

Overview of Interim Financial Results for FY2022

— IR Presentation —

December 2022

Hirogin Holdings, Inc.

未来を、ひろげる。



Today's agenda

Financial results

- ▶ Net income attributable to owners of the parent fell 1.1 billion yen year on year to 10 billion yen, due mainly to impairment losses on stock holdings. Nevertheless, our main businesses recorded favorable business performance.
- ▶ Due to various factors, including positive performance among our main businesses, we project net income in FY2022 in line with our initial projection of 25 billion yen.

IT strategy, DX strategy

- ▶ We currently plan to move to MEJAR, a next-generation backbone system, by FY2030 and to adopt a cloud platform. The system will be used jointly by five regional banks across Japan.
- ▶ Studies are also underway on cooperation in areas other than the backbone system with MEJAR member banks, to deploy cooperative measures leveraging the strengths of each bank.
- ▶ In addition to redefining our digital transformation (DX) strategy, we will enhance the related systems and achieve accreditation as a DX business operator from the Ministry of Economy, Trade and Industry.

Sustainability

- ▶ Groupwide efforts are generating results as we make steady progress based on the strategies of the Mid-Term Plan 2020.
- ▶ We are enhancing Group carbon neutrality initiatives and strengthening community and customer support by considering the impact of our business activities on our service areas.
- ▶ In addition, we are moving ahead with strategies in diversity, inclusivity, and other areas. These are among the measures and design systems intended to enhance our human capital.

Capital policies

- ▶ Targeting a consolidated capital adequacy ratio of 11% for the Holding Company, we are enhancing capital allocations for investment securities to restructure the securities portfolio. This is in addition to taking risks on local credit.
- ▶ In light of our capital adequacy ratio, we will also reassess returns to shareholders and seek to increase dividend payout ratios based on increased profits.
- ▶ We plan to pay dividends of 27 yen per share in FY2022 even if net income attributable to owners of the parent falls below 24 billion yen.

01

Summary of Business
performance

p.3

02

Toward sustained growth

p.11

03

Appendix

p.38

01

Summary of Business
performance

02

Toward sustained growth

03

Appendix

Overview of FY2022 1H financial results

- **Interim net income attributable to owners of the parent fell 1.1 billion yen year on year to 10 billion yen, due mainly to impairment losses attributable to the lower price of certain stock holdings. This was despite positive performance among our main businesses.**

Summary of consolidated business performance

(Billion yen)

	FY2022 1H	YoY change	(Change rate)	vs. Announced
Consolidated gross profit	48.5	0.8	(1.6%)	
(excluding gain/loss related to treasuries and other bonds)	1 50.5	2.1		
Net interest income	34.7	0.9		
Net fees and commissions income	9.9	- 0.6		
Income from specific transactions and other businesses	3.8	0.4		
(including gain/loss related to treasuries and other bonds)	2 - 1.9	- 1.3		
Operating expenses (-)	29.2	- 0.4		
Credit costs (-)	3 0.5	- 4.5		
Gains/losses related to equities, etc.	4 - 4.1	- 7.5		
Other	0.1	- 0.1		
Ordinary profit	14.7	- 2.0	(-11.6%)	-3.8
Extraordinary gains/losses	- 0.1	0.5		
Total income tax, etc. (-)	4.4	- 0.4		
Interim net income attributable to non-controlling interests (-)	0	0		
Interim net income attributable to owners of the Parent	5 10.0	-1.1	(-9.5%)	-2.5
(Ref.) Operating overhead ratio	58.0%	-3.3%		

* Operating overhead ratio = operating expenses / (consolidated gross profit-gain/loss from treasuries and other bonds)

Key points of FY2022 1H financial results

- Consolidated gross profit (excluding gain/loss related to treasuries and other bonds)**
 - Our main businesses recorded favorable business performance, including significant revenue growth from corporate solutions (up 2.1 billion yen), a particular focus of the Hiroshima Bank's consulting businesses identified as a priority in our management targets.
- Gain/loss from treasuries and other bonds**
 - With accelerating US interest rate increases, we recorded loss on sales associated with trades intended to restructure our portfolio of foreign bonds to improve yields. This included the sale of low-yield US treasuries.
- Credit costs**
 - At 500 million yen, credit costs remained low. No major bankruptcies have occurred recently; additionally, in the last fiscal year, we revised how we calculate allowances for doubtful accounts, adopting a Group allowance with a longer calculation period for the projected loss rate. We also recorded recording a precautionary allowance of 11.6 billion yen in various ways, including accumulating allowances for certain customers.
- Gains/losses related to equities, etc.**
 - We recorded 5 billion yen in impairment losses attributable to the lower price of stock holdings (impact on income after tax: -3.4 billion yen)

Reference: Standard for impairment of listed shares
 This is recorded if the stock price falls markedly from the acquisition price as of the end of the period.
 * Based on stock prices at the end of March, we will make a final decision on whether to record an impairment loss in year-end financial results.
- Interim net income attributable to owners of the parent**
 - We recorded interim net income of 10 billion yen despite a 1.1 billion yen year on year decline due to impairment losses on stock holdings.

Results for major Group companies - Bank -

(Billion yen)

Bank

	FY2022 1H	YoY change	(Change rate)
Business gross profit	44.2	1.6	(3.7%)
(including core business gross profit)	46.2	2.9	(6.7%)
Net interest income	35.9	0.9	
Net fees and commissions income	6.9	- 0.3	
Income from specific transactions	0.8	0.5	
Income from other operations	0.5	0.5	
(including gain/loss related to treasuries and other bonds)	-1.9	- 1.3	
Expenses (excluding extraordinary disposal) (-)	26.3	- 1.0	
Effective business gains/losses	17.9	2.7	(17.2%)
(Net income from core businesses)	19.8	3.9	(24.7%)
(Net income from core businesses (excluding gains/losses from cancellation of investment trusts))	19.8	3.9	(24.7%)
Credit costs (-)	0.4	- 4.5	
Gains/losses related to equities, etc.	-4.1	- 7.4	
Other temporary gains/losses	0.7	- 0.5	
Ordinary profit	14.0	- 0.9	(-5.9%)
Extraordinary gains/losses	-0.1	0.5	
Total income tax, etc. (-)	3.7	- 0.1	
Interim net income	10.1	- 0.3	(-3.5%)

Interim net income was down 300 million yen year on year to 10.1 billion yen, due mainly to impairment losses on stock holdings. This was despite positive performance among our main businesses and an increase of 3.9 billion yen in the Hiroshima Bank's core business gross profit.

Revaluation gain/loss on securities

	End of March 2021	End of March 2022	End of September 2022	vs. end of March 2022
Bonds	0.1	- 11.2	- 20.4	- 9.2
Treasuries	- 1.8	- 8.4	- 14.8	- 6.4
Municipal bonds	0.5	- 1.7	- 3.2	- 1.5
Corporate bonds	1.4	- 1.0	- 2.4	- 1.4
Equities	43.1	31.6	33.1	1.5
Others	- 4.6	- 18.9	- 63.1	- 44.2
Foreign bonds	- 5.8	- 16.0	- 52.8	- 36.8
Investment trusts	1.4	- 2.9	- 10.3	- 7.4
Total	38.6	1.5	- 50.4	- 51.9

(Results)

- Revaluation gain/loss on foreign bonds worsened due to rapidly rising US interest rates. This was despite efforts to shorten duration and improve yields in various ways, including the sale of low-yield bonds and purchasing bonds as rates rise.

