

Financial Results for the First Half of Fiscal 2019

(From April 1, 2019 to September 30, 2019)

THE HIROSHIMA BANK, LTD.

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Consolidated Financial Information for the First Half of Fiscal 2019

1. Consolidated Balance Sheets

Item	Millions of yen	
	As of March 31, 2019	As of September 30, 2019
ASSETS		
Cash and due from banks	¥1,432,022	¥1,487,076
Call loans and bills purchased	19,953	23,642
Financial receivables purchased	7,813	7,989
Trading assets	5,839	5,713
Money held in trust	10,312	8,567
Securities	1,175,920	1,118,921
Loans and bills discounted	6,020,840	6,320,057
Foreign exchanges	7,536	8,690
Other assets	91,384	107,442
Tangible fixed assets	95,392	95,166
Intangible fixed assets	9,530	9,405
Net defined benefit asset	65,106	67,496
Deferred tax assets	734	725
Customers' liabilities for acceptances and guarantees	43,479	43,427
Reserve for possible loan losses	(33,194)	(32,902)
Total assets	¥8,952,671	¥9,271,421
LIABILITIES AND NET ASSETS		
Liabilities		
Deposits	¥7,253,828	¥7,328,133
Negotiable certificates of deposit	210,327	390,262
Payables under repurchase agreements	88,521	65,769
Deposits received for bonds lending/borrowing transactions	260,108	288,655
Trading liabilities	3,856	3,505
Borrowed money	516,331	563,901
Foreign exchanges	339	944
Due to trust account	23	28
Other liabilities	60,935	60,262
Net defined benefit liability	39	41
Reserve for retirement benefits of directors and corporate auditors	23	23
Reserve for reimbursement of deposits	3,558	2,985
Reserve for point loyalty programs	120	139
Provision for share-based benefit	341	425
Reserve for loss related to Head Office rebuilding	846	—
Reserves under special laws	39	38
Deferred tax liabilities	8,947	11,578
Deferred tax liabilities for land revaluation reserve	13,610	13,610
Acceptances and guarantees	43,479	43,427
Total liabilities	8,465,280	8,773,734
Net Assets		
Common stock	54,573	54,573
Capital surplus	30,740	30,740
Retained earnings	329,367	339,753
Common stock in treasury	(1,040)	(997)
Total stockholders' equity	413,641	424,070
Net unrealized holding gains on securities available for sale	35,676	38,571
Net deferred gains (losses) on hedging instruments, net of tax	(2,016)	(4,703)
Land revaluation reserve, net of tax	27,792	27,792
Remeasurements of defined benefit plans	12,121	11,780
Total accumulated other comprehensive income	73,574	73,440
Stock acquisition rights	176	176
Total net assets	487,391	497,686
Total liabilities and net assets	¥8,952,671	¥9,271,421

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

Consolidated Statements of Income

Item	Millions of yen	
	First half of FY2018	First half of FY2019
Operating income	¥61,877	¥63,771
Interest income	37,936	38,073
Interest on loans and discounts	30,920	31,074
Interest and dividends on securities	6,326	6,247
Trust fees	77	110
Fees and commissions	15,237	13,872
Trading income	1,165	1,457
Other operating income	2,534	7,124
Other income	4,926	3,134
Operating expenses	44,431	44,198
Interest expenses	3,995	4,369
Interest on deposits	1,091	1,002
Fees and commissions	4,355	4,736
Other operating expenses	2,758	4,614
General and administrative expenses	29,116	28,712
Other expenses	4,206	1,766
Operating profits	17,445	19,573
Extraordinary gains	1	4
Gain on dispositions of fixed assets	0	2
Transfer from reserve for financial products transaction liabilities	1	1
Extraordinary losses	164	88
Losses on dispositions of fixed assets	85	60
Impairment losses	78	27
Income before income taxes and others	17,283	19,488
Provision for income taxes and others	3,129	3,336
Deferred income taxes	2,125	2,642
Total income taxes	5,254	5,979
Net income	12,029	13,509
Profit attributable to owners of the parent	¥12,029	¥13,509

