

Financial Results for Fiscal 2018  
(From April 1, 2018 to March 31, 2019)

THE HIROSHIMA BANK, LTD.

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# Consolidated Financial Information for Fiscal 2018

## 1. Consolidated Balance Sheets

Item	Millions of yen	
	As of March 31, 2018	As of March 31, 2019
<b>ASSETS</b>		
Cash and due from banks	¥1,511,177	¥1,432,022
Call loans and bills purchased	18,521	19,953
Financial receivables purchased	7,424	7,813
Trading assets	5,847	5,839
Money held in trust	8,256	10,312
Securities	1,382,716	1,175,920
Loans and bills discounted	5,861,796	6,020,840
Foreign exchanges	7,741	7,536
Other assets	88,949	91,384
Tangible fixed assets	91,982	95,392
Buildings	13,772	13,207
Land	61,439	61,365
Lease assets	643	591
Construction in progress	319	4,514
Other tangible fixed assets	15,807	15,713
Intangible fixed assets	9,585	9,530
Software	7,951	7,319
Other intangible fixed assets	1,634	2,211
Net defined benefit asset	54,607	65,106
Deferred tax assets	735	734
Customers' liabilities for acceptances and guarantees	38,237	43,479
Reserve for possible loan losses	(35,429)	(33,194)
<b>Total assets</b>	<b>¥9,052,152</b>	<b>¥8,952,671</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Deposits	¥7,170,925	¥7,253,828
Negotiable certificates of deposit	270,129	210,327
Call money and bills sold	50,000	—
Payables under repurchase agreements	111,329	88,521
Deposits received for bonds lending / borrowing transactions	262,859	260,108
Trading liabilities	4,023	3,856
Borrowed money	585,551	516,331
Foreign exchanges	224	339
Due to trust account	42	23
Other liabilities	49,741	60,935
Net defined benefit liability	42	39
Reserve for retirement benefits of directors and corporate auditors	26	23
Reserve for reimbursement of dormant deposits	4,447	3,558
Reserve for point loyalty programs	129	120
Provision for share-based benefit	176	341
Reserve for loss on Head Office reconstruction	1,987	846
Reserves under special laws	41	39
Deferred tax liabilities	10,876	8,947
Deferred tax liabilities for land revaluation reserve	13,613	13,610
Acceptances and guarantees	38,237	43,479
<b>Total liabilities</b>	<b>8,574,404</b>	<b>8,465,280</b>
<b>Net Assets</b>		
Common stock	54,573	54,573
Capital surplus	30,746	30,740
Retained earnings	309,747	329,367
Common stock in treasury	(1,260)	(1,040)
<b>Total stockholders' equity</b>	<b>393,807</b>	<b>413,641</b>
Net unrealized holding gains on securities available for sale	48,399	35,676
Net deferred gains (losses) on hedging instruments, net of tax	(547)	(2,016)
Land valuation and translation adjustments, net of tax	27,763	27,792
Remeasurements of defined benefit plans	8,016	12,121
<b>Total accumulated other comprehensive income</b>	<b>83,632</b>	<b>73,574</b>
Stock acquisition rights	308	176
<b>Total net assets</b>	<b>477,748</b>	<b>487,391</b>
<b>Total liabilities and net assets</b>	<b>¥9,052,152</b>	<b>¥8,952,671</b>

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

## Consolidated Statements of Income

Item	Millions of yen	
	FY2017	FY2018
<b>Operating income</b>	¥124,908	¥121,238
Interest income	77,073	75,528
Interest on loans and discounts	61,427	62,142
Interest and dividends on securities	13,945	11,186
Interest on call loans and bills purchased	359	391
Interest on deposits with banks	372	368
Other interest income	968	1,437
Trust fees	178	152
Fees and commissions	31,732	29,677
Trading income	1,685	2,749
Other operating income	4,346	7,400
Other income	9,892	5,729
Reversal of reserve for possible loan losses	110	—
Recoveries of written-off claims	13	0
Other	9,767	5,729
<b>Operating expenses</b>	89,810	84,192
Interest expenses	9,534	8,530
Interest on deposits	2,756	2,156
Interest on negotiable certificates of deposit	109	62
Interest on call money and bills sold	(3)	(100)
Interest on payables under repurchase agreement	1,857	1,973
Interest on bonds lending / borrowing transactions	1,080	843
Interest on borrowings and rediscounts	666	749
Interest on bonds	177	—
Other interest expenses	2,890	2,846
Fees and commissions	9,518	9,443
Other operating expenses	4,691	3,417
General and administrative expenses	61,129	58,044
Other expenses	4,935	4,756
Transfer to reserve for possible loan losses	—	37
Other	4,935	4,719
<b>Operating profits</b>	35,098	37,045
<b>Extraordinary gains</b>	4,196	4
Gains on dispositions of fixed assets	0	2
Transfer from reserve for financial products transaction liabilities	—	1
Gain on bargain purchase	4,196	—
<b>Extraordinary losses</b>	3,040	316
Losses on dispositions of fixed assets	131	186
Impairment losses	31	130
Loss on step acquisitions	2,123	—
Transfer to reserve for financial products transaction liabilities	1	—
Provision for loss on reconstruction of Head Office	753	—
<b>Income before income taxes and others</b>	36,255	36,733
Provision for income taxes and others	10,696	8,559
Deferred income taxes	(250)	2,591
<b>Total income taxes</b>	10,446	11,151
<b>Net income</b>	25,809	25,581
<b>Net income attributable to owners of the parent</b>	¥ 25,809	¥ 25,581