	End of March 2022	End of September 2022
Yield	Approx. 1.7%	Approx. 2.2%
Duration	Approx. 5.6 years	Approx. 5.2 years

- In FY2022 1H, despite negative spreads on certain foreign bond investments, we recorded positive gains on foreign currency funds of 4.7 billion yen.

(Future policy)

- To ensure preparedness for the risk of rising interest rates, we will refrain from building up balances of foreign bonds. At the same time, we will sell and reduce the balance of low-yield bonds.
- In addition, we will adopt a policy of keeping down the cost of raising funds in foreign currency in various ways, including by revising fundraising periods to reflect interest rate trends.

Results for major Group companies - Non-Bank -

(Billion yen)

Securities (HS)

	FY2022 1H	YoY change
Gross income	2.39	- 0.71
Ordinary profit	0.38	- 0.63
Interim net income	0.23	- 0.43

Lease (HL)

	FY2022 1H	YoY change
Gross income	1.15	0.03
Ordinary profit	0.60	0.01
Interim net income	0.39	0.00

Shimanami Servicer (SSC)

	FY2022 1H	YoY change
Gross income	0.37	- 0.24
Ordinary profit	0.15	- 0.24
Interim net income	0.10	- 0.17

Capital Partners (HiCAP)

	FY2022 1H	YoY change
Gross income	0.06	0.01
Ordinary profit	0.01	0.01
Interim net income	0.01	0.01

IT Solutions (HITS)

	FY2022 1H	YoY change
Gross income	0.45	0.02
Ordinary profit	0.05	- 0.05
Interim net income	0.03	- 0.03

Human Resources (HHR)

	FY2022 1H	YoY change
Gross income	0.07	0.06
Ordinary profit	- 0.03	0.00
Interim net income	- 0.02	0.00

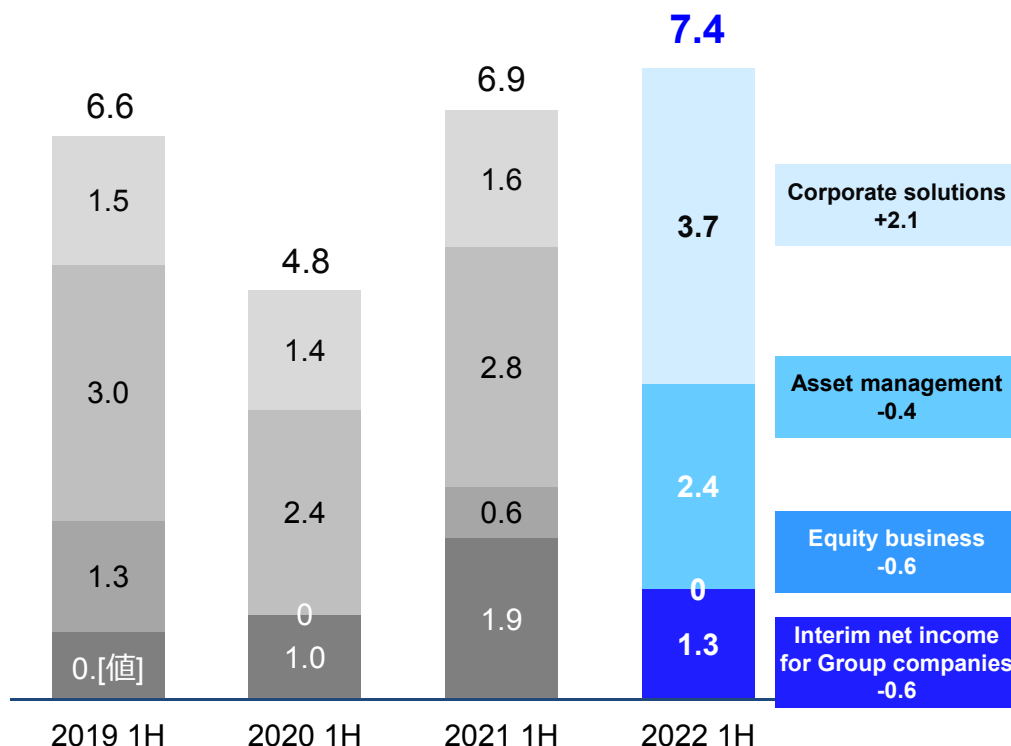
Area Design (HAD)

	FY2022 1H	YoY change
Gross income	0.06	0.01
Ordinary profit	- 0.04	- 0.01
Interim net income	- 0.03	- 0.01

- ▶ **Total profits from the consulting business for corporate and individual customers and from net income for Group companies rose by 500 million yen year on year to 7.4 billion yen. This figure is projected to reach 14.8 billion yen for FY2022 as a whole, due mainly to growth in corporate solutions revenue at the Bank.**

Trends in profits generated by the consulting business

(Billion yen)



Breakdown of profits generated by the consulting business

(Billion yen)

		FY2022		FY2022	
		1H results	YoY change	planned	YoY change
	[Bank (nonconsolidated)]				
	Profits from the consulting business for corporate and individual customers (i)	6.1	1.1	12.1	0.8
	Corporate solutions	3.7	2.1	6.5	1.5
	Business succession support, M&As	0.7	0.5	1.2	0.6
	Derivatives	2.2	1.8	2.9	1.7
	Asset management	2.4	- 0.4	4.9	- 0.5
	Financial instruments brokerage	0.4	- 0.1	0.7	- 0.3
	Investment trust	0.3	0.0	0.9	0.2
	Equity business	0.0	- 0.6	0.7	- 0.2
	Interim net income for Group companies (ii)	1.3	- 0.6	2.7	- 0.8
	Hirogin Securities	0.2	- 0.5	0.4	- 0.8
	Shimanami Servicer	0.1	- 0.2	0.2	0.0
	Hirogin Lease	0.3	0.0	0.8	0.0
Total ((i) + (ii))		7.4	0.5	14.8	0.0

Results of efforts to strengthen Group cooperation

- Solutions, including those in nonfinancial fields based on alliances with various Group functions, have steadily expanded our customer base. We are making steady progress on cooperation among Group companies.

Main initiatives of Group companies

Financial/ nonfinancial needs	Main solutions provider	Results (* FY2022 1H/end of September 2022)	Cumulative total since transition to a holding company structure (October 2020)
Asset management	Securities	Number of financial instruments brokerage accounts 27,805 accounts (+1,684 accounts vs. end of March 2022)	+6,762 accounts vs. end of September 2020
Capital investment, leasing	Lease	Number of customers 6,362 (+38 vs. end of March 2022)	+204 vs. end of September 2020
Claims purchased	Shimanami Servicer	Number of counterparties in claims purchase transactions 1,420 (-206 vs. end of March 2022)	+155 vs. end of September 2020
Capital enhancement (Business succession, business revitalization)	Capital Partners	Amount invested (* total of fund and principal investment) 3.6 billion yen (+700 million yen vs. end of March 2022)	+3.5 billion yen vs. end of September 2020
ICT/ business efficiency	IT Solutions (Made subsidiary in January 2021)	Number of contracts concluded 79 (+31 vs. FY2021 1H)	192 vs. January 2021
Recruiting/HR systems development	Human Resources (Established in April 2021)	Number of companies with whom consulting contracts concluded 49 (+18 vs. end of March 2022)	+49 vs. April 2021
Solutions to community issues	Area Design (Established in April 2021)	Number of orders received during period 12 (+/-0 vs. FY2021 1H)	31 vs. April 2021

