

# Financial Results for the First Half of Fiscal 2020

(From April 1, 2020 to September 30, 2020)

Hirogin Holdings, Inc.

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# Consolidated Financial Information for the First Half of Fiscal 2020

## 1. Consolidated Balance Sheets

Item	Millions of yen	
	As of March 31, 2020	As of September 30, 2020
<b>ASSETS</b>		
Cash and due from banks	¥1,472,936	¥ 1,962,779
Call loans and bills purchased	6,711	3,001
Financial receivables purchased	7,820	7,464
Trading assets	6,241	6,238
Money held in trust	9,971	12,573
Securities	1,125,896	1,331,915
Loans and bills discounted	6,483,336	6,594,449
Foreign exchanges	34,990	10,866
Other assets	113,677	104,294
Tangible fixed assets	93,446	100,198
Intangible fixed assets	9,244	9,008
Net defined benefit asset	70,853	73,204
Deferred tax assets	705	678
Customers' liabilities for acceptances and guarantees	36,470	39,736
Reserve for possible loan losses	(33,692)	(35,342)
Total assets	¥9,438,609	¥10,221,068
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Deposits	¥7,529,577	¥ 7,885,812
Negotiable certificates of deposit	161,708	419,037
Call money and bills sold	100,000	—
Payables under repurchase agreements	79,420	201,475
Deposits received for bonds lending/borrowing transactions	321,008	359,811
Trading liabilities	3,814	3,594
Borrowed money	641,035	727,824
Foreign exchanges	3,502	829
Due to trust account	32	36
Other liabilities	61,004	56,697
Net defined benefit liability	43	46
Reserve for retirement benefits of directors and corporate auditors	29	34
Reserve for reimbursement of deposits	2,530	2,085
Reserve for point loyalty programs	142	189
Provision for share-based benefit	547	514
Reserve for dismantling costs for fixed assets	1,177	1,177
Reserves under special laws	38	25
Deferred tax liabilities	861	7,080
Deferred tax liabilities for land revaluation reserve	13,605	13,605
Acceptances and guarantees	36,470	39,736
Total liabilities	8,956,552	9,719,613
<b>Net Assets</b>		
Common stock	54,573	54,573
Capital surplus	30,740	30,635
Retained earnings	347,714	354,027
Treasury stock	(998)	(568)
Total stockholders' equity	432,030	438,668
Net unrealized holding gains on securities available for sale	15,010	27,928
Net deferred gains (losses) on hedging instruments, net of tax	(5,025)	(4,736)
Land revaluation reserve, net of tax	27,781	27,781
Remeasurements of defined benefit plans	12,084	11,685
Total accumulated other comprehensive income	49,850	62,659
Stock acquisition rights	176	126
Total net assets	482,057	501,454
Total liabilities and net assets	¥9,438,609	¥10,221,068

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

### Consolidated Statements of Income

Item	Millions of yen	
	First half of FY2019	First half of FY2020
<b>Operating income</b>	¥63,771	¥55,692
Interest income	38,073	35,380
Interest on loans and discounts	31,074	29,651
Interest and dividends on securities	6,247	5,154
Trust fees	110	49
Fees and commissions	13,872	13,233
Trading income	1,457	1,738
Other operating income	7,124	2,831
Other income	3,134	2,457
<b>Operating expenses</b>	44,198	40,180
Interest expenses	4,369	2,208
Interest on deposits	1,002	691
Fees and commissions	4,736	4,430
Other operating expenses	4,614	401
General and administrative expenses	28,712	28,218
Other expenses	1,766	4,920
<b>Operating profits</b>	19,573	15,511
<b>Extraordinary gains</b>	4	26
Gain on dispositions of fixed assets	2	13
Transfer from reserve for financial products transaction liabilities	1	13
<b>Extraordinary losses</b>	88	95
Losses on dispositions of fixed assets	60	58
Impairment losses	27	37
<b>Income before income taxes and others</b>	19,488	15,442
Provision for income taxes and others	3,336	4,324
Deferred income taxes	2,642	479
<b>Total income taxes</b>	5,979	4,804
<b>Net income</b>	13,509	10,638
<b>Profit attributable to owners of the parent</b>	¥13,509	¥10,638