Consolidated Statements of Comprehensive Income

Item	Millions of yen	
	First half of FY2018	First half of FY2019
Net income	¥12,029	¥13,509
Other comprehensive income (loss)	(2,497)	(133)
Net unrealized holding gains (losses) on securities available for sale	(3,004)	2,896
Net deferred gains (losses) on hedging instruments, net of tax	667	(2,687)
Remeasurements of defined benefit plans	(161)	(341)
Share of other comprehensive income of affiliated companies accounted for by equity method	1	(2)
Comprehensive income (loss)	¥ 9,531	¥13,375
Comprehensive income (loss) attributable to owners of the parent	¥ 9,531	¥13,375

3. Consolidated Statements of Changes in Net Assets

Item	Millions of yen				
	First half of FY2018				
	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Common stock in treasury	Total stockholders' equity
Balance at the beginning of current period	¥54,573	¥30,746	¥309,747	¥(1,260)	¥393,807
Changes of items during the period					
Dividends from surplus			(2,809)		(2,809)
Profit attributable to owners of the parent			12,029		12,029
Purchase of common stock in treasury				(0)	(0)
Disposal of common stock in treasury		(6)		202	196
Reversal of land revaluation reserve			(36)		(36)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(6)	9,183	202	9,380
Balance at the end of current period	¥54,573	¥30,740	¥318,930	¥(1,057)	¥403,187

Item	Millions of yen						
	First half of FY2018						
	Accumulated other comprehensive income						
	Net unrealized holding gains (losses) on securities available for sale	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	¥48,399	¥(547)	¥27,763	¥8,016	¥83,632	¥ 308	¥477,748
Changes of items during the period							
Dividends from surplus							(2,809)
Profit attributable to owners of the parent							12,029
Purchase of common stock in treasury							(0)
Disposal of common stock in treasury							196
Reversal of land revaluation reserve							(36)
Net changes of items other than shareholders' equity	(3,003)	667	36	(161)	(2,461)	(131)	(2,593)
Total changes of items during the period	(3,003)	667	36	(161)	(2,461)	(131)	6,786
Balance at the end of current period	¥45,395	¥ 120	¥27,800	¥7,854	¥81,171	¥ 176	¥484,535

Millions of yen					
First half of FY2019					
Stockholders' equity					
Item	Common stock	Capital surplus	Retained earnings	Common stock in treasury	Total stockholders' equity
Balance at the beginning of current period	¥54,573	¥30,740	¥329,367	¥(1,040)	¥413,641
Changes of items during the period					
Dividends from surplus			(3,123)		(3,123)
Profit attributable to owners of the parent			13,509		13,509
Purchase of common stock in treasury				(0)	(0)
Disposal of common stock in treasury		(0)		42	42
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(0)	10,386	42	10,428
Balance at the end of current period	¥54,573	¥30,740	¥339,753	¥ (997)	¥424,070

Millions of yen							
First half of FY2019							
Accumulated other comprehensive income							
Item	Net unrealized holding gains (losses) on securities available for sale	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	¥35,676	¥(2,016)	¥27,792	¥12,121	¥73,574	¥176	¥487,391
Changes of items during the period							
Dividends from surplus							(3,123)
Profit attributable to owners of the parent							13,509
Purchase of common stock in treasury							(0)
Disposal of common stock in treasury							42
Net changes of items other than shareholders' equity	2,894	(2,687)	—	(341)	(133)	—	(133)
Total changes of items during the period	2,894	(2,687)	—	(341)	(133)	—	10,294
Balance at the end of current period	¥38,571	¥(4,703)	¥27,792	¥11,780	¥73,440	¥176	¥497,686