## Consolidated Statements of Comprehensive Income

Item	Millions of yen	
	FY2017	FY2018
<b>Net income</b>	¥25,809	¥ 25,581
<b>Other comprehensive income (loss)</b>	11,877	(10,086)
Net unrealized holding gains on securities available for sale	8,900	(12,719)
Net deferred gains (losses) on hedging instruments, net of tax	(34)	(1,469)
Remeasurements of defined benefit plans	3,004	4,105
Share of other comprehensive income of affiliated companies accounted for by equity method	6	(3)
<b>Comprehensive income</b>	¥37,686	¥ 15,494
Comprehensive income attributable to owners of the parent	¥37,686	¥ 15,494

## 3. Consolidated Statements of Stockholders' Equity

Item	Millions of yen				
	FY2017				
	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Common stock in treasury	Total stockholders' equity
Balance at the beginning of current period	¥54,573	¥30,743	¥290,180	¥ (437)	¥375,060
<b>Changes of items during the period</b>					
Dividends from surplus			(6,242)		(6,242)
Net income attributable to owners of the parent			25,809		25,809
Purchase of common stock in treasury				(855)	(855)
Disposal of common stock in treasury		2		32	35
Net changes of items other than shareholders' equity					
<b>Total changes of items during the period</b>	—	2	19,566	(822)	18,746
Balance at the end of current period	¥54,573	¥30,746	¥309,747	¥(1,260)	¥393,807

Item	Millions of yen						
	FY2017						
	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
Balance at the beginning of current period	¥39,492	¥(512)	¥27,763	¥5,011	¥71,755	¥322	¥447,138
<b>Changes of items during the period</b>							
Dividends from surplus							(6,242)
Net income attributable to owners of the parent							25,809
Purchase of common stock in treasury							(855)
Disposal of common stock in treasury							35
Net changes of items other than shareholders' equity	8,906	(34)	—	3,004	11,877	(14)	11,862
<b>Total changes of items during the period</b>	8,906	(34)	—	3,004	11,877	(14)	30,609
Balance at the end of current period	¥48,399	¥(547)	¥27,763	¥8,016	¥83,632	¥308	¥477,748

Item	Millions of yen				
	FY2018				
	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	¥30,746	¥309,747	¥(1,260)	¥393,807
<b>Changes of items during the period</b>					
Dividends from surplus			(5,932)		(5,932)
Net income attributable to owners of the parent			25,581		25,581
Purchase of common stock in treasury				(0)	(0)
Disposal of common stock in treasury		(6)		220	214
Reversal of land revaluation reserve			(28)		(28)
Net changes of items other than shareholders' equity					
<b>Total changes of items during the period</b>	—	(6)	19,620	220	19,833
<b>Balance at the end of current period</b>	¥54,573	¥30,740	¥329,367	¥(1,040)	¥413,641

Item	Millions of yen						
	FY2018						
	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>	¥ 48,399	¥ (547)	¥27,763	¥ 8,016	¥ 83,632	¥ 308	¥477,748
<b>Changes of items during the period</b>							
Dividends from surplus							(5,932)
Net income attributable to owners of the parent							25,581
Purchase of common stock in treasury							(0)
Disposal of common stock in treasury							214
Reversal of land revaluation reserve							(28)
Net changes of items other than shareholders' equity	(12,722)	(1,469)	28	4,105	(10,058)	(131)	(10,190)
<b>Total changes of items during the period</b>	(12,722)	(1,469)	28	4,105	(10,058)	(131)	9,643
<b>Balance at the end of current period</b>	¥ 35,676	¥(2,016)	¥27,792	¥12,121	¥ 73,574	¥ 176	¥487,391