### Consolidated Statements of Comprehensive Income

Item	Millions of yen	
	First half of FY2019	First half of FY2020
<b>Net income</b>	¥13,509	¥10,638
<b>Other comprehensive income (loss)</b>	(133)	12,808
Valuation difference on available-for-sale securities	2,896	12,916
Net deferred gains (losses) on hedging instruments, net of tax	(2,687)	288
Remeasurements of defined benefit plans	(341)	(398)
Share of other comprehensive income (loss) of affiliated companies accounted for by equity method	(2)	1
<b>Comprehensive income</b>	¥13,375	¥23,447
Comprehensive income attributable to owners of the parent	¥13,375	¥23,447

### 3. Consolidated Statements of Changes in Net Assets

Item	Millions of yen				
	First half of FY2019				
	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	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 treasury stock				(0)	(0)
Disposal of treasury stock		(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

Item	Millions of yen						
	First half of FY2019						
	Accumulated other comprehensive income						
	Valuation difference on available-for-sale securities	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 treasury stock							(0)
Disposal of treasury stock							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

Item	Millions of yen				
	First half of FY2020				
	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at the beginning of current period	¥54,573	¥30,740	¥347,714	¥(998)	¥432,030
Changes of items during the period					
Dividends from surplus			(4,216)		(4,216)
Profit attributable to owners of the parent			10,638		10,638
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		3		213	216
Cancellation of treasury stock		(108)	(108)	216	—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(105)	6,313	429	6,638
Balance at the end of current period	¥54,573	¥30,635	¥354,027	¥(568)	¥438,668

Item	Millions of yen						
	First half of FY2020						
	Accumulated other comprehensive income						
	Valuation difference on available-for-sale securities	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	¥15,010	¥(5,025)	¥27,781	¥12,084	¥49,850	¥176	¥482,057
Changes of items during the period							
Dividends from surplus							(4,216)
Profit attributable to owners of the parent							10,638
Purchase of treasury stock							(0)
Disposal of treasury stock							216
Cancellation of treasury stock							—
Net changes of items other than shareholders' equity	12,918	288	—	(398)	12,808	(49)	12,759
Total changes of items during the period	12,918	288	—	(398)	12,808	(49)	19,397
Balance at the end of current period	¥27,928	¥(4,736)	¥27,781	¥11,685	¥62,659	¥126	¥501,454

# Non-Consolidated Financial Information for the First Half of Fiscal 2020

## 1. Non-Consolidated Balance Sheets

Item	Millions of yen	
	As of March 31, 2020	As of September 30, 2020
<b>ASSETS</b>		
Cash and due from banks	¥1,471,326	¥1,961,426
Call loans and bills purchased	6,711	3,001
Financial receivables purchased	6,313	6,075
Trading assets	6,235	6,233
Money held in trust	171	173
Securities	1,136,265	1,345,765
Loans and bills discounted	6,479,709	6,590,383
Foreign exchanges	34,990	10,866
Other assets	106,427	96,886
Tangible fixed assets	92,974	99,729
Intangible fixed assets	9,119	8,891
Prepaid pension expenses	53,340	56,268
Deferred tax assets	4,965	—
Customers' liabilities for acceptances and guarantees	35,232	38,607
Reserve for possible loan losses	(31,848)	(33,546)
Total assets	¥9,411,933	¥10,190,766
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Deposits	¥7,541,559	¥ 7,898,910
Negotiable certificates of deposit	167,491	424,831
Call money	100,000	—
Payables under repurchase agreements	79,420	201,475
Deposits received for bonds lending/borrowing transactions	321,008	359,811
Trading liabilities	3,814	3,594
Borrowed money	639,493	726,458
Foreign exchanges	3,502	829
Due to trust account	32	36
Other liabilities	41,541	33,936
Income taxes payable	3,747	3,077
Lease obligations	592	577
Asset retirement obligation	338	342
Other liabilities	36,862	29,938
Reserve for reimbursement of deposits	2,530	2,085
Reserve for point loyalty programs	94	143
Provision for share-based benefit	547	514
Reserve for dismantling costs for fixed assets	1,177	1,177
Deferred tax liabilities	—	1,754
Deferred tax liabilities for land revaluation reserve	13,605	13,605
Acceptances and guarantees	35,232	38,607
Total liabilities	8,951,052	9,707,770
<b>Net Assets</b>		
Common stock	54,573	54,573
Capital surplus	30,739	30,634
Capital reserve	30,634	30,634
Other capital surplus	105	—
Retained earnings	338,614	347,248
Legal earned reserve	40,153	40,153
Other retained earnings	298,461	307,095
Voluntary reserve	273,604	289,604
Earned surplus brought forward	24,857	17,491
Treasury stock	(984)	(554)
Total stockholders' equity	422,943	431,902
Net unrealized holding gains on securities available for sale	15,005	27,922
Net deferred losses on hedging instruments, net of taxes	(5,025)	(4,736)
Land revaluation reserve, net of tax	27,781	27,781
Total valuation and translation adjustments	37,762	50,967
Stock acquisition rights	176	126
Total net assets	460,881	482,996
Total liabilities and net assets	¥9,411,933	¥10,190,766