Non-Consolidated Financial Information for the First Half of Fiscal 2019

1. Non-Consolidated Balance Sheets

Item	Millions of yen	
	As of March 31, 2019	As of September 30, 2019
ASSETS		
Cash and due from banks	¥1,430,685	¥1,485,758
Call loans and bills purchased	19,953	23,642
Financial receivables purchased	6,253	6,396
Trading assets	5,830	5,708
Money held in trust	162	167
Securities	1,186,499	1,129,365
Loans and bills discounted	6,014,683	6,313,743
Foreign exchanges	7,536	8,690
Other assets	83,600	100,001
Tangible fixed assets	94,890	94,656
Intangible fixed assets	9,431	9,311
Prepaid pension expenses	47,538	50,422
Customers' liabilities for acceptances and guarantees	41,996	42,055
Reserve for possible loan losses	(31,101)	(30,726)
Total assets	¥8,917,961	¥9,239,193
LIABILITIES AND NET ASSETS		
Liabilities		
Deposits	¥7,262,941	¥7,338,439
Negotiable certificates of deposit	216,099	396,034
Payables under repurchase agreements	88,521	65,769
Deposits received for bonds lending/borrowing transactions	260,108	288,655
Trading liabilities	3,856	3,505
Borrowed money	514,289	562,476
Foreign exchanges	339	944
Due to trust account	23	28
Other liabilities	41,563	40,457
Income taxes payable	2,709	2,514
Lease obligations	618	590
Asset retirement obligation	326	332
Other liabilities	37,908	37,020
Reserve for reimbursement of deposits	3,558	2,985
Reserve for point loyalty programs	79	100
Provision for share-based benefit	341	425
Reserve for loss related to Head Office rebuilding	846	—
Deferred tax liabilities	3,501	6,285
Deferred tax liabilities for land revaluation reserve	13,610	13,610
Acceptances and guarantees	41,996	42,055
Total liabilities	8,451,677	8,761,775
Net Assets		
Common stock	54,573	54,573
Capital surplus	30,739	30,739
Capital reserve	30,634	30,634
Other capital surplus	105	105
Retained earnings	320,376	331,258
Legal earned reserve	40,153	40,153
Other retained earnings	280,223	291,105
Voluntary reserve	254,604	273,604
Earned surplus brought forward	25,619	17,501
Common stock in treasury	(1,026)	(984)
Total stockholders' equity	404,663	415,588
Net unrealized holding gains on securities available for sale	35,668	38,565
Net deferred losses on hedging instruments, net of taxes	(2,016)	(4,703)
Land revaluation reserve, net of tax	27,792	27,792
Total valuation and translation adjustments	61,444	61,653
Stock acquisition rights	176	176
Total net assets	466,283	477,418
Total liabilities and net assets	¥8,917,961	¥9,239,193

2. Non-Consolidated Statements of Income

Item	Millions of yen	
	First half of FY2018	First half of FY2019
Operating income	¥59,589	¥61,391
Interest income	39,232	39,072
Interest on loans and discounts	30,735	30,927
Interest and dividends on securities	7,822	7,413
Trust fees	77	110
Fees and commissions	12,438	11,713
Trading income	187	294
Other operating income	2,525	7,116
Other income	5,128	3,084
Operating expenses	42,001	41,920
Interest expenses	3,972	4,347
Interest on deposits	1,091	1,002
Fees and commissions	4,624	5,104
Other operating expenses	2,758	4,614
General and administrative expenses	26,448	26,198
Other expenses	4,197	1,656
Operating profits	17,588	19,470
Extraordinary gains	0	176
Extraordinary losses	129	84
Income before income taxes and others	17,458	19,562
Provision for income taxes and others	2,685	2,922
Deferred income taxes	2,117	2,634
Total income taxes	4,802	5,556
Net income	¥12,655	¥14,005

3. Non-Consolidated Statements of Changes in Net Assets

Item	Millions of yen							
	First half of FY2018							
	Stockholders' equity							
	Common stock	Capital surplus			Legal earned reserve	Retained earnings		
Capital reserve		Other capital surpluses	Total capital surplus	Voluntary reserve		Other retained earnings	Earned surplus brought forward	
Balance at the beginning of current period	¥54,573	¥30,634	¥111	¥30,745	¥40,153	¥233,604	¥ 27,191	¥300,948
Changes of items during the period								
Dividends from surplus							(2,809)	(2,809)
Voluntary reserve						21,000	(21,000)	—
Net income							12,655	12,655
Purchase of common stock in treasury								
Disposal of common stock in treasury			(6)	(6)				
Reversal of land revaluation reserve							(36)	(36)
Net changes of items other than shareholders' equity								
Total changes of items during the period	—	—	(6)	(6)	—	21,000	(11,189)	9,810
Balance at the end of current period	¥54,573	¥30,634	¥105	¥30,739	¥40,153	¥254,604	¥ 16,002	¥310,759