**Synergies
generated by
Group cooperation
(profit)**

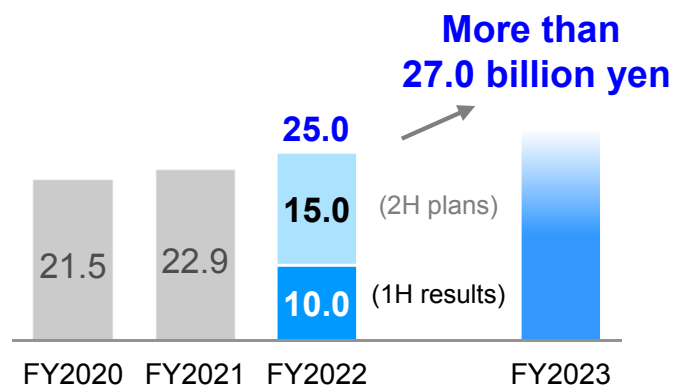
2.2 billion yen

Note: Profits recorded through activities such as mutual customer referrals among Group companies (on a managerial accounting basis)

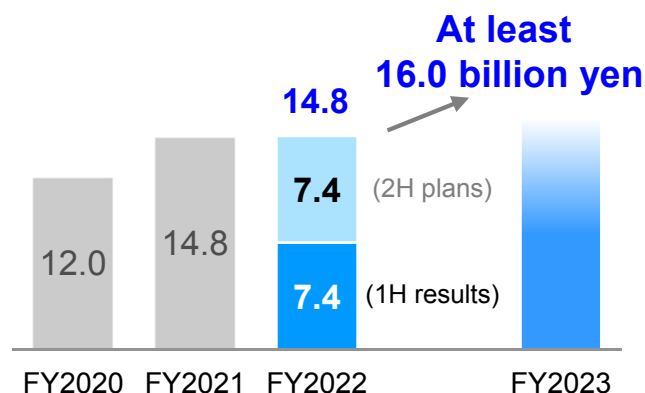
Progress toward management targets under Mid-Term Plan 2020

(Billion yen)

Net income attributable to owners of the parent



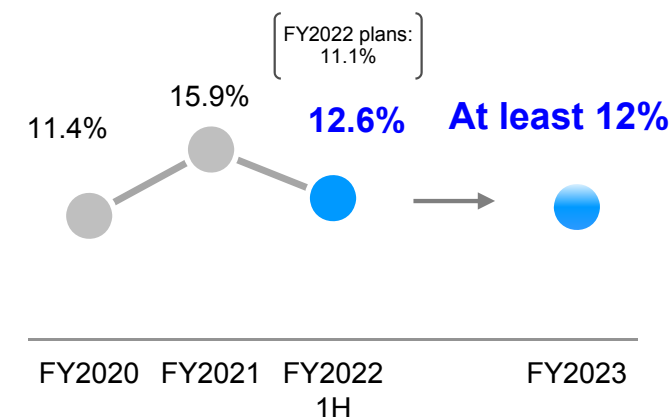
Total of revenues from consulting businesses for corporate and individual customers^{*1} and Group company net income^{*2}



^{*1} Revenues from consulting businesses = Total of revenues from corporate solutions, for corporate and individual customers = asset management, and equity business

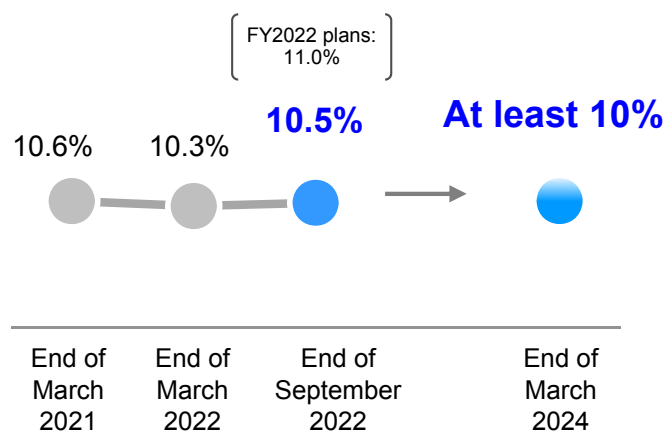
^{*2} Net income for Group companies = Total of net income for consolidated subsidiaries, excluding the bank, multiplied by investment ratio

Contributions of Group companies to consolidated performance^{*3}

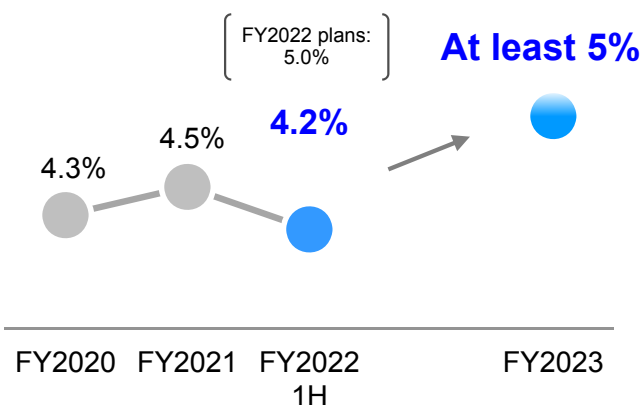


^{*3} Contributions of Group companies to consolidated performance = $\frac{\text{Net income for Group companies}^2}{\text{Net income attributable to owners of parent}}$

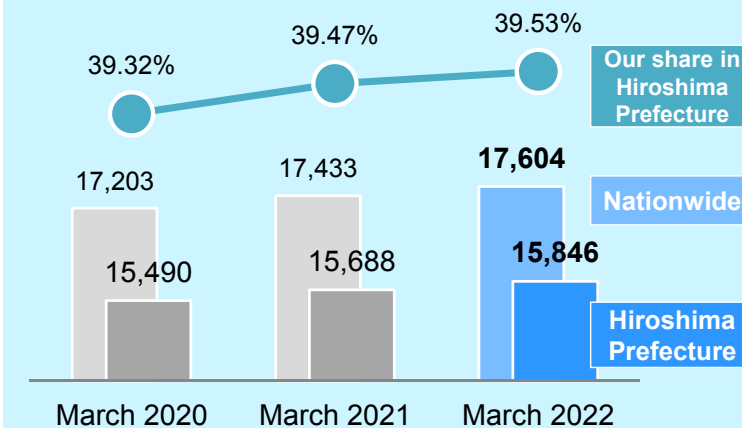
Consolidated capital adequacy ratio



Consolidated ROE



Companies for whom we are the primary bank (number of companies; source: Tokyo Shoko Research, Ltd.)



FY2022 performance and dividend forecasts

- ▶ Due to various factors, including projected recovery of stock prices on our stock holdings toward the end of the fiscal year and positive performance among our main businesses, **we project full-year net income in line with our initial projection of 25 billion yen.** This is despite recording impairment losses during 1H attributable to lower prices of stock holdings and other factors.
 - ▶ **Projected dividends remain unchanged from projections at the beginning of the year: 27 yen per share.** (We paid interim dividends of 13.5 yen per share.)
- * See p. 37, "Capital policy," for more information.