## 2. Non-Consolidated Statements of Income

Item	Millions of yen	
	First half of FY2019	First half of FY2020
<b>Operating income</b>	¥61,391	¥55,742
Interest income	39,072	38,888
Interest on loans and discounts	30,927	29,537
Interest and dividends on securities	7,413	8,792
Trust fees	110	49
Fees and commissions	11,713	11,282
Trading income	294	347
Other operating income	7,116	2,817
Other income	3,084	2,357
<b>Operating expenses</b>	41,920	38,050
Interest expenses	4,347	2,190
Interest on deposits	1,002	691
Fees and commissions	5,104	4,970
Other operating expenses	4,614	401
General and administrative expenses	26,198	25,635
Other expenses	1,656	4,853
<b>Operating profits</b>	19,470	17,692
<b>Extraordinary gains</b>	176	13
<b>Extraordinary losses</b>	84	84
<b>Income before income taxes and others</b>	19,562	17,621
Provision for income taxes and others	2,922	3,888
Deferred income taxes	2,634	773
<b>Total income taxes</b>	5,556	4,662
<b>Net income</b>	¥14,005	¥12,958



## 3. Non-Consolidated Statements of Changes in Net Assets

Item	Millions of yen							
	First half of FY2019							
	Stockholders' equity							
	Capital surplus				Legal earned reserve	Retained earnings		
	Common stock	Capital reserve	Other capital surpluses	Total capital surplus		Other retained earnings Voluntary reserve	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 treasury stock								
Disposal of treasury stock			(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

Item	Millions of yen							
	First half of FY2019							
	Stockholders' equity		Valuation and translation adjustments					
	Treasury stock	Total stockholders' equity	Valuation difference on available-for-sale securities	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	¥(1,026)	¥404,663	¥35,668	¥(2,016)	¥27,792	¥61,444	¥176	¥466,283
Changes of items during the period								
Dividends from surplus		(3,123)						(3,123)
Voluntary reserve		—						—
Net income		14,005						14,005
Purchase of treasury stock	(0)	(0)						(0)
Disposal of treasury stock	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

Millions of yen								
First half of FY2020								
Item	Stockholders' equity							
	Capital surplus				Legal earned reserve	Retained earnings		
	Common stock	Capital reserve	Other capital surpluses	Total capital surplus		Other retained earnings Voluntary reserve	Earned surplus brought forward	Total retained earnings
Balance at the beginning of current period	¥54,573	¥30,634	¥ 105	¥30,739	¥40,153	¥273,604	¥ 24,857	¥338,614
Changes of items during the period								
Dividends from surplus							(4,216)	(4,216)
Voluntary reserve						16,000	(16,000)	—
Net income							12,958	12,958
Purchase of treasury stock								
Disposal of treasury stock			3	3				
Cancellation of treasury stock			(108)	(108)			(108)	(108)
Net changes of items other than shareholders' equity								
Total changes of items during the period	—	—	(105)	(105)	—	16,000	(7,365)	8,634
Balance at the end of current period	¥54,573	¥30,634	¥ —	¥30,634	¥40,153	¥289,604	¥ 17,491	¥347,248