Item	Millions of yen								
	First half of FY2018								
	Stockholders' equity		Valuation and translation adjustments						Total net assets
	Common stock in treasury	Total stockholders' equity	Net unrealized holding gains (losses) 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		
Balance at the beginning of current period	¥(1,246)	¥385,022	¥48,387	¥(547)	¥27,763	¥75,604	¥ 308	¥460,934	
Changes of items during the period									
Dividends from surplus		(2,809)						(2,809)	
Voluntary reserve		—						—	
Net income		12,655						12,655	
Purchase of common stock in treasury	(0)	(0)						(0)	
Disposal of common stock in treasury	202	196						196	
Reversal of land revaluation reserve		(36)						(36)	
Net changes of items other than shareholders' equity			(3,004)	667	36	(2,300)	(131)	(2,432)	
Total changes of items during the period	202	10,006	(3,004)	667	36	(2,300)	(131)	7,573	
Balance at the end of current period	¥(1,043)	¥395,028	¥45,383	¥ 120	¥27,800	¥73,303	¥ 176	¥468,508	

Millions of yen								
First half of FY2019								
Stockholders' equity								
Item	Capital surplus				Legal earned reserve	Retained earnings		
	Common stock	Capital reserve	Other capital surpluses	Total capital surplus		Other retained earnings	Earned surplus brought forward	Total retained earnings
Balance at the beginning of current period	¥54,573	¥30,634	¥105	¥30,739	¥40,153	¥254,604	¥ 25,619	¥320,376
Changes of items during the period								
Dividends from surplus							(3,123)	(3,123)
Voluntary reserve						19,000	(19,000)	—
Net income							14,005	14,005
Purchase of common stock in treasury								
Disposal of common stock in treasury			(0)	(0)				
Net changes of items other than shareholders' equity								
Total changes of items during the period	—	—	(0)	(0)	—	19,000	(8,117)	10,882
Balance at the end of current period	¥54,573	¥30,634	¥105	¥30,739	¥40,153	¥273,604	¥ 17,501	¥331,258

Millions of yen								
First half of FY2019								
Stockholders' equity		Valuation and translation adjustments						
Item	Common stock in treasury	Total stockholders' equity	Net unrealized holding gains (losses) 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
Changes of items during the period								
Dividends from surplus		(3,123)						(3,123)
Voluntary reserve		—						—
Net income		14,005						14,005
Purchase of common stock in treasury	(0)	(0)						(0)
Disposal of common stock in treasury	42	42						42
Net changes of items other than shareholders' equity			2,896	(2,687)	—	209	—	209
Total changes of items during the period	42	10,925	2,896	(2,687)	—	209	—	11,134
Balance at the end of current period	¥ (984)	¥415,588	¥38,565	¥(4,703)	¥27,792	¥61,653	¥176	¥477,418

Financial Data for the First Half of Fiscal 2019

1. Income Status

(Non-Consolidated)