FY2022 performance forecasts

(Billion yen)

	FY2022 performance forecasts			
	Interim performance forecast	FY2022 performance forecast	YoY change	vs. initially announced forecasts
Ordinary profit	14.7	37.0	10.0	-
Net income attributable to owners of the parent	10.0	25.0	2.1	-

Reference: FY2022 nonconsolidated forecast for Hiroshima Bank

(Billion yen)

	FY2022 performance forecasts			
	Interim performance forecast	FY2022 performance forecast	YoY change	vs. initially announced forecasts
Net interest income	35.9	67.5	- 3.2	- 1.5
Other income	10.2	19.0	1.9	2.0
Core business gross profit	46.2	86.5	- 1.4	0.5
Expenses (-)	26.3	53.0	- 0.2	- 0.5
Net income from core business	19.8	33.5	- 1.2	1.0
Ordinary profit	14.0	33.5	10.7	-
Net income	10.1	23.0	2.4	-
Credit costs (-)	0.4	1.5	- 10.4	- 2.5

FY2022 dividend forecasts

Net income attributable to owners of the parent	Dividends per share			Consolidated payout ratio
	(i) Fixed	(ii) performance-based	(i) + (ii)	
More than 33 billion yen		18 yen	36 yen	Less than 34.1%
30-33 billion yen		15 yen	33 yen	31.2-34.4%
27-30 billion yen		12 yen	30 yen	31.2-34.7%
24-27 billion yen	18 yen	9 yen	27 yen	31.2-35.1%
21-24 billion yen		6 yen	24 yen	31.2-35.7%
18-21 billion yen		3 yen	21 yen	31.2-36.4%
18 billion yen or less		0 yen	18 yen	31.2% or more

01

Summary of Business
performance

02

Toward sustained growth

03

Appendix

Group vision

- Deploying the Group business model to realize the management philosophy (i.e., long-term vision)

Goal

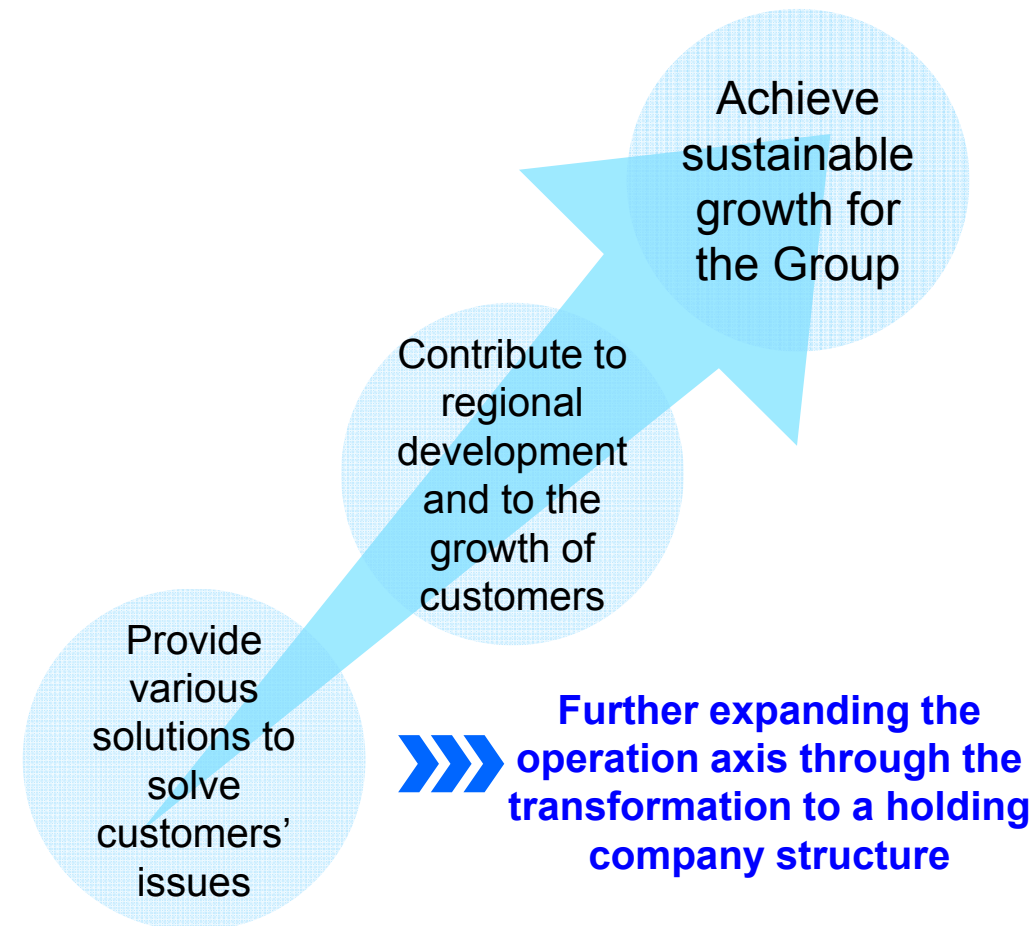
Management Philosophy (Management Vision)

Contributing to the creation of a prosperous future for the regional community, as a trusted Regional Comprehensive Services Group by closely offering thorough support to customers