Millions of yen								
First half of FY2020								
Item	Stockholders' equity		Valuation and translation adjustments					
	Treasury stock	Total stockholders' equity	Valuation difference on available-for-sale securities	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	¥(984)	¥422,943	¥15,005	¥(5,025)	¥27,781	¥37,762	¥176	¥460,881
Changes of items during the period								
Dividends from surplus		(4,216)						(4,216)
Voluntary reserve		—						—
Net income		12,958						12,958
Purchase of treasury stock	(0)	(0)						(0)
Disposal of treasury stock	213	216						216
Cancellation of treasury stock	216	—						—
Net changes of items other than shareholders' equity			12,916	288	—	13,205	(49)	13,155
Total changes of items during the period	429	8,958	12,916	288	—	13,205	(49)	22,114
Balance at the end of current period	¥(554)	¥431,902	¥27,922	¥(4,736)	¥27,781	¥50,967	¥126	¥482,996

# Financial Data for the First Half of Fiscal 2020

## 1. Income Status

(Non-Consolidated)

Item	Millions of yen		
	First half of FY2020 (A)	(A) – (B)	First half of FY2019 (B)
Gross banking profit	¥45,823	¥ 1,583	¥44,240
Core gross banking profit	44,173	1,613	42,560
Domestic gross banking profit	39,424	3,365	36,059
Core gross banking profit	38,581	1,006	37,575
Interest income	32,272	1,258	31,014
Fees and commissions	6,290	(310)	6,600
Trading income	27	(19)	46
Other operating income	834	2,435	(1,601)
Gains (losses) from securities	843	2,358	(1,515)
International gross banking profit	6,398	(1,782)	8,180
Core gross banking profit	5,592	607	4,985
Interest income	4,426	716	3,710
Fees and commissions	71	(47)	118
Trading income	319	72	247
Other operating income	1,581	(2,523)	4,104
Gains (losses) from securities	806	(2,389)	3,195
Expenses	26,044	(476)	26,520
Personnel expenses	13,214	(337)	13,551
Non-personnel expenses	11,096	(249)	11,345
Taxes	1,733	109	1,624
Banking profit (before transfer to general reserve for possible loan losses)	19,778	2,059	17,719
Core banking profit *1	18,129	2,090	16,039
Core net business income (excluding gains (losses) on cancellation of investment trust)	18,129	2,090	16,039
Transfer to general reserve for possible loan losses (i)	1,380	1,405	(25)
Banking profit (after transfer to general reserve for possible loan losses) *2	18,398	654	17,744
Gains (losses) on bonds (ii)	1,649	(31)	1,680
Gains on sales of bonds	2,035	(4,179)	6,214
Losses on sales of bonds	386	(4,147)	4,533
Non-recurrent gains (losses)	(706)	(2,431)	1,725
Gains (losses) on stocks (iii)	1,451	(792)	2,243
Gains on sales of stocks	1,985	(868)	2,853
Losses on sales of stocks	17	(593)	610
Write-off amount of stocks	516	516	—
Gains (losses) from securities ((ii) + (iii))	3,100	(823)	3,923
Disposal of non-performing loans (iv)	2,926	1,871	1,055
Write-off amount of loans	1,418	1,179	239
Net transfer to specific reserve for possible loan losses	1,366	668	698
Losses on sales of loans to credit	140	23	117
Recoveries of written-off claims	0	0	0
Credit cost ((i) + (iv))	4,306	3,277	1,029
Other non-recurrent gains (losses)	769	232	537
Operating profits	17,692	(1,778)	19,470
Extraordinary gains (losses)	(71)	(162)	91
Net gains (losses) from fixed assets	(71)	10	(81)
Gains on dispositions of fixed assets	13	11	2
Losses on dispositions of fixed assets	47	(10)	57
Impairment losses	37	10	27
Gain on extinguishment of tie-in shares	—	(173)	173
Income before income taxes and others	17,621	(1,941)	19,562
Provision for income taxes and others	3,888	966	2,922
Deferred income taxes	773	(1,861)	2,634
Net income taxes	4,662	(894)	5,556
Net income	¥12,958	¥(1,047)	¥14,005