Item	Millions of yen		
	First half of FY2019		First half of FY2018 (B)
	(A)	(A) – (B)	
Gross banking profit	¥44,240	¥ 1,135	¥43,105
Core gross banking profit	42,560	(1,597)	44,157
Domestic gross banking profit	36,059	(3,990)	40,049
Core gross banking profit	37,575	(1,986)	39,561
Interest income	31,014	(680)	31,694
Fees and commissions	6,600	(1,163)	7,763
Trading income	46	(44)	90
Other operating income	(1,601)	(2,100)	499
Gains (losses) from securities	(1,515)	(2,003)	488
International gross banking profit	8,180	5,124	3,056
Core gross banking profit	4,985	389	4,596
Interest income	3,710	145	3,565
Fees and commissions	118	(9)	127
Trading income	247	151	96
Other operating income	4,104	4,836	(732)
Gains (losses) from securities	3,195	4,735	(1,540)
Expenses	26,520	(29)	26,549
Personnel expenses	13,551	(364)	13,915
Non-personnel expenses	11,345	359	10,986
Taxes	1,624	(23)	1,647
Banking profit (before transfer to general reserve for possible loan losses)	17,719	1,163	16,556
Core banking profit *1	16,039	(1,569)	17,608
Core net business income (excluding gains (losses) on cancellation of investment trust)	16,039	(1,569)	17,608
Transfer to general reserve for possible loan losses (i)	(25)	(25)	—
Banking profit (after transfer to general reserve for possible loan losses) *2	17,744	1,188	16,556
Gains (losses) on bonds (ii)	1,680	2,732	(1,052)
Gains on sales of bonds	6,214	4,508	1,706
Losses on sales of bonds	4,533	1,860	2,673
Write-off amount of bonds	—	(85)	85
Non-recurrent gains (losses)	1,725	694	1,031
Gains (losses) on stocks (iii)	2,243	(982)	3,225
Gains on sales of stocks	2,853	(413)	3,266
Losses on sales of stocks	610	570	40
Write-off amount of stocks	—	0	0
Gains (losses) from securities ((ii) + (iii))	3,923	1,750	2,173
Disposal of non-performing loans (iv)	1,055	(1,452)	2,507
Write-off amount of loans	239	(3,796)	4,035
Net transfer to specific reserve for possible loan losses	698	698	—
Losses on sales of loans to credit	117	0	117
Reversal of reserve for possible loan losses	—	(1,645)	1,645
Recoveries of written-off claims	0	0	0
Credit cost ((i) + (iv))	1,029	(1,478)	2,507
Other non-recurrent gains (losses)	537	224	313
Operating profits	19,470	1,882	17,588
Extraordinary gains (losses)	91	220	(129)
Net gains (losses) from fixed assets	(81)	48	(129)
Gains on dispositions of fixed assets	2	2	0
Losses on dispositions of fixed assets	57	6	51
Impairment losses	27	(51)	78
Gain on extinguishment of tie-in shares	173	173	—
Income before income taxes and others	19,562	2,104	17,458
Provision for income taxes and others	2,922	237	2,685
Deferred income taxes	2,634	517	2,117
Net income taxes	5,556	754	4,802
Net income	¥14,005	¥ 1,350	¥12,655

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 FY2019		First half of FY2018 (B)
	(A)	(A) – (B)	
Consolidated gross banking profit	¥46,917	¥ 1,075	¥45,842
Interest income	33,704	(237)	33,941
Fees and commissions	9,246	(1,713)	10,959
Trading income	1,457	292	1,165
Other operating income	2,509	2,733	(224)
General and administrative expenses	28,712	(404)	29,116
Credit cost	1,138	(1,653)	2,791
Write-off amount of loans	239	(3,796)	4,035
Net transfer to specific reserve for possible loan losses	806	806	—
Net transfer to general reserve for possible loan losses	(28)	(28)	—
Losses on sales of loans to credit	121	(3)	124
Reversal of reserve for possible loan losses	—	(1,368)	1,368
Recoveries of write-off claims	0	0	0
Gains (losses) on stocks	2,243	(982)	3,225
Equity in gains (losses) of affiliated companies	74	0	74
Others	188	(23)	211
Operating profits	19,573	2,128	17,445
Extraordinary gains (losses)	(84)	78	(162)
Income before income taxes and others	19,488	2,205	17,283
Provision for income taxes and others	3,336	207	3,129
Deferred income taxes	2,642	517	2,125
Net income taxes	5,979	725	5,254
Net income	13,509	1,480	12,029
Profit attributable to owners of the parent	¥13,509	¥ 1,480	¥12,029

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 FY2019		First half of FY2018 (B)
	(A)	(A) – (B)	
Consolidated core banking profit	¥16,209	¥(1,473)	¥17,682

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 FY2019		First half of FY2018 (B)
	(A)	(A) – (B)	
Number of consolidated subsidiaries	6	(1)	7
Number of affiliated companies applicable to the equity method	1	—	1

2. Banking Profit

(Non-Consolidated)

Item	Millions of yen		
	First half of FY2019		First half of FY2018 (B)
	(A)	(A) – (B)	
Core banking profit	¥16,039	¥(1,569)	¥17,608
Per head (in thousands of yen)	4,930	(483)	5,413
Banking profit (before transfer to general reserve for possible loan losses)	17,719	1,163	16,556
Per head (in thousands of yen)	5,447	358	5,089
Banking profit	17,744	1,188	16,556
Per head (in thousands of yen)	5,454	365	5,089