## 4. Consolidated Statements of Cash Flows

Item	Millions of yen	
	FY2017	FY2018
<b>Cash flows from operating activities:</b>		
Income before income taxes and minority interests	¥ 36,255	¥ 36,733
Depreciation of premise, equipment and others	6,610	4,678
Impairment losses of fixed assets	31	130
Gain on bargain purchase	(4,196)	—
Equity in earnings of affiliates	(149)	(148)
Loss on step acquisitions	2,123	—
Net change in reserve for possible loan losses	(2,504)	(2,235)
Decrease (increase) in net defined benefit asset	(8,529)	(10,498)
Increase (decrease) in net defined benefit liability	4	(3)
Net change in reserve for executive retirement benefits	(1)	(3)
Net change in reserve for reimbursement of dormant deposits	2,985	(888)
Net change in reserve for point loyalty programs	3	(9)
Net change in provision for share-based benefit	176	165
Net change in reserves under special laws	(2)	(1)
Net change in reserve for loss on Head Office reconstruction	892	(1,140)
Interest income	(77,073)	(75,528)
Interest expense	9,534	8,530
Net gains (losses) on securities transactions	(3,981)	(6,041)
Net gains (losses) on dispositions of fixed assets	130	158
Net change in trading assets	3,369	7
Net change in trading liabilities	(3,159)	(166)
Net change in loans	(244,990)	(159,043)
Net change in deposits	185,386	82,903
Net change in negotiable certificates of deposits	(40,444)	(59,802)
Net change in borrowed money excluding subordinated loans	128,681	(69,219)
Net change in due from banks other than from the BANK OF JAPAN	285	894
Net change in call loans and bills bought	(1,458)	(1,819)
Net change in call money and bills sold	20,775	(72,807)
Net change in deposits received for bonds lending/borrowing transactions	(138,782)	(2,750)
Net change in foreign exchanges (assets)	148	205
Net change in foreign exchanges (liabilities)	60	115
Interest received	83,171	78,156
Interest paid	(9,776)	(9,131)
Net change in straight bonds – issuance and redemption	(20,000)	—
Other – net	(27,331)	3,254
Subtotal	(101,755)	(255,303)
Income taxes paid	(14,415)	(8,873)
<b>Net cash provided by (used in) operating activities</b>	<b>(116,170)</b>	<b>(264,177)</b>
<b>Cash flows from investing activities:</b>		
Purchases of securities	(284,859)	(430,007)
Proceeds from sales of securities	249,618	306,396
Proceeds from maturity of securities	420,335	326,020
Increase in money held in trust	(0)	(2,079)
Decrease in money held in trust	1,300	23
Purchases of tangible fixed assets	(3,545)	(5,539)
Purchases of intangible fixed assets	(2,037)	(2,763)
Proceeds from sales of tangible fixed assets	0	2
Payments for retirement of tangible fixed assets	(9)	(33)
<b>Net cash provided by investing activities</b>	<b>380,803</b>	<b>192,018</b>
<b>Cash flows from financing activities:</b>		
Dividends paid	(6,242)	(5,934)
Purchases of treasury stock	(855)	(0)
Proceeds from sales of treasury stock	0	0
Payments of lease liabilities	(70)	(72)
<b>Net cash used in financing activities</b>	<b>(7,167)</b>	<b>(6,008)</b>
Effect of foreign exchange rate changes on cash and cash equivalents	2	(94)
<b>Net change in cash and cash equivalents</b>	<b>257,466</b>	<b>(78,260)</b>
<b>Cash and cash equivalents at the beginning of year</b>	<b>1,245,160</b>	<b>1,502,680</b>
<b>Net change in cash and cash equivalents resulting from change of scope of consolidation</b>	<b>53</b>	<b>—</b>
<b>Cash and cash equivalents at the end of year</b>	<b>¥1,502,680</b>	<b>¥1,424,420</b>

# Non-Consolidated Financial Information for Fiscal 2018

## 1. Non-Consolidated Balance Sheets

Item	Millions of yen	
	As of March 31, 2018	As of March 31, 2019
<b>ASSETS</b>		
Cash and due from banks	¥1,509,905	¥1,430,685
Cash	79,409	80,884
Due from banks	1,430,496	1,349,800
Call loans	18,521	19,953
Financial receivables purchased	5,904	6,253
Trading assets	5,842	5,830
Trading account securities	912	1,039
Trading-related financial derivatives	4,929	4,790
Money held in trust	156	162
Securities	1,393,440	1,186,499
National government bonds	486,270	317,344
Local government bonds	121,424	118,210
Corporate bonds	214,996	204,858
Stocks	150,920	123,525
Other securities	419,828	422,560
Loans and bills discounted	5,852,316	6,014,683
Bills discounted	26,892	26,744
Loans on bills	131,994	136,199
Loans on deeds	4,999,897	5,121,712
Overdrafts	693,531	730,025
Foreign exchanges	7,741	7,536
Due from foreign banks (our accounts)	5,902	5,621
Foreign bills bought	467	402
Foreign bills receivable	1,372	1,512
Other assets	82,094	83,600
Domestic exchange settlement account, debit	6	7
Prepaid expenses	432	389
Accrued income	5,898	5,794
Initial margins of futures markets	1,101	186
Derivatives other than for trading-assets	9,557	7,085
Cash collateral paid for financial instruments	8,703	11,792
Other	56,393	58,343
Tangible fixed assets	91,473	94,890
Buildings	13,622	13,054
Land	61,437	61,363
Lease assets	643	588
Construction in progress	317	4,514
Other tangible fixed assets	15,452	15,369
Intangible fixed assets	9,420	9,431
Software	7,816	7,251
Other intangible fixed assets	1,603	2,180
Prepaid pension cost	42,989	47,538
Customers' liabilities for acceptances and guarantees	36,506	41,996
Reserve for possible loan losses	(33,474)	(31,101)
<b>Total assets</b>	<b>¥9,022,839</b>	<b>¥8,917,961</b>