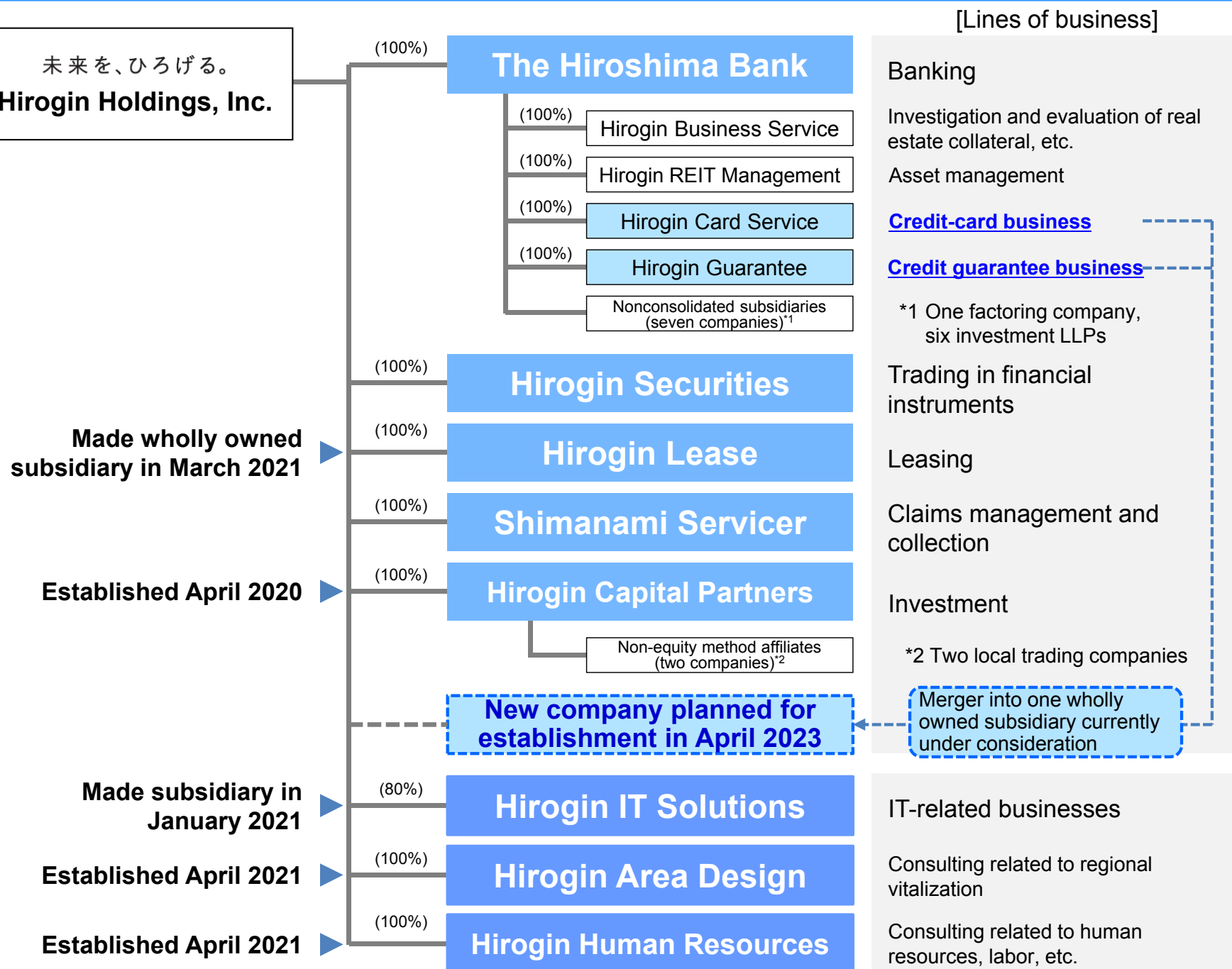
Basic policy

While deepening and expanding the operation axis and customer axis in the markets of our four local prefectures (Okayama, Yamaguchi, Ehime, and Hiroshima), which have potentials in terms of economic scale and growth opportunities, Hirogin Holdings will thoroughly work on solving every issue faced by the regional community and customers and actively commit itself to the development of the region, thereby realizing its management philosophy and achieving the group's sustainable growth.

Business model



Group vision



* As of October 1, 2022

Group vision

- ▶ Cooperation between the Bank and nonbanking subsidiaries has begun to generate results through progress on strengthening Group cooperation. This approach includes the migration to a holding company structure.
- ▶ Looking ahead, we plan to solidify the holding company structure by enhancing cooperation among non-Bank subsidiaries, improving the quality of Group companies, and expanding our scope of operations.

Improving the quality of Group companies expanding our scope of operations

- **Enhancing the quality of solutions** offered by Group companies
- **Advancing into new businesses and offering a wider range of solutions**
- **Expanding our scope of operations through enhancing alliances with other companies**

Strengthening relationships

- **Further enhancing communication with customers for whom we are the primary bank and with other existing customers** amid intensifying competition
- Strengthening relationships both with customers who have participated in few transactions to date and new customers

Further enhancing Group cooperation

- Building structures for offering solutions above and beyond those available from competitors, based on Group success with Group cooperation
- **Dramatically improving our ability to offer solutions through cooperation across the entire Group (i.e., building a structure capable of delivering one-stop solutions to meet customer needs)**

Enhancing cooperation taking place without going through the Bank, instead of relying on cooperation between the Bank and other operating companies alone

Measures to support the vitalization of the local economy

- New industry creation (support for startups and venture capital)
- Business succession and M&A support
- Community redevelopment
- Attracting businesses

Strengthening the structure of Hirogin Area Design (enhancing human resources)

Toward sustained growth and increases in corporate value by achieving the targets of Mid-Term Plan 2020

- Under Mid-Term Plan 2020, the first mid-term plan following our migration to a holding company structure, we are enhancing strategies and measures founded on three main pillars to realize our business model.

Toward sustained growth and increased corporate value

Enhanced initiatives involving creating solutions for community issues



Community development, tourism promotion, etc.

- Attracting a Hilton Hotel
- Operating Citrus Park Setoda
- Participating in consortium to develop the area around Kure Station

Enhanced initiatives to support customer growth



(Individual strategies)



Enhancing management foundations

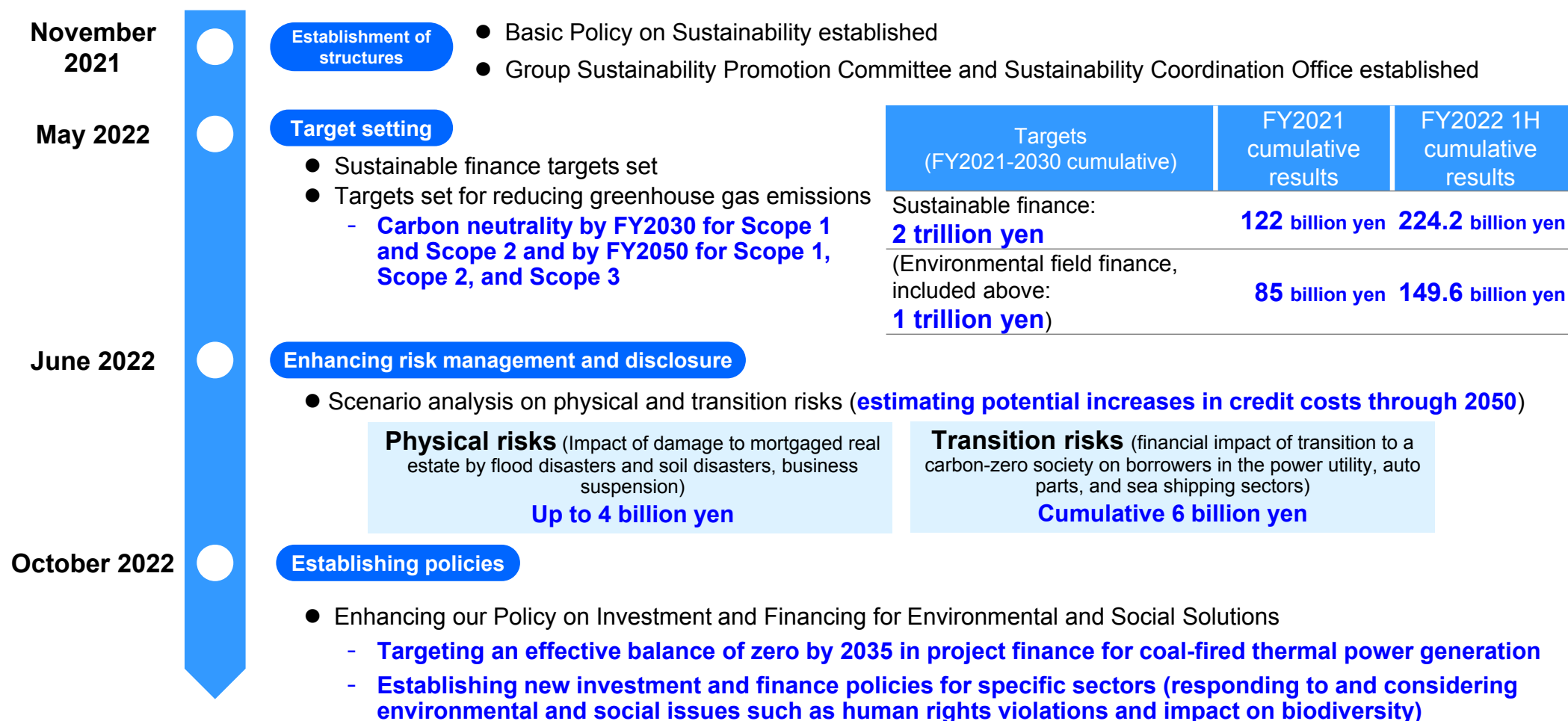


Channel and structural reforms, etc.