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 FY2020		First half of FY2019 (B)
	(A)	(A) – (B)	
Consolidated gross banking profit	¥46,193	¥ (724)	¥46,917
Interest income	33,171	(533)	33,704
Fees and commissions	8,852	(394)	9,246
Trading income	1,738	281	1,457
Other operating income	2,429	(80)	2,509
General and administrative expenses	28,218	(494)	28,712
Credit cost	4,372	3,234	1,138
Write-off amount of loans	1,418	1,179	239
Net transfer to specific reserve for possible loan losses	1,439	633	806
Net transfer to general reserve for possible loan losses	1,370	1,398	(28)
Losses on sales of loans to credit	143	22	121
Recoveries of write-off claims	0	0	0
Gains (losses) on stocks	1,451	(792)	2,243
Equity in gains (losses) of affiliated companies	98	24	74
Others	360	172	188
Operating profits	15,511	(4,062)	19,573
Extraordinary gains (losses)	(68)	16	(84)
Income before income taxes and others	15,442	(4,046)	19,488
Provision for income taxes and others	4,324	988	3,336
Deferred income taxes	479	(2,163)	2,642
Net income taxes	4,804	(1,175)	5,979
Net income	10,638	(2,871)	13,509
Profit attributable to owners of the parent	¥10,638	¥(2,871)	¥13,509

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 FY2020		First half of FY2019 (B)
	(A)	(A) – (B)	
Consolidated core banking profit	¥15,925	¥(284)	¥16,209

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 FY2020		First half of FY2019 (B)
	(A)	(A) – (B)	
Number of consolidated subsidiaries	7	1	6
Number of affiliated companies applicable to the equity method	1	—	1

## 2. Banking Profit

(Non-Consolidated)

Item	Millions of yen		First half of FY2019 (B)
	First half of FY2020 (A)	(A) – (B)	
Core banking profit	¥18,129	¥2,090	¥16,039
Per head (in thousands of yen)	5,621	691	4,930
Banking profit (before transfer to general reserve for possible loan losses)	19,778	2,059	17,719
Per head (in thousands of yen)	6,132	685	5,447
Banking profit	18,398	654	17,744
Per head (in thousands of yen)	5,704	250	5,454

## 3. Interest Rate Spread

(Non-Consolidated)

[All Branches]

Item	%		First half of FY2019 (B)
	First half of FY2020 (A)	(A) – (B)	
Average yield on interest earnings assets (i)	0.97	(0.07)	1.04
Average yield on loans and bills discounted	0.88	(0.11)	0.99
Average yield on securities	1.46	0.17	1.29
Average yield on interest bearing liabilities (ii)	0.59	(0.11)	0.70
Average yield on deposits and negotiable certificates of deposit	0.01	(0.01)	0.02
Average interest rate spread on loans and deposits	0.23	(0.05)	0.28
Average interest rate spread ((i) – (ii))	0.38	0.04	0.34

[Domestics Operations]

Item	%		First half of FY2019 (B)
	First half of FY2020 (A)	(A) – (B)	
Average yield on interest earnings assets (i)	0.87	(0.03)	0.90
Average yield on loans and bills discounted	0.84	(0.06)	0.90
Average yield on securities	1.49	0.31	1.18
Average yield on interest bearing liabilities (ii)	0.58	(0.06)	0.64
Average yield on deposits and negotiable certificates of deposit	0.01	—	0.01
Average interest rate spread on loans and deposits	0.20	(0.01)	0.21
Average interest rate spread ((i) – (ii))	0.29	0.03	0.26

## 4. Return on Equity

(Non-Consolidated)

Item	%		First half of FY2019 (B)
	First half of FY2020 (A)	(A) – (B)	
Core banking profit basis	7.66	0.88	6.78
Banking profit basis (before transfer to general reserve for possible loan losses)	8.36	0.87	7.49
Banking profit basis	7.77	0.27	7.50
Net income basis	5.47	(0.45)	5.92

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 Hirogin Holdings. (<https://www.hirogin-hd.co.jp/>)

### (Non-Consolidated)

Item	Billions of yen		
	As of September 30, 2020 (A)	(A) – (B)	As of March 31, 2020 (B)
Base items related to core capital (i)	¥ 433.3	¥ (8.1)	¥ 441.4
Adjustment items related to core capital (ii)	55.6	3.9	51.7
Capital (iii): (i) – (ii)	377.7	(11.9)	389.6
Sum of risk assets, etc. (iv)	3,790.0	114.4	3,675.6
Capital adequacy ratio: (iii) / (iv)	9.96%	(0.63)%	10.59%

### (Consolidated)

Item	Billions of yen		
	As of September 30, 2020 (A)	(A) – (B)	As of March 31, 2020 (B)
Base items related to core capital (i)	¥ 451.7	¥(11.1)	¥ 462.8
Adjustment items related to core capital (ii)	66.8	3.4	63.4
Capital (iii): (i) – (ii)	384.8	(14.5)	399.3
Sum of risk assets, etc. (iv)	3,753.2	88.6	3,664.6
Capital adequacy ratio: (iii) / (iv)	10.25%	(0.64)%	10.89%