Item	Millions of yen	
	As of March 31, 2018	As of March 31, 2019
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Deposits	¥7,183,495	¥7,262,941
Current deposits	453,615	463,704
Ordinary deposits	3,844,263	4,070,507
Saving deposits	66,532	67,774
Deposits at notice	68,487	32,914
Time deposits	2,349,109	2,251,652
Installment savings	31	29
Other deposits	401,455	376,357
Negotiable certificates of deposit	275,821	216,099
Call money	50,000	—
Payables under repurchase agreements	111,329	88,521
Deposits received for bonds lending / borrowing transactions	262,859	260,108
Trading liabilities	4,023	3,856
Trading-related financial derivatives	4,023	3,856
Borrowed money	581,122	514,289
Borrowings from other banks	581,122	514,289
Foreign exchanges	224	339
Foreign bills sold	163	155
Foreign bills payable	61	184
Due to trust account	42	23
Other liabilities	28,892	41,563
Domestic exchange settlement account, credit	1,057	2,193
Income taxes payable	2,707	2,709
Accrued expenses	5,858	5,597
Unearned revenue	950	932
Reserve for interest on installment savings	1	1
Derivatives other than for trading-liabilities	5,877	10,399
Cash collateral received for financial instruments	3,089	2,372
Lease obligations	676	618
Asset retirement obligations	316	326
Other	8,356	16,410
Reserve for reimbursement of dormant deposits	4,447	3,558
Reserve for point loyalty programs	89	79
Provision for share-based benefit	176	341
Reserve for loss on Head Office reconstruction	1,987	846
Deferred tax liabilities	7,274	3,501
Deferred tax liabilities for land revaluation reserve	13,613	13,610
Acceptances and guarantees	36,506	41,996
Total liabilities	8,561,905	8,451,677
<b>Net Assets</b>		
Common stock	54,573	54,573
Capital surplus	30,745	30,739
Capital reserve	30,634	30,634
Other capital surplus	111	105
Retained earnings	300,948	320,376
Legal earned reserve	40,153	40,153
Other retained earnings	260,795	280,223
Voluntary reserve	233,604	254,604
Earned surplus brought forward	27,191	25,619
Common stock in treasury	(1,246)	(1,026)
Total stockholders' equity	385,022	404,663
Net unrealized holding gains on securities available for sale	48,387	35,668
Net deferred gains (losses) on hedging instruments, net of tax	(547)	(2,016)
Land valuation and translation adjustments, net of tax	27,763	27,792
Total valuation and translation adjustments	75,604	61,444
Stock acquisition rights	308	176
Total net assets	460,934	466,283
Total liabilities and net assets	¥9,022,839	¥8,917,961

## 2. Non-Consolidated Statements of Income

Item	Millions of yen	
	FY2017	FY2018
<b>Operating income</b>	¥122,437	¥114,930
Interest income	77,768	76,643
Interest on loans and discounts	61,051	61,790
Interest and dividends on securities	15,056	12,682
Interest on call loans	359	391
Interest on deposits with banks	371	367
Interest on interest swaps	72	—
Other interest income	857	1,411
Trust fees	178	152
Fees and commissions	25,183	24,430
Fees and commissions on domestic and foreign exchanges	7,542	7,386
Other fees and commissions	17,641	17,043
Trading income	343	469
Gains on trading account securities transactions	216	138
Income from trading-related financial derivatives transactions	127	330
Other operating income	4,336	7,385
Gains on foreign exchange transactions	2,005	2,184
Gains on sales of bonds	2,331	5,200
Other	0	0
Other income	14,627	5,849
Reversal of reserve for possible loan losses	88	253
Recoveries of written-off claims	13	0
Gains on sales of stocks	6,495	4,227
Other	8,029	1,368
<b>Operating expenses</b>	84,443	78,980
Interest expense	9,477	8,487
Interest on deposits	2,756	2,156
Interest on negotiable certificates of deposit	110	62
Interest on call money	(3)	(100)
Interest on payables under repurchase agreement	1,857	1,973
Interest on bonds lending / borrowing transactions	1,080	843
Interest on borrowings and rediscounts	611	709
Interest on bonds	177	—
Interest on interest swaps	1,730	2,493
Other interest expenses	1,155	348
Fees and commissions	9,889	9,983
Fees and commissions on domestic and foreign exchanges	2,777	2,685
Other fees and commissions	7,111	7,298
Other operating expenses	4,691	3,417
Losses on sales of bonds	4,642	3,268
Write-off amount of bonds	46	104
Expenses on trading-related financial derivatives transactions	2	44
General and administrative expenses	55,740	52,625
Other expenses	4,644	4,465
Write-off amount of loans	207	3,043
Losses on sales of stocks	154	259
Write-off amount of stocks	1	250
Other	4,280	912
<b>Operating profits</b>	37,994	35,949
<b>Extraordinary gains</b>	0	2
Gains on dispositions of fixed assets	0	2
<b>Extraordinary losses</b>	861	238
Losses on dispositions of fixed assets	107	138
Impairment losses	0	99
Provision for loss on reconstruction of Head Office	753	—
<b>Income before income taxes and others</b>	37,134	35,713
Provision for income taxes and others	9,700	7,735
Deferred income taxes	399	2,590
<b>Total income taxes</b>	10,099	10,325
<b>Net income</b>	¥ 27,034	¥ 25,388

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

Millions of yen								
FY2017								
Stockholders' equity								
Item	Capital surplus				Retained earnings			
	Common stock	Capital reserve	Other capital surpluses	Total capital surplus	Legal earned reserve	Other retained earnings		Total retained earnings
						Voluntary reserve	Earned surplus brought forward	
Balance at the beginning of current period	¥54,573	¥30,634	¥108	¥30,742	¥40,153	¥209,604	¥ 30,400	¥280,157
<b>Changes of items during the period</b>								
Dividends from surplus							(6,242)	(6,242)
Voluntary reserve						24,000	(24,000)	
Net income							27,034	27,034
Purchase of common stock in treasury								
Disposal of common stock in treasury			2	2				
Net changes of items other than shareholders' equity								
<b>Total changes of items during the period</b>	—	—	2	2	—	24,000	(3,208)	20,791
Balance at the end of current period	¥54,573	¥30,634	¥111	¥30,745	¥40,153	¥233,604	¥ 27,191	¥300,948