3. Interest Rate Spread

(Non-Consolidated)

[All Branches]

Item	%		
	First half of FY2019		First half of FY2018 (B)
	(A)	(A) – (B)	
Average yield on interest earnings assets (i)	1.04	(0.04)	1.08
Average yield on loans and bills discounted	0.99	(0.04)	1.03
Average yield on securities	1.29	0.05	1.24
Average yield on interest bearing liabilities (ii)	0.70	(0.01)	0.71
Average yield on deposits and negotiable certificates of deposit	0.02	(0.01)	0.03
Average interest rate spread on loans and deposits	0.28	(0.02)	0.30
Average interest rate spread ((i) – (ii))	0.34	(0.03)	0.37

[Domestics Operations]

Item	%		
	First half of FY2019		First half of FY2018 (B)
	(A)	(A) – (B)	
Average yield on interest earnings assets (i)	0.90	(0.04)	0.94
Average yield on loans and bills discounted	0.90	(0.06)	0.96
Average yield on securities	1.18	0.11	1.07
Average yield on interest bearing liabilities (ii)	0.64	(0.01)	0.65
Average yield on deposits and negotiable certificates of deposit	0.01	—	0.01
Average interest rate spread on loans and deposits	0.21	(0.03)	0.24
Average interest rate spread ((i) – (ii))	0.26	(0.03)	0.29

4. Return on Equity

(Non-Consolidated)

Item	%		
	First half of FY2019		First half of FY2018 (B)
	(A)	(A) – (B)	
Core banking profit basis	6.78	(0.78)	7.56
Banking profit basis (before transfer to general reserve for possible loan losses)	7.49	0.39	7.10
Banking profit basis	7.50	0.40	7.10
Net income basis	5.92	0.49	5.43

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

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. (<https://www.hirogin.co.jp/>)

(Non-Consolidated)

Item	Billions of yen		
	As of September 30, 2019 (A)	(A) – (B)	As of March 31, 2019 (B)
Base items related to core capital (i)	¥ 437.3	¥11.3	¥ 426.0
Adjustment items related to core capital (ii)	48.0	1.5	46.5
Capital (iii): (i) – (ii)	389.3	9.8	379.5
Sum of risk assets, etc. (iv)	3,582.0	64.6	3,517.4
Capital adequacy ratio: (iii) / (iv)	10.86%	0.07%	10.79%

(Consolidated)

Item	Billions of yen		
	As of September 30, 2019 (A)	(A) – (B)	As of March 31, 2019 (B)
Base items related to core capital (i)	¥ 457.5	¥10.2	¥ 447.3
Adjustment items related to core capital (ii)	59.3	1.2	58.1
Capital (iii): (i) – (ii)	398.2	9.1	389.1
Sum of risk assets, etc. (iv)	3,594.6	61.1	3,533.5
Capital adequacy ratio: (iii) / (iv)	11.07%	0.06%	11.01%

6. Gains (Losses) on Valuation of Securities

(Non-Consolidated)

Item	Billions of yen						
	As of September 30, 2019 (A)				As of March 31, 2019 (B)		
	Valuation gains (losses)	(A) – (B)	Valuation gains	Valuation losses	Valuation gains (losses)	Valuation gains	Valuation losses
Held-to-maturity	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Other securities	54.9	4.3	63.1	8.2	50.6	64.6	13.9
Stocks	38.5	(7.8)	42.9	4.4	46.3	50.0	3.6
Bonds	13.5	3.5	13.6	0.0	10.0	10.0	0.0
Others	2.8	8.5	6.4	3.6	(5.7)	4.5	10.3
Total	¥54.9	¥4.3	¥63.1	¥8.2	¥50.6	¥64.6	¥13.9

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

[Loans and Other Assets Information]

1. Loans Outstanding

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

Loans outstanding (average balance)	Billions of yen		
	First half of FY2019 (A)	(A) – (B)	First half of FY2018 (B)
Loans outstanding	¥6,209.0	¥290.7	¥5,918.3
Business loans	4,644.2	221.8	4,422.4
Individual loans	1,564.8	68.9	1,495.9
Housing loans	999.6	30.0	969.6
Other loans	565.1	38.9	526.2