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

### (Non-Consolidated)

Item	Billions of yen						
	As of September 30, 2020 (A)				As of March 31, 2020 (B)		
	Valuation gains (losses)	(A) – (B)	Valuation gains	Valuation losses	Valuation gains (losses)	Valuation gains	Valuation losses
Held-to-maturity	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Other securities	39.6	18.8	52.7	13.1	20.8	38.7	17.9
Stocks	34.6	12.4	41.1	6.4	22.2	28.8	6.6
Bonds	3.6	(1.5)	5.7	2.0	5.1	6.2	1.0
Others	1.2	7.7	5.7	4.5	(6.5)	3.6	10.1
Total	¥39.6	¥18.8	¥52.7	¥13.1	¥20.8	¥38.7	¥17.9

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 (B)
	First half of FY2020 (A)	(A) – (B)	
Loans outstanding	¥6,631.5	¥422.5	¥6,209.0
Business loans	5,008.3	364.1	4,644.2
Individual loans	1,623.2	58.4	1,564.8
Housing loans	1,034.6	35.0	999.6
Other loans	588.5	23.4	565.1

Loans outstanding (term-end balance)	Billions of yen		As of March 31, 2020 (B)
	As of September 30, 2020 (A)	(A) – (B)	
Loans outstanding	¥6,590.3	¥110.6	¥6,479.7
Business loans	4,956.8	96.4	4,860.4
Individual loans	1,633.5	14.3	1,619.2
Housing loans	1,042.9	13.2	1,029.7
Other loans	590.5	1.1	589.4

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

Item	Billions of yen		As of March 31, 2020 (B)
	As of September 30, 2020 (A)	(A) – (B)	
Loans outstanding to small- and medium-sized businesses	¥4,335.9	¥63.8	¥4,272.1
Ratio to total loans and bill discounted	65.8%	(0.1)%	65.9%

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 March 31, 2020 (B)
	As of September 30, 2020 (A)	(A) – (B)	
Loans to debtors legally bankrupt	¥ 1,256	¥ (13)	¥ 1,269
Other delinquent loans	49,037	(1)	49,038
Loans past due 3 months or more	3,529	1,100	2,429
Restructured loans	23,314	8,147	15,167
Total risk managed loans	¥77,139	¥9,234	¥67,905

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 March 31, 2020 (B)
	As of September 30, 2020 (A)	(A) – (B)	
Loans to debtors legally bankrupt	¥ 1,287	¥ (17)	¥ 1,304
Other delinquent loans	49,037	(1)	49,038
Loans past due 3 months or more	3,529	1,100	2,429
Restructured loans	23,314	8,147	15,167
Total risk managed loans	¥77,170	¥9,231	¥67,939

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 September 30, 2020		As of March 31, 2020 (B)
	(A)	(A) – (B)	
Reserve for possible loan losses	¥33,546	¥1,698	¥31,848
General reserve for possible loan losses	17,757	1,380	16,377
Specific reserve for possible loan losses	15,788	317	15,471
Reserve for specific foreign borrowers/countries	—	—	—

(Consolidated)

Item	Millions of yen		
	As of September 30, 2020		As of March 31, 2020 (B)
	(A)	(A) – (B)	
Reserve for possible loan losses	¥35,342	¥1,650	¥33,692
General reserve for possible loan losses	18,210	1,371	16,839
Specific reserve for possible loan losses	17,132	279	16,853
Reserve for specific foreign borrowers/countries	—	—	—

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

(Non-Consolidated)

Item	%		
	As of September 30, 2020		As of March 31, 2020 (B)
	(A)	(A) – (B)	
Before partial direct write-off	53.7	(2.9)	56.6
After partial direct write-off	43.3	(3.4)	46.7

(Consolidated)

Item	%		
	As of September 30, 2020		As of March 31, 2020 (B)
	(A)	(A) – (B)	
Before partial direct write-off	53.7	(2.9)	56.6
After partial direct write-off	43.3	(3.4)	46.7

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

(Non-Consolidated)