Millions of yen								
FY2017								
Item	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	¥ (423)	¥365,050	¥39,486	¥(512)	¥27,763	¥66,738	¥322	¥432,110
<b>Changes of items during the period</b>								
Dividends from surplus		(6,242)						(6,242)
Voluntary reserve		—						—
Net income		27,034						27,034
Purchase of common stock in treasury	(855)	(855)						(855)
Disposal of common stock in treasury	32	35						35
Net changes of items other than shareholders' equity			8,900	(34)	—	8,866	(14)	8,851
<b>Total changes of items during the period</b>	(822)	19,972	8,900	(34)	—	8,866	(14)	28,824
Balance at the end of current period	¥(1,246)	¥385,022	¥48,387	¥(547)	¥27,763	¥75,604	¥308	¥460,934

Millions of yen									
FY2018									
Item	Stockholders' equity				Legal earned reserve	Retained earnings			
	Common stock	Capital surplus				Voluntary reserve	Other retained earnings		Total retained earnings
		Capital reserve	Other capital surpluses	Total capital surplus			Earned surplus brought forward		
<b>Balance at the beginning of current period</b>	¥54,573	¥30,634	¥111	¥30,745	¥40,153	¥233,604	¥ 27,191	¥300,948	
<b>Changes of items during the period</b>									
Dividends from surplus							(5,932)	(5,932)	
Voluntary reserve						21,000	(21,000)	—	
Net income							25,388	25,388	
Purchase of common stock in treasury									
Disposal of common stock in treasury			(6)	(6)					
Reversal of land revaluation reserve							(28)	(28)	
Net changes of items other than shareholders' equity									
<b>Total changes of items during the period</b>	—	—	(6)	(6)	—	21,000	(1,572)	19,427	
<b>Balance at the end of current period</b>	¥54,573	¥30,634	¥105	¥30,739	¥40,153	¥254,604	¥ 25,619	¥320,376	

Millions of yen								
FY2018								
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>	¥(1,246)	¥385,022	¥ 48,387	¥ (547)	¥27,763	¥ 75,604	¥ 308	¥460,934
<b>Changes of items during the period</b>								
Dividends from surplus		(5,932)						(5,932)
Voluntary reserve		—						—
Net income		25,388						25,388
Purchase of common stock in treasury	(0)	(0)						(0)
Disposal of common stock in treasury	220	214						214
Reversal of land revaluation reserve		(28)						(28)
Net changes of items other than shareholders' equity			(12,719)	(1,469)	28	(14,160)	(131)	(14,292)
<b>Total changes of items during the period</b>	220	19,641	(12,719)	(1,469)	28	(14,160)	(131)	5,348
<b>Balance at the end of current period</b>	¥(1,026)	¥404,663	¥ 35,668	¥(2,016)	¥27,792	¥ 61,444	¥ 176	¥466,283

# Financial Data for Fiscal 2018

## 1. Income Status

(Non-Consolidated)

Item	Millions of yen		FY2017 (B)
	FY2018 (A)	(A) – (B)	
Gross banking profit (i)	¥87,192	¥ 3,440	¥83,752
Core gross banking profit (ii): ((i) – (iv) – (vi))	85,364	(746)	86,110
Domestic gross banking profit (iii)	78,612	572	78,040
Core gross banking profit ((iii) – (iv))	75,904	(987)	76,891
Interest income	61,472	20	61,452
Fees and commissions	14,344	(882)	15,226
Trading income	138	(78)	216
Other operating income	2,656	1,511	1,145
Gains (losses) from securities (iv)	2,707	1,559	1,148
International gross banking profit (v)	8,579	2,868	5,711
Core gross banking profit ((v) – (vi))	9,459	241	9,218
Interest income	6,683	(154)	6,837
Fees and commissions	254	8	246
Trading income	330	203	127
Other operating income	1,311	2,812	(1,501)
Gains (losses) from securities (vi)	(879)	2,628	(3,507)
Expenses (vii)	52,735	(1,042)	53,777
Personnel expenses	27,388	(433)	27,821
Non-personnel expenses	22,078	(218)	22,296
Taxes	3,268	(391)	3,659
Banking profit (before transfer to general reserve for possible loan losses) (viii): ((i) – (vii))	34,456	4,482	29,974
Core banking profit ((ii) – (vii))	32,629	296	32,333
Transfer to general reserve for possible loan losses (ix)	—	—	—
Banking profit (after transfer to general reserve for possible loan losses) (x): ((viii) – (ix))	34,456	4,482	29,974
Gains (losses) on bonds (xi): ((iv) + (vi))	1,827	4,185	(2,358)
Gains on sales of bonds	5,200	2,869	2,331
Losses on sales of bonds	3,268	(1,374)	4,642
Write-off amount of bonds	104	58	46
Non-recurrent gains (losses) (xii): ((xiii) – (xiv) + (xx) – (xxi) + (xxii))	1,492	(6,527)	8,019
Gains (losses) on stocks (xiii)	3,717	(2,622)	6,339
Gains on sales of stocks	4,227	(2,268)	6,495
Losses on sales of stocks	259	105	154
Write-off amount of stocks	250	249	1
Gains (losses) from securities ((xi) + (xiii))	5,545	1,564	3,981
Disposal of non-performing loans (xiv): ((xv) + (xvi) + (xvii) – (xviii) – (xix))	3,143	2,924	219
Write-off amount of loans (xv)	3,043	2,836	207
Net transfer to specific reserve for possible loan losses (xvi)	—	—	—
Losses on sales of loans to credit (xvii)	353	240	113
Reversal of reserve for possible loan losses (xviii)	253	165	88
Recoveries of written-off claims (xix)	0	(13)	13
Credit cost ((ix) + (xiv))	3,143	2,924	219
Reversal of reserve for investment losses (xx)	—	(4,901)	4,901
Transfer to reserve for reimbursement of dormant deposits (xxi)	550	(3,610)	4,160
Other non-recurrent gains (losses) (xxii)	1,468	309	1,159
Operating profits (xxiii): ((x) + (xii))	35,949	(2,045)	37,994
Extraordinary gains (losses) (xxiv)	(235)	625	(860)
Net gains (losses) from fixed assets	(235)	(128)	(107)
Gains on dispositions of fixed assets	2	2	0
Losses on dispositions of fixed assets	138	31	107
Impairment losses	99	99	0
Income before income taxes and others (xxv): ((xxiii) + (xxiv))	35,713	(1,421)	37,134
Provision for income taxes and others (xxvi)	7,735	(1,965)	9,700
Deferred income taxes (xxvii)	2,590	2,191	399
Net income taxes (xxviii): ((xxvi) + (xxvii))	10,325	226	10,099
Net income ((xxv) – (xxviii))	¥25,388	¥(1,646)	¥27,034