Loans outstanding (term-end balance)	Billions of yen		
	As of September 30, 2019 (A)	(A) – (B)	As of March 31, 2019 (B)
Loans outstanding	¥6,313.7	¥299.1	¥6,014.6
Business loans	4,724.8	258.1	4,466.7
Individual loans	1,588.8	40.9	1,547.9
Housing loans	1,012.1	20.6	991.5
Other loans	576.7	20.4	556.3

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

Item	Billions of yen		
	As of September 30, 2019 (A)	(A) – (B)	As of March 31, 2019 (B)
Loans outstanding to small- and medium-sized businesses	¥4,159.7	¥85.8	¥4,073.9
Ratio to total loans and bill discounted	65.9%	(1.8)%	67.7%

Notes: 1. Includes loans outstanding to individuals.

2. Loans outstanding to small- and medium-sized businesses and individuals excludes the special account for international financial transactions.

2. Risk Managed Loans

(Non-Consolidated)

Item	Millions of yen		
	As of September 30, 2019 (A)	(A) – (B)	As of March 31, 2019 (B)
Loans to debtors legally bankrupt	¥ 970	¥ (194)	¥ 1,164
Other delinquent loans	46,562	(832)	47,394
Loans past due 3 months or more	3,194	(561)	3,755
Restructured loans	14,653	(75)	14,728
Total risk managed loans	¥65,380	¥(1,663)	¥67,043

Notes: Hiroshima Bank adopts partial direct write-off.

Hiroshima Bank has adopted the uniform non-accrual loan accounting method for loans to customers who are at risk or in default.

(Consolidated)

Item	Millions of yen		
	As of September 30, 2019 (A)	(A) – (B)	As of March 31, 2019 (B)
Loans to debtors legally bankrupt	¥ 1,007	¥ (193)	¥ 1,200
Other delinquent loans	46,562	(832)	47,394
Loans past due 3 months or more	3,194	(561)	3,755
Restructured loans	14,653	(75)	14,728
Total risk managed loans	¥65,417	¥(1,661)	¥67,078

Notes: Hiroshima Bank adopts partial direct write-off.

Hiroshima Bank has adopted the uniform non-accrual loan accounting method for loans to customers who are at risk or in default.

3. Reserve for Possible Loan Losses

(Non-Consolidated)

Item	Millions of yen		As of March 31, 2019 (B)
	As of September (A)	30, 2019 (A) – (B)	
Reserve for possible loan losses	¥30,726	¥(375)	¥31,101
General reserve for possible loan losses	15,983	(25)	16,008
Specific reserve for possible loan losses	14,742	(350)	15,092
Reserve for specific foreign borrowers/countries	—	—	—

(Consolidated)

Item	Millions of yen		As of March 31, 2019 (B)
	As of September (A)	30, 2019 (A) – (B)	
Reserve for possible loan losses	¥32,902	¥(292)	¥33,194
General reserve for possible loan losses	16,520	(28)	16,548
Specific reserve for possible loan losses	16,382	(263)	16,645
Reserve for specific foreign borrowers/countries	—	—	—

4. Ratio to Reserve for Total Risk Managed Loans

(Non-Consolidated)

Item	%		As of March 31, 2019 (B)
	As of September (A)	30, 2019 (A) – (B)	
Before partial direct write-off	56.9	0.7	56.2
After partial direct write-off	46.8	0.5	46.3

(Consolidated)

Item	%		As of March 31, 2019 (B)
	As of September (A)	30, 2019 (A) – (B)	
Before partial direct write-off	56.9	0.6	56.3
After partial direct write-off	46.8	0.5	46.3

5. Problem Loans Disclosed under the Financial Revitalization Law

(Non-Consolidated)

Item	Millions of yen		As of March 31, 2019 (B)
	As of September (A)	30, 2019 (A) – (B)	
Loans to bankrupt and quasi-bankrupt loans	¥ 5,350	¥ (575)	¥ 5,925
Doubtful loans	44,644	(1,024)	45,668
Substandard loans	17,847	(637)	18,484
Total (i)	¥67,842	¥(2,235)	¥70,077

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

(Non-Consolidated)

