima Prefecture	¥1,013.5	¥19.7	¥993.8
Individual loans in Okayama Prefecture	100.5	2.3	98.2
Individual loans in Yamaguchi Prefecture	56.4	1.8	54.6
Individual loans in Ehime Prefecture	22.5	1.1	21.4

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

Item	Billions of yen		
	As of September 30, 2013 (A)	(A) - (B)	As of March 31, 2013 (B)
Loans outstanding to small-and medium-sized businesses and individuals	¥3,149.2	¥17.7	¥3,131.5
Ratio to total loans and bill discounted	66.8%	(0.6)%	67.4%

(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, 2013		As of March 31, 2013 (B)
	(A)	(A) - (B)	
Loans outstanding to small-and medium-sized businesses and individuals in Hiroshima Prefecture	¥2,297.7	¥ 5.1	¥2,292.6
Loans outstanding to small-and medium-sized businesses and individuals in Okayama Prefecture	212.2	(1.8)	214.0
Loans outstanding to small-and medium-sized businesses and individuals in Yamaguchi Prefecture	133.0	(0.1)	133.1
Loans outstanding to small-and medium-sized businesses and individuals in Ehime Prefecture	314.8	15.4	299.4

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

Item	Billions of yen		
	As of September 30, 2013		As of March 31, 2013 (B)
	(A)	(A) - (B)	
Loans outstanding insured by the Association in Hiroshima Prefecture	¥227.6	¥(7.1)	¥234.7
Loans outstanding insured by the Association in Okayama Prefecture	16.8	(1.0)	17.8
Loans outstanding insured by the Association in Yamaguchi Prefecture	11.3	(0.3)	11.6
Loans outstanding insured by the Association in Ehime Prefecture	7.9	—	7.9

2.Risk Managed Loans

(Non-Consolidated)

Item	Millions of yen		
	As of September 30, 2013		As of March 31, 2013 (B)
	(A)	(A) - (B)	
Loans to debtors legally bankrupt	¥ 2,103	¥ (418)	¥ 2,521
Other delinquent loans	63,030	(14,276)	77,306
Loans past due 3 months or more	2,804	(542)	3,346
Restructured loans	28,585	2,059	26,526
Total risk managed loans	¥96,523	¥(13,179)	¥109,702

(Consolidated)

Item	Millions of yen		
	As of September 30, 2013		As of March 31, 2013 (B)
	(A)	(A) - (B)	
Loans to debtors legally bankrupt	¥ 2,103	¥ (418)	¥ 2,521
Other delinquent loans	63,030	(14,276)	77,306
Loans past due 3 months or more	2,804	(542)	3,346
Restructured loans	28,585	2,059	26,526
Total risk managed loans	¥96,523	¥(13,179)	¥109,702

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, 2013		As of March 31, 2013 (B)
	(A)	(A) - (B)	
Reserve for possible loan losses	¥38,213	¥(7,629)	¥45,842
General reserve for possible loan losses	23,439	(778)	24,217
Specific reserve for possible loan losses	14,773	(6,851)	21,624
Reserve for specific foreign borrowers/countries	—	—	—

(Consolidated)

Item	Millions of yen		
	As of September 30, 2013		As of March 31, 2013 (B)
	(A)	(A) - (B)	
Reserve for possible loan losses	¥38,303	¥(7,625)	¥45,928
General reserve for possible loan losses	23,439	(778)	24,217
Specific reserve for possible loan losses	14,863	(6,847)	21,710
Reserve for specific foreign borrowers/countries	—	—	—

4. Ratio to Reserve for Total Risk Managed Loans

(Non-Consolidated)

Item	%		
	As of September 30, 2013		As of March 31, 2013 (B)
	(A)	(A) - (B)	
Before partial direct write-off	54.1	0.4	53.7
After partial direct write-off	39.5	(2.2)	41.7

(Consolidated)