## (Consolidated)

Item	Millions of yen		
	FY2018 (A)	(A) – (B)	FY2017 (B)
Consolidated gross banking profit (i)	¥94,117	¥ 2,845	¥91,272
Interest income	66,998	(541)	67,539
Fees and commissions	20,386	(2,006)	22,392
Trading income	2,749	1,064	1,685
Other operating income	3,983	4,328	(345)
General and administrative expenses (ii)	58,044	(3,085)	61,129
Credit cost (iii): ((iv) + (v) + (vi) + (vii) – (viii) – (ix))	3,678	3,272	406
Write-off amount of loans (iv)	3,051	2,828	223
Net transfer to specific reserve for possible loan losses (v)	337	337	—
Net transfer to general reserve for possible loan losses (vi)	(299)	(299)	—
Losses on sales of loans to credit (vii)	589	282	307
Reversal of reserve for possible loan losses (viii)	—	(110)	110
Recoveries of write-off claims (ix)	0	(13)	13
Gains (losses) on stocks (x)	3,717	(2,622)	6,339
Equity in gains (losses) of affiliated companies (xi)	148	(1)	149
Others (xii)	785	1,911	(1,126)
Operating profits (xiii): ((i) – (ii) – (iii) + (x) + (xi) + (xii))	37,045	1,947	35,098
Extraordinary gains (losses) (xiv)	(312)	(1,468)	1,156
Of which, gain on bargain purchase	—	(2,073)	2,073
Income before income taxes and others (xv): ((xiii) + (xiv))	36,733	478	36,255
Provision for income taxes and others (xvi)	8,559	(2,137)	10,696
Deferred income taxes (xvii)	2,591	2,841	(250)
Net income taxes (xviii): ((xvi) + (xvii))	11,151	705	10,446
Net income ((xv) – (xviii))	25,581	(228)	25,809
Net income attributable to owners of the parent	¥25,581	¥ (228)	¥25,809

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		
	FY2018 (A)	(A) – (B)	FY2017 (B)
Consolidated core banking profit	¥34,151	¥(322)	¥34,473

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

## [Reference: Number of Consolidated Subsidiaries]

Item	Number of companies		
	FY2018 (A)	(A) – (B)	FY2017 (B)
Number of consolidated subsidiaries	7	(1)	8
Number of affiliated companies applicable to the equity method	1	(1)	2

## 2. Banking Profit

(Non-Consolidated)

Item	Millions of yen		
	FY2018 (A)	(A) – (B)	FY2017 (B)
Core banking profit	¥32,629	¥ 296	¥32,333
Per head (in thousands of yen)	10,312	167	10,145
Banking profit (before transfer to general reserve for possible loan losses)	34,456	4,482	29,974
Per head (in thousands of yen)	10,890	1,485	9,405
Banking profit	34,456	4,482	29,974
Per head (in thousands of yen)	10,890	1,485	9,405

## 3. Interest Rate Spread

(Non-Consolidated)

[All Branches]

Item	%		
	FY2018 (A)	(A) – (B)	FY2017 (B)
Average yield on interest earnings assets (i)	1.05	—	1.05
Average yield on loans and bills discounted	1.03	(0.03)	1.06
Average yield on securities	1.05	0.09	0.96
Average yield on interest bearing liabilities (ii)	0.72	(0.02)	0.74
Average yield on deposits and negotiable certificates of deposit	0.02	(0.01)	0.03
Average interest rate spread on loans and deposits	0.30	(0.01)	0.31
Average interest rate spread ((i) – (ii))	0.33	0.02	0.31

[Domestics Operations]