I. Carbon neutrality initiatives (i) Supporting community and customer carbon neutrality

- ▶ The four local prefectures, including Hiroshima Prefecture, are manufacturing centers. As such, the impact of climate change and the transition to a carbon-zero society may well prove stronger here than in other areas of Japan. Active support for decarbonization in the community is vital.
- ▶ Since establishing a carbon neutrality promotion structure in November 2021, the Group has made progress on enhancing the related initiatives and disclosure. We plan to leverage our expertise in this area to support the efforts of the community and our customers.

Status of our initiatives to promote carbon neutrality



I. Carbon neutrality initiatives (i) Supporting community and customer carbon neutrality

- We are enhancing our lineup of products and services to meet the needs and the state of various initiatives, with the goal of strengthening and promoting efforts to achieve carbon neutrality among customer companies.

Support for carbon neutrality among our customers

Assessing the current conditions
Planning
Implementation

SDGs initiative support service

Bank

- Checking on the state of SDGs initiatives, identifying items that need to be addressed, and providing feedback sheets
- Support for formulating SDGs Statements and public promotion of these services
- Commission: 110,000 yen/case

Sustainability management adoption support services

Bank

- Supporting identification of materiality as main axes for corporate sustainability management through repeated dialogue with management
- Supporting the formation of Sustainability Management Policies
- Commission: 1,100,000 yen/case

Sustainability-related financial services

HL x HAD x Bank

- Supporting sustainability initiatives in the areas of funding and forex risk hedging



Carbon neutrality support consulting

Alliance

- Integrated support for enhancing carbon neutrality initiatives from assessment of current conditions through implementation
Example: Assessing company and supply chain greenhouse gas emissions and proposing solutions to reduce them

Results and future prospects

* Results as of the end of September 2022

SDGs initiative support service

Cumulative results:

569 cases

* Since January 2020

Sustainability management adoption support services

Consulting orders received:

7

* Since January 2022

Sustainability-linked loans, green loans

Cumulative number/amount:

8 loans/1.8 billion yen

* Since December 2021

Lease agreements on facilities associated with carbon neutrality efforts

Number of contracts/revenue in FY2022 1H:

87/830 million yen

Carbon neutrality support consulting

Consulting orders received:

22

* Since December 2021

We will continue to link support for community and customer sustainability to revenue by actively promoting decarbonization within the community.

I. Carbon neutrality initiatives (ii) The Group's carbon neutrality initiatives

- ▶ To eliminate Scope 1 and Scope 2 greenhouse gas emissions by FY2030, we plan to cut emissions by about 20% annually, based on progress in areas such as use of renewable energy and investments to reduce use of electricity at branches and other facilities.

Adoption of electricity from renewable energy at the head office building

Since
November
2022

Adoption of special renewable energy contract offered by Chugoku Electric Power

- We adopted this contract because it offers electricity generated with zero associated CO2 emissions based on electricity and environmental value from renewable energy facilities (hydroelectric, solar, and biomass) in the Chugoku region.

CO2 emissions reductions: **approx. 2,400 tons/fiscal year (equivalent to about 20% of Scope 1 and Scope 2 emissions)**

We are considering adopting this plan at other head office facilities and branches to reduce emissions by about 20% annually.



Building new sustainable buildings

Relocation of the Hiroshima Bank Tokaichi Branch and Hirogin Securities Miyoshi Branch

Planned for
December
2023

[Illustration of new office building and branch]



We plan to build sustainable office buildings that will help to reduce greenhouse gas emissions by securing Net Zero Energy Building (ZEB) accreditation and using lumber from Hiroshima Prefecture.

- We plan to become the first financial institution in our four local prefectures (Hiroshima, Okayama, Yamaguchi, and Ehime) to earn ZEB accreditation.
- We plan to become Japan's first financial institution to build office buildings combining ZEB accreditation with wooden structures.

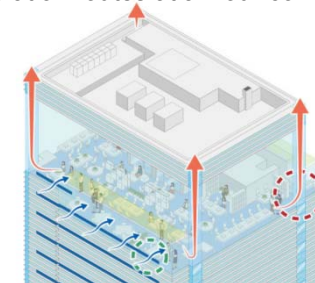
A head office building characterized by strong environmental performance

Completed in
March 2021

Heat

Wind tower (eco void, gravity ventilation)

Improves natural ventilation performance through air circulation via gravity ventilation routes at all four corners.



Water

Use of rainwater

Rainwater is collected underground in the parking structure and reused as non-drinking water.

Reducing heat island effects

Terrace greening

Greening of lower levels and a terrace on the second floor

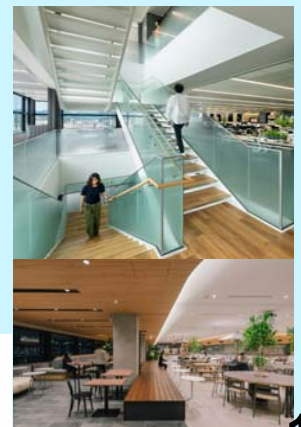
Misting

Dry misting deployed from the entrance pilots

Reference

The new head office building **won the Chugoku Bureau of Economy, Trade and Industry Director's Prize in the Chugoku New Office Promotion Awards program**, which recognizes the following office concept efforts:

- 1 Demonstrating the results of synergistic effect of Group cooperation
- 2 Improving productivity and efficiency
- 3 Promoting community revitalization and CSR
- 4 Provision of state of the art financial services
- 5 Enhancing business continuity planning



35th
Nikkei New Office Awards

II. Regional vitalization and local revitalization - Regional industrial development -

- In addition to providing platforms that contribute to open innovation in the community in various ways, including support for commercialization of new ideas and research seeds, the Group will play a central role in energetic efforts to stimulate the local economy through regional industrial development, including the establishment of a new co-working space to support startups.

Hiromalab co-working space

Opened
December
2022



Places

Setting up satellite offices, rental meeting rooms, etc.



Systems

Realizing innovation and cocreation through HR exchange and events



hiromalab

Hiroshima Open Accelerator

Local businesses



Provision of customer bases, funding, and other business resources



New business creation

Startups



Provision of alliance ideas and special services

New business development through open innovation linking the management resources of Hiroshima Prefecture firms to startups from across Japan

Hiroshima Tech Planter

Researchers, students, and teams from universities and research institutes in Hiroshima Prefecture, university startups, etc.