Item	Millions of yen		As of March 31, 2019 (B)
	As of September (A)	30, 2019 (A) – (B)	
Coverage amount (ii)	¥48,990	¥(2,038)	¥51,028
Portion covered by reserve (iii)	17,724	(641)	18,365
Portion covered by collateral	31,266	(1,397)	32,663
Specific reserve for loan losses	—	—	—
Coverage ratio to disclosed totals (ii)/(i)	72.2%	(0.6)%	72.8%
Coverage ratio before partial direct write-off	77.4%	(0.3)%	77.7%
Excluding collateral and guarantees (iv)	36,576	(837)	37,413
Coverage ratio (iii)/(iv)	48.4%	(0.7)%	49.1%
Ratio to total loans outstanding	1.06%	(0.09)%	1.15%

7. Loans to Entities Overseas by Country

(1) Loans to Asian Countries (Non-Consolidated)

Not applicable.

(2) Loans to Latin American Countries (Non-Consolidated)

Not applicable.

8. Loan Portfolio

(1) Classification of Loans by Type of Industry

(Non-Consolidated)

Item	Millions of yen		As of March 31, 2019 (B)
	As of September (A)	30, 2019 (A) – (B)	
Domestic (excluding JOM account)	¥6,313,743	¥299,060	¥6,014,683
Manufacturing	749,575	(1,002)	750,577
Agriculture/Forestry	5,865	1,008	4,857
Fishery	1,383	4	1,379
Mining/Quarrying of stone/Gravel	4,608	(100)	4,708
Construction	170,075	(966)	171,041
Electricity, gas and water	212,471	21,581	190,890
Telecommunication	17,505	(1,314)	18,819
Transportation/Postal activities	317,587	7,200	310,387
Wholesale/Retail services	539,289	19,586	519,703
Financial and insurance services	280,766	(13,994)	294,760
Retail estate/Goods rental and leasing	1,043,235	32,109	1,011,126
Services	405,509	(605)	406,114
Municipal government	1,002,378	191,627	810,751
Others	1,563,486	43,927	1,519,559

Note: Others are included in the following loans.

Item	Millions of yen		As of March 31, 2019 (B)
	As of September (A)	30, 2019 (A) – (B)	
Individuals	¥1,165,355	¥27,590	¥1,137,765
Ship chartering industry (nonresidents)	358,756	19,372	339,384

• 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 652,088 million yen as of September 30, 2019.

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

Item	Millions of yen		
	As of September 30, 2019		As of March 31, 2019 (B)
	(A)	(A) – (B)	
Domestic (excluding JOM account)	¥65,380	¥(1,663)	¥67,043
Manufacturing	16,246	(1,287)	17,533
Agriculture/Forestry	58	(6)	64
Fishery	0	0	0
Mining/Quarrying of stone/Gravel	40	(7)	47
Construction	4,660	(899)	5,559
Electricity, gas and water	—	—	—
Telecommunication	407	1	406
Transportation/Postal activities	809	152	657
Wholesale/Retail services	10,597	1,486	9,111
Financial and insurance services	803	0	803
Retail estate/Goods rental and leasing	9,276	(728)	10,004
Services	10,432	77	10,355
Municipal government	—	—	—
Others	12,047	(450)	12,497

[Deposits Information]

Deposits Outstanding

Breakdown of Deposits Outstanding (Non-Consolidated)

Deposits outstanding (average balance)	Billions of yen		
	First half of FY2019 (A)	(A) – (B)	First half of FY2018 (B)
Deposits and NCD	¥7,693.5	¥232.6	¥7,460.9
Corporate deposits	2,317.5	70.8	2,246.7
Individual deposits	4,890.9	131.5	4,759.4
Public and finance institution deposits	485.0	30.3	454.7

Note: Deposits outstanding includes negotiable certificates of deposit.

Deposits outstanding (term-end balance)	Billions of yen		
	As of September 30, 2019 (A)	(A) – (B)	As of March 31, 2019 (B)
Deposits and NCD	¥7,734.4	¥255.4	¥7,479.0
Corporate deposits	2,357.7	73.2	2,284.5
Individual deposits	4,891.5	60.2	4,831.3
Public and finance institution deposits	485.1	122.1	363.0

Note: Deposits outstanding includes negotiable certificates of deposit.