Item	Millions of yen		
	As of September 30, 2020		As of March 31, 2020 (B)
	(A)	(A) – (B)	
Loans to bankrupt and quasi-bankrupt loans	¥ 6,200	¥ 81	¥ 6,119
Doubtful loans	45,647	(475)	46,122
Substandard loans	26,844	9,248	17,596
Total (i)	¥78,692	¥8,853	¥69,839



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

(Non-Consolidated)

Item	Millions of yen		As of March 31, 2020 (B)
	As of September 30, 2020 (A)	(A) – (B)	
Coverage amount (ii)	¥52,859	¥4,210	¥48,649
Portion covered by reserve (iii)	20,025	1,509	18,516
Portion covered by collateral	32,833	2,700	30,133
Specific reserve for loan losses	—	—	—
Coverage ratio to disclosed totals (ii)/(i)	67.1%	(2.5)%	69.6%
Coverage ratio before partial direct write-off	73.1%	(2.1)%	75.2%
Excluding collateral and guarantees (iv)	45,858	6,152	39,706
Coverage ratio (iii)/(iv)	43.6%	(3.0)%	46.6%
Ratio to total loans outstanding	1.18%	0.12%	1.06%

## 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, 2020 (B)
	As of September 30, 2020 (A)	(A) – (B)	
Domestic (excluding JOM account)	¥6,590,383	¥110,674	¥6,479,709
Manufacturing	769,580	21,684	747,896
Agriculture/Forestry	6,486	189	6,297
Fishery	1,332	18	1,314
Mining/Quarrying of stone/Gravel	3,929	(285)	4,214
Construction	174,585	48	174,537
Electricity, gas and water	226,719	7,320	219,399
Telecommunication	23,423	587	22,836
Transportation/Postal activities	346,804	21,690	325,114
Wholesale/Retail services	558,232	10,891	547,341
Financial and insurance services	252,241	(19,473)	271,714
Retail estate/Goods rental and leasing	1,085,726	12,489	1,073,237
Services	440,852	28,316	412,536
Municipal government	1,074,208	23,650	1,050,558
Others	1,626,253	3,549	1,622,704

Note: Others are included in the following loans.

Item	Millions of yen		As of March 31, 2020 (B)
	As of September 30, 2020 (A)	(A) – (B)	
Individuals	¥1,185,047	¥ 5,026	¥1,180,021
Ship chartering industry (nonresidents)	392,956	(2,741)	395,697

• 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 716,727 million yen as of September 30, 2020.

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

Item	Millions of yen		
	As of September 30, 2020		As of March 31, 2020 (B)
	(A)	(A) – (B)	
Domestic (excluding JOM account)	¥77,139	¥ 9,234	¥67,905
Manufacturing	17,893	(1,431)	19,324
Agriculture/Forestry	656	(1)	657
Fishery	4	4	0
Mining/Quarrying of stone/Gravel	32	(8)	40
Construction	4,612	371	4,241
Electricity, gas and water	3,109	2,679	430
Telecommunication	415	(66)	481
Transportation/Postal activities	890	362	528
Wholesale/Retail services	12,553	2,088	10,465
Financial and insurance services	798	(2)	800
Retail estate/Goods rental and leasing	9,483	945	8,538
Services	14,634	3,720	10,914
Municipal government	—	—	—
Others	12,053	572	11,481

## [Deposits Information]

### Deposits Outstanding

#### Breakdown of Deposits Outstanding (Non-Consolidated)

Deposits outstanding (average balance)	Billions of yen		First half of FY2019 (B)
	First half of FY2020 (A)	(A) – (B)	
Deposits and NCD	¥8,156.6	¥463.1	¥7,693.5
Corporate deposits	2,474.3	156.8	2,317.5
Individual deposits	5,166.2	275.3	4,890.9
Public and finance institution deposits	515.9	30.9	485.0

Note: Deposits outstanding includes negotiable certificates of deposit.

Deposits outstanding (term-end balance)	Billions of yen		As of March 31, 2020 (B)
	As of September 30, 2020 (A)	(A) – (B)	
Deposits and NCD	¥8,323.7	¥614.7	¥7,709.0
Corporate deposits	2,572.9	214.9	2,358.0
Individual deposits	5,246.9	247.1	4,999.8
Public and finance institution deposits	503.8	152.7	351.1

Note: Deposits outstanding includes negotiable certificates of deposit.