Item	%		
	FY2018 (A)	(A) – (B)	FY2017 (B)
Average yield on interest earnings assets (i)	0.91	(0.01)	0.92
Average yield on loans and bills discounted	0.95	(0.05)	1.00
Average yield on securities	0.89	0.08	0.81
Average yield on interest bearing liabilities (ii)	0.65	(0.03)	0.68
Average yield on deposits and negotiable certificates of deposit	0.01	(0.01)	0.02
Average interest rate spread on loans and deposits	0.24	(0.02)	0.26
Average interest rate spread ((i) – (ii))	0.26	0.02	0.24

## 4. Return on Equity

(Non-Consolidated)

Item	%		
	FY2018 (A)	(A) – (B)	FY2017 (B)
Core banking profit basis	7.04	(0.20)	7.24
Banking profit basis (before transfer to general reserve for possible loan losses)	7.43	0.72	6.71
Banking profit basis	7.43	0.72	6.71
Net income basis	5.47	(0.58)	6.05

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

## 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, 2019		As of March 31, 2018 (B)
	(A)	(A) – (B)	
Base items related to core capital (i)	¥ 426.0	¥17.4	¥ 408.6
Adjustment items related to core capital (ii)	46.5	11.7	34.8
Capital (iii): (i) – (ii)	379.5	5.7	373.8
Sum of risk assets, etc. (iv)	3,517.4	53.2	3,464.2
Capital adequacy ratio: (iii) / (iv)	10.79%	0.00%	10.79%

### (Consolidated)

Item	Billions of yen		
	As of March 31, 2019		As of March 31, 2018 (B)
	(A)	(A) – (B)	
Base items related to core capital (i)	¥ 447.3	¥23.4	¥ 423.9
Adjustment items related to core capital (ii)	58.1	17.9	40.2
Capital (iii): (i) – (ii)	389.1	5.4	383.7
Sum of risk assets, etc. (iv)	3,533.5	69.3	3,464.2
Capital adequacy ratio: (iii) / (iv)	11.01%	(0.06)%	11.07%

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

### (Non-Consolidated)

Item	Billions of yen							
	As of March 31, 2019 (A)				As of March 31, 2018 (B)			
	Valuation gains (losses)	(A) – (B)	Valuation gains	Valuation losses	Valuation gains (losses)	Valuation gains	Valuation losses	
Held-to-maturity	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	
Other securities	50.6	(18.5)	64.6	13.9	69.1	84.7	15.6	
Stocks	46.3	(24.8)	50.0	3.6	71.1	73.6	2.5	
Bonds	10.0	4.0	10.0	0.0	6.0	6.5	0.4	
Others	(5.7)	2.4	4.5	10.3	(8.1)	4.5	12.7	
Total	¥50.6	¥(18.5)	¥64.6	¥13.9	¥69.1	¥84.7	¥15.6	

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

(Non-Consolidated)

### (1) Breakdown of Loans Outstanding

Loans outstanding (average balance)	Billions of yen		
	FY2018 (A)	(A) – (B)	FY2017 (B)
Loans	¥5,988.0	¥230.4	¥5,757.6
Corporate loans	4,476.6	166.8	4,309.8
Individual loans	1,511.3	63.5	1,447.8
Housing loans	975.2	25.5	949.7
Other loans	536.0	38.0	498.0

Loans outstanding (term-end balance)	Billions of yen		
	As of March 31, 2019 (A)	(A) – (B)	As of March 31, 2018 (B)
Loans	¥6,014.6	¥162.3	¥5,852.3
Corporate loans	4,466.7	100.4	4,366.3
Individual loans	1,547.9	62.0	1,485.9
Housing loans	991.5	25.2	966.3
Other loans	556.3	36.8	519.5

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

Item	Billions of yen		
	As of March 31, 2019 (A)	(A) – (B)	As of March 31, 2018 (B)
Loans outstanding to small- and medium-sized businesses	¥4,073.9	¥149.3	¥3,924.6
Ratio to total loans and bill discounted	67.7%	0.6%	67.1%

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, 2019 (A)	(A) – (B)	As of March 31, 2018 (B)
Loans to debtors legally bankrupt	¥ 1,164	¥ (331)	¥ 1,495
Other delinquent loans	47,394	(3,501)	50,895
Loans past due 3 months or more	3,755	879	2,876
Restructured loans	14,728	805	13,923
Total risk managed loans	¥67,043	¥(2,146)	¥69,189

(Consolidated)

Item	Millions of yen		
	As of March 31, 2019 (A)	(A) – (B)	As of March 31, 2018 (B)
Loans to debtors legally bankrupt	¥ 1,200	¥ (338)	¥ 1,538
Other delinquent loans	47,394	(3,501)	50,895
Loans past due 3 months or more	3,755	879	2,876
Restructured loans	14,728	805	13,923
Total risk managed loans	¥67,078	¥(2,155)	¥69,233

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, 2019		As of March 31, 2018 (B)
	(A)	(A) – (B)	
Reserve for possible loan losses	¥31,101	¥(2,373)	¥33,474
General reserve for possible loan losses	16,008	(269)	16,277
Specific reserve for possible loan losses	15,092	(2,104)	17,196
Reserve for specific foreign borrowers/countries	—	—	—

(Consolidated)

Item	Millions of yen		
	As of March 31, 2019		As of March 31, 2018 (B)
	(A)	(A) – (B)	
Reserve for possible loan losses	¥33,194	¥(2,235)	¥35,429
General reserve for possible loan losses	16,548	(300)	16,848
Specific reserve for possible loan losses	16,645	(1,935)	18,580
Reserve for specific foreign borrowers/countries	—	—	—