Item	%		
	As of September 30, 2013		As of March 31, 2013 (B)
	(A)	(A) - (B)	
Before partial direct write-off	54.1	0.4	53.7
After partial direct write-off	39.5	(2.2)	41.7

5. Problem Loans Disclosed under the Financial Revitalization Law

(Non-Consolidated)

Item	Millions of yen		
	As of September 30, 2013		As of March 31, 2013 (B)
	(A)	(A) - (B)	
Loans to bankrupt and quasi-bankrupt loans	¥14,436	¥ (2,638)	¥ 17,074
Doubtful loans	52,845	(12,431)	65,276
Substandard loans	31,389	1,516	29,873
Total (i)	¥98,672	¥(13,552)	¥112,224

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

(Non-Consolidated)

Item	Millions of yen		
	As of September 30, 2013 (A)	30, 2013 (A) - (B)	As of March 31, 2013 (B)
Coverage amount (ii)	¥78,244	¥(12,902)	¥91,146
Portion covered by reserve (iii)	20,049	(6,764)	26,813
Portion covered by collateral	58,194	(6,138)	64,332
Specific reserve for loan losses	—	—	—
Coverage ratio to disclosed totals (ii)/(i)	79.3%	(1.9)%	81.2%
Coverage ratio before partial direct write-off	84.3%	(0.8)%	85.1%
Excluding collateral and guarantees (iv)	40,477	(7,415)	47,892
Coverage ratio (iii)/(iv)	49.5%	(6.5)%	56.0%
Ratio to total loans outstanding	2.06%	(0.31)%	2.37%

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 September 30, 2013 (A)	30, 2013 (A) - (B)	As of March 31, 2013 (B)
Domestic (excluding JOM account)	¥4,715,546	¥70,383	¥4,645,163
Manufacturing	770,353	(3,044)	773,397
Agriculture/Forestry	3,101	133	2,968
Fishery	657	39	618
Mining/Quarrying of stone/Gravel	378	(13)	391
Construction	136,624	(8,124)	144,748
Electricity, gas and water	85,872	11,917	73,955
Telecommunication	38,595	(950)	39,545
Transportation/Postal activities	212,662	7,592	205,070
Wholesale/Retail services	484,772	(7,266)	492,038
Financial and insurance services	294,475	10,569	283,906
Retail estate/Goods rental and leasing	674,149	15	674,134
Services	325,728	(10,539)	336,267
Municipal government	414,142	26,414	387,728
Others	1274,025	43,637	1,230,388

**(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	¥3,283.6	¥252.3	¥147.3	¥356.4
Manufacturing	440.0	39.2	22.7	43.8
Agriculture/Forestry	2.1	0.4	0.2	0.2
Fishery	0.6	0	—	0
Mining/Quarrying of stone/Gravel	0.3	0	0.1	—
Construction	100.5	14.2	9.2	4.0
Electricity, gas and water	70.0	0.2	0.2	2.2
Telecommunication	25.1	1.6	0.4	0
Transportation/Postal activities	93.0	4.8	6.4	59.2
Wholesale/Retail services	347.8	37.3	22.0	23.8
Financial and insurance services	200.4	3.2	0	1.2
Retail estate/Goods rental and leasing	436.4	50.5	17.5	16.2
Services	232.4	24.2	16.2	13.9
Municipal government	397.1	9.5	3.0	—
Others	937.9	67.2	49.4	191.9

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

Item	Millions of yen		
	As of September 30, 2013		As of March 31, 2013 (B)
	(A)	(A) - (B)	
Domestic (excluding JOM account)	¥96,523	¥(13,179)	¥109,702
Manufacturing	24,659	(2,363)	27,022
Agriculture/Forestry	134	15	119
Fishery	27	(6)	33
Mining/Quarrying of stone/Gravel	111	(27)	138
Construction	12,338	(2,305)	14,643
Electricity, gas and water	—	—	—
Telecommunication	387	(43)	430
Transportation/Postal activities	4,002	(466)	4,468
Wholesale/Retail services	10,354	(604)	10,958
Financial and insurance services	267	(11)	278
Retail estate/Goods rental and leasing	14,442	(3,207)	17,649
Services	10,199	(5,669)	15,868
Municipal government	—	—	—
Others	19,597	1,508	18,089