The Hiroshima Bank
companies, etc.
Business development support



Uncovering research seeds from universities and other institutions and providing integrated support from commercialization through growth

I. Corporate strategy (i) Overview

- ▶ Enhancing and expanding the provision of solutions through Group cooperation, based on solid relationships with branches (Bank) for lower mid-tier corporate customers and above and centered on the Business Consulting Center for small corporate and small businesses

Basic concept

Strengthening relationships through evaluations of business potential



Enhancing and expanding solutions through Group cooperation

Centered on real-world channels

Large, upper-middle-sized, lower mid-tier

(Net sales of 200 million yen or more)

Small corporate, small business

(Net sales of less than 200 million yen)

Building a platform for accurately identifying customer needs

Balancing attentive response to funding and consulting needs and low-cost operations via the Web and other technologies

Shifting from real-world to digital channels

Basic business deployment initiatives

Comprehensive support for overall management based on evaluations of business and discussions of issues pertaining to customer plans/visions

Financial

- Responding to equity, business succession, and M&A needs
- Demonstrating funds intermediary functions

p.21

p.22

Nonfinancial

- Enhancing efforts targeting the IT consulting business
- Providing HR and labor solutions

p.23

Business Consulting Center

Expanding centralized management of credit customers and enhancing response to consulting needs (planned facility expansion to Fukuyama)

Business portal site, fully Web-based lending

Completing a fully online lending platform to enable all procedures from application through conclusion of contracts, in addition to transaction inquiries, to be completed on the Web

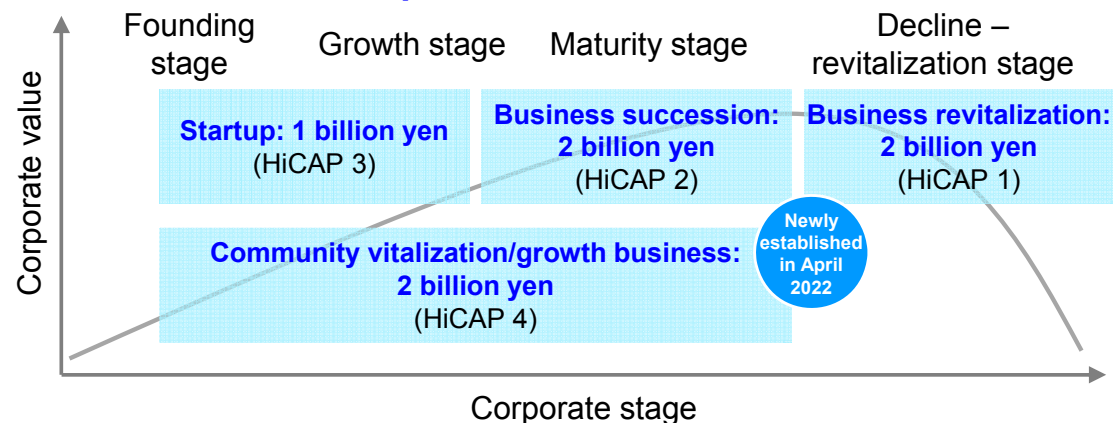
I. Corporate strategy (ii) Equity business, M&A, business succession

- ▶ Responding to deregulation under the Banking Act by building a structure capable of providing equity funding to businesses at every stage of development
- ▶ Establishing this approach as a revenue-generating constant by harnessing the Group's strength of high specialization

Enhancing initiatives targeting equity and business succession needs

HiCAP x Bank

Responding to deregulation under the Banking Act by building a structure capable of providing equity funding to businesses at every stage of development



Bank

Deploying business succession and M&A businesses reflecting our high degree of specialization

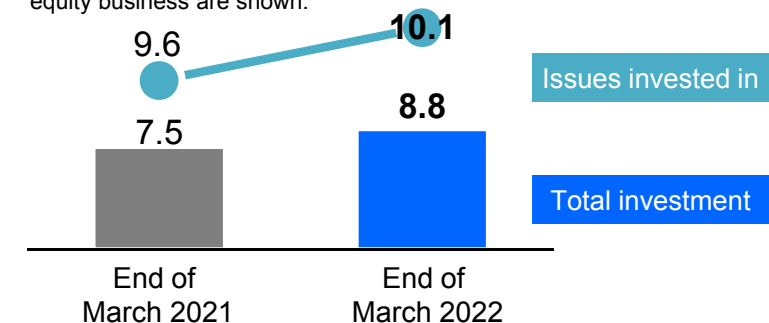
- Building relations based on business evaluation
- Accumulated expertise in services related to business succession

Results and future outlook

Risk-taking in the equity business

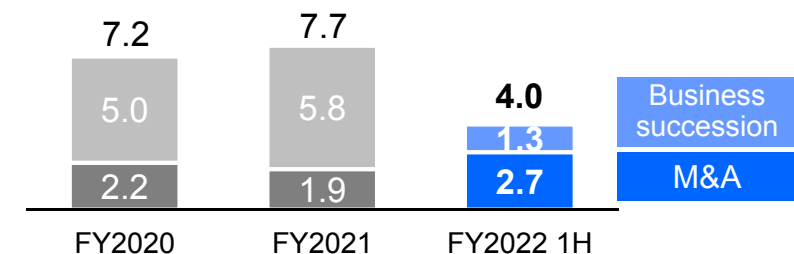
(Customers, billion yen)

* Only funds included in Group securities investments qualifying for the equity business are shown.



Trends in M&A / business succession contracts

(Contracts)



We will continue to establish this as a revenue-generating field while actively taking on risk.

Mid-Term Plan
(Total revenues)

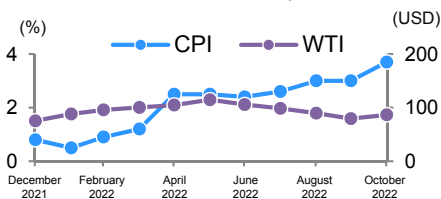
2 billion yen

I. Corporate strategy (iii) Responding to rapid environmental changes

- We will build stock-based revenue models less susceptible to environmental factors by providing suitable solutions to respond to rapid environmental changes, including yen devaluation and skyrocketing raw material costs, as well as post-COVID-19 customer needs.

Responding to needs reflecting rapid environmental changes

Trends in inflation and oil prices



Results of survey of managers (excerpts)

Q. What are some current management issues?

No. 1 answer: **Rising raw material costs**

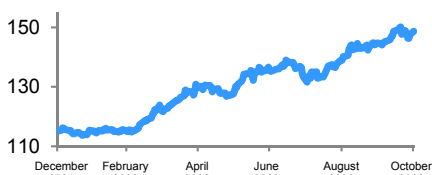
Q. What are some causes for concern to management?

No. 1 answer: **Fluctuations in crude oil and raw material costs**

No. 2 answer: **Rapid yen devaluation**

Note: This survey of managers conducted by our magazine for customers in October 2022 targeted our member companies in Hiroshima Prefecture (n = 640).