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

(Non-Consolidated)

Item	%		
	As of March 31, 2019		As of March 31, 2018 (B)
	(A)	(A) – (B)	
Before partial direct write-off	56.2	(1.5)	57.7
After partial direct write-off	46.3	(2.0)	48.3

(Consolidated)

Item	%		
	As of March 31, 2019		As of March 31, 2018 (B)
	(A)	(A) – (B)	
Before partial direct write-off	56.3	(1.4)	57.7
After partial direct write-off	46.3	(2.0)	48.3

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

(Non-Consolidated)

Item	Millions of yen		
	As of March 31, 2019		As of March 31, 2018 (B)
	(A)	(A) – (B)	
Loans to bankrupt and quasi-bankrupt loans	¥ 5,925	¥ (389)	¥ 6,314
Doubtful loans	45,668	(2,625)	48,293
Substandard loans	18,484	1,685	16,799
Total (i)	¥70,077	¥(1,330)	¥71,407

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

(Non-Consolidated)

Item	Millions of yen		As of March 31, 2018 (B)
	As of March 31, 2019 (A)	(A) – (B)	
Coverage amount (ii)	¥51,028	¥(3,796)	¥54,824
Portion covered by reserve (iii)	18,365	(1,551)	19,916
Portion covered by collateral	32,663	(2,245)	34,908
Specific reserve for loan losses	—	—	—
Coverage ratio to disclosed totals (ii)/(i)	72.8%	(4.0)%	76.8%
Coverage ratio before partial direct write-off	77.7%	(3.2)%	80.9%
Excluding collateral and guarantees (iv)	37,413	915	36,498
Coverage ratio (iii)/(iv)	49.1%	(5.5)%	54.6%
Ratio to total loans outstanding	1.15%	(0.05)%	1.20%

## 7. Loans to Entities Overseas by Country

(Non-Consolidated)

### (1) Loans to Asian Countries

Not applicable.

### (2) Loans to Latin American Countries

Not applicable.

## 8. Loan Portfolio

(Non-Consolidated)

### (1) Classification of Loans by Type of Industry

Item	Millions of yen		As of March 31, 2018 (B)
	As of March 31, 2019 (A)	(A) – (B)	
Domestic (excluding JOM account)	¥6,014,683	¥162,367	¥5,852,316
Manufacturing	750,577	36,132	714,445
Agriculture/Forestry	4,857	952	3,905
Fishery	1,379	229	1,150
Mining/Quarrying of stone/Gravel	4,708	(285)	4,993
Construction	171,041	(8,529)	179,570
Electricity, gas and water	190,890	19,947	170,943
Telecommunication	18,819	(6,143)	24,962
Transportation/Postal activities	310,387	41,857	268,530
Wholesale/Retail services	519,703	7,144	512,559
Financial and insurance services	294,760	(18,750)	313,510
Retail estate/Goods rental and leasing	1,011,126	74,939	936,187
Services	406,114	11,777	394,337
Municipal government	810,751	(11,181)	821,932
Others	1,519,559	14,276	1,505,283

Note: Others are included in the following loans.

Item	Millions of yen		As of March 31, 2018 (B)
	As of March 31, 2019 (A)	(A) – (B)	
Individual	¥1,137,765	¥ 34,422	¥1,103,343
Ship chartering industry (nonresidents)	339,384	(24,215)	363,599

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 623,100 million yen as of March 31, 2019.

**(2) Classification of Risk Managed Loans by Type of Industry**

Item	Millions of yen		
	As of March 31, 2019		As of March 31, 2018 (B)
	(A)	(A) – (B)	
Domestic (excluding JOM account)	¥67,043	¥(2,146)	¥69,189
Manufacturing	17,533	1,559	15,974
Agriculture/Forestry	64	2	62
Fishery	0	(10)	10
Mining/Quarrying of stone/Gravel	47	(31)	78
Construction	5,559	113	5,446
Electricity, gas and water	—	—	—
Telecommunication	406	1	405
Transportation/Postal activities	657	72	585
Wholesale/Retail services	9,111	(1,987)	11,098
Financial and insurance services	803	(461)	1,264
Retail estate/Goods rental and leasing	10,004	1,360	8,644
Services	10,355	(674)	11,029
Municipal government	—	—	—
Others	12,497	(2,091)	14,588

**9. Deposits Outstanding**

(Non-Consolidated)

**Breakdown of Deposits Outstanding**

Deposits outstanding (average balance)	Billions of yen		
	FY2018 (A)	(A) – (B)	FY2017 (B)
Deposits and NCD	¥7,468.3	¥(16.0)	¥7,484.3
Corporate deposits	2,239.2	(6.9)	2,246.1
Individual deposits	4,787.0	67.6	4,719.4
Public and finance institution deposits	442.0	(76.8)	518.8

Deposits outstanding (term-end balance)	Billions of yen		
	As of March 31, 2019 (A)	(A) – (B)	As of March 31, 2018 (B)
Deposits and NCD	¥7,479.0	¥ 19.7	¥7,459.3
Corporate deposits	2,284.5	(6.6)	2,291.1
Individual deposits	4,831.3	109.7	4,721.6
Public and finance institution deposits	363.0	(83.5)	446.5