[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 FY2013 (A)	(A) - (B)	First half of FY2012 (B)
Deposits outstanding in Hiroshima Prefecture	¥5,376.9	¥247.0	¥5,129.9
Deposits outstanding in Okayama Prefecture	275.4	1.8	273.6
Deposits outstanding in Yamaguchi Prefecture	186.4	2.8	183.6
Deposits outstanding in Ehime Prefecture	167.9	3.4	164.5
Deposits outstanding except for our Hometown Area	179.3	25.4	153.9
Total	¥6,185.9	¥280.4	¥5,905.5

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, 2013 (A)	(A) - (B)	As of March 31, 2013 (B)
Deposits outstanding in Hiroshima Prefecture	¥5,418.1	¥72.5	¥5,345.6
Deposits outstanding in Okayama Prefecture	278.2	0.4	277.8
Deposits outstanding in Yamaguchi Prefecture	185.2	2.3	182.9
Deposits outstanding in Ehime Prefecture	166.4	6.4	160.0
Deposits outstanding except for our Hometown Area	167.9	0.7	167.2
Total	¥6,215.8	¥82.3	¥6,133.5

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, 2013 (A)	(A) - (B)	As of March 31, 2013 (B)
Outstanding individual custody assets	¥5,063.3	¥61.2	¥5,002.1
Individual deposits	4,132.1	74.4	4,057.7
Public bonds (National government bonds, etc.)	161.3	(9.6)	170.9
Investment trusts	292.7	8.1	284.6
Insurance	404.9	2.0	402.9
Foreign bonds, and derivative bonds, etc.	72.3	(13.7)	86.0

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, 2013		As of March 31, 2013 (B)
	(A)	(A) - (B)	
Outstanding individual custody assets	¥4,542.1	¥63.8	¥4,478.3
Individual deposits	3,709.1	73.7	3,635.4
Public bonds (National government bonds, etc.)	141.6	(7.7)	149.3
Investment trusts	262.1	8.5	253.6
Insurance	365.5	1.6	363.9
Foreign bonds, and derivative bonds, etc.	63.8	(12.3)	76.1

Okayama Prefecture	Billions of yen		
	As of September 30, 2013		As of March 31, 2013 (B)
	(A)	(A) - (B)	
Outstanding individual custody assets	¥225.3	¥0.4	¥224.9
Individual deposits	183.3	1.4	181.9
Public bonds (National government bonds, etc.)	7.2	(0.7)	7.9
Investment trusts	14.4	(0.1)	14.5
Insurance	17.1	0.2	16.9
Foreign bonds, and derivative bonds, etc.	3.3	(0.4)	3.7

Yamaguchi Prefecture	Billions of yen		
	As of September 30, 2013		As of March 31, 2013 (B)
	(A)	(A) - (B)	
Outstanding individual custody assets	¥166.6	¥(0.9)	¥167.5
Individual deposits	134.0	0.3	133.7
Public bonds (National government bonds, etc.)	6.8	(0.5)	7.3
Investment trusts	9.8	(0.3)	10.1
Insurance	13.6	(0.3)	13.9
Foreign bonds, and derivative bonds, etc.	2.4	(0.1)	2.5

Ehime Prefecture	Billions of yen		
	As of September 30, 2013		As of March 31, 2013 (B)
	(A)	(A) - (B)	
Outstanding individual custody assets	¥84.2	¥(1.3)	¥85.5
Individual deposits	66.9	(0.2)	67.1
Public bonds (National government bonds, etc.)	3.9	(0.5)	4.4
Investment trusts	5.0	—	5.0
Insurance	7.2	0.3	6.9
Foreign bonds, and derivative bonds, etc.	1.2	(0.9)	2.1