Trends in USD/JPY exchange rate (yen)



Providing timely solutions to the growing need for ways to hedge against foreign exchange risks, centered on importers

Responding to post-COVID-19 needs

Fundraising needs to date

Investment assets



Capital funding



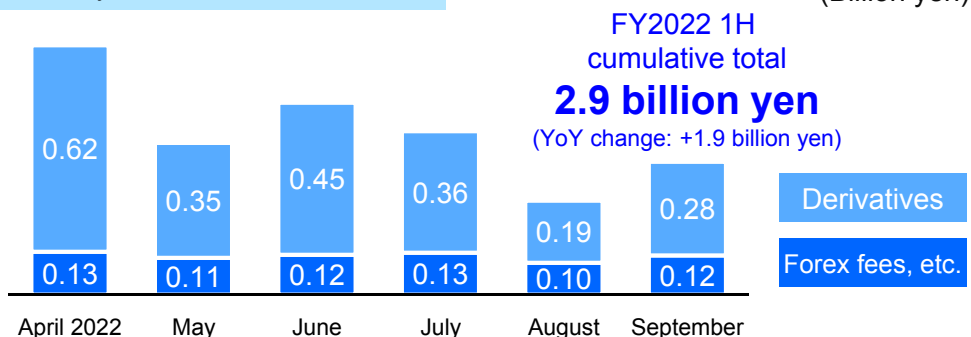
Fundraising needs generated by prospects of rising interest rates



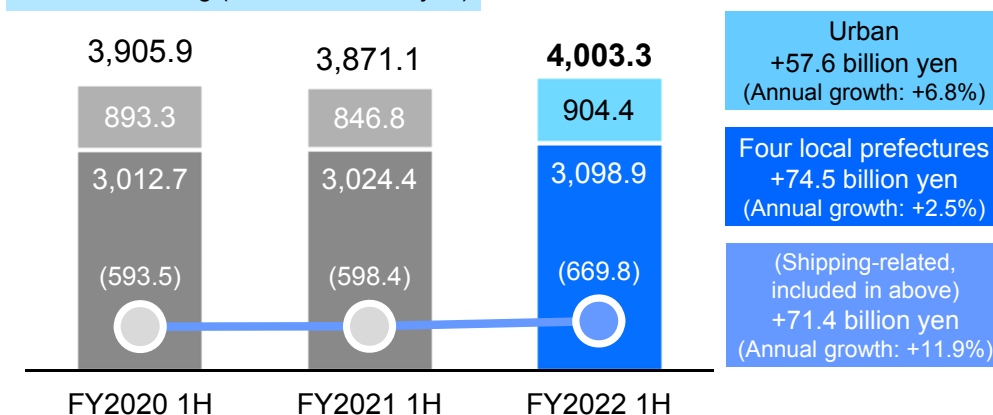
Responding energetically to fundraising needs generated by prospects of rising interest rates, in addition to fundraising for business stabilization and growth and for capital investments

Results and future outlook

Monthly trend in forex revenues



Business lending (balances, billion yen)



We're committed to expanding our menu of solutions to build a business model capable of responding to customer needs in a changing environment.

I. Corporate strategy (iv) Offering nonfinancial solutions

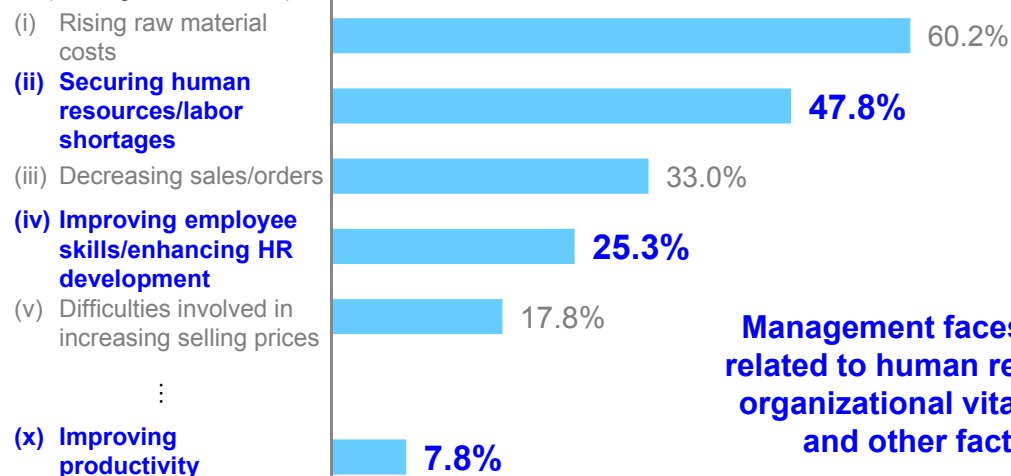
- Our corporate customers have strong needs in nonfinancial areas, including human resources and organizational vitalization. Our nonfinancial subsidiaries offer a wide range of solutions.

Nonfinancial solutions reflecting the needs of SMEs

Results of survey of managers (excerpts)

Note: This survey of managers conducted by our magazine for customers in October 2022 targeted our member companies in Hiroshima Prefecture (n = 645).

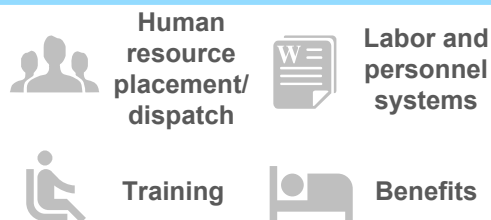
(Management issues)



Management faces issues related to human resources, organizational vitalization, and other factors.

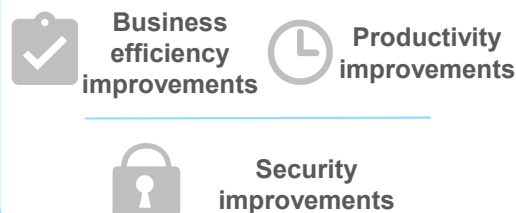
HR and labor solutions

HHR



IT/DX solutions

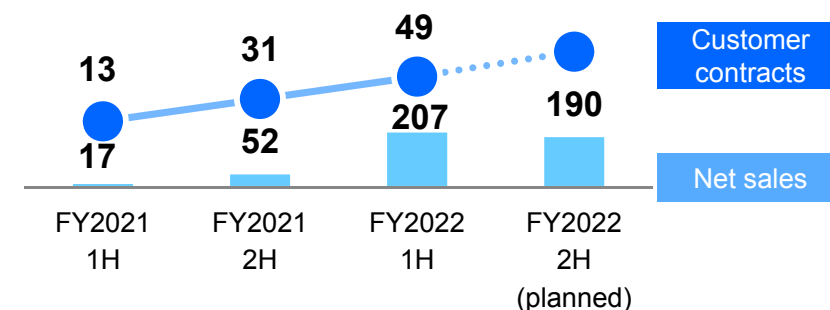
HITS



Results and future outlook

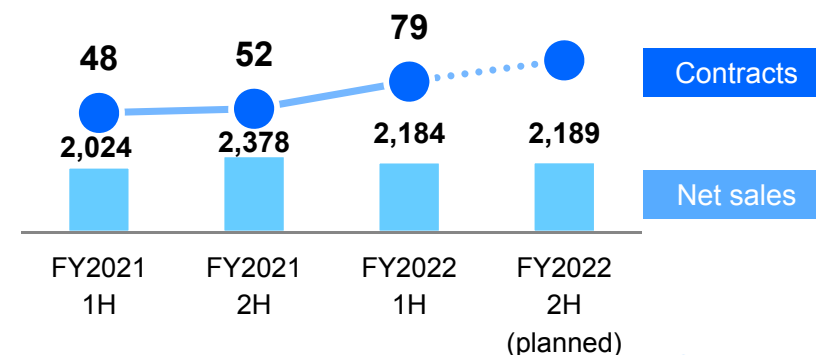
HHR

Net sales (million yen) and customer contracts (contracts)



HITS

Net sales (million yen) and contracts (contracts)



In anticipation of continuing high demand in the future, we will strive to offer tailored solutions to boost revenue in nonfinancial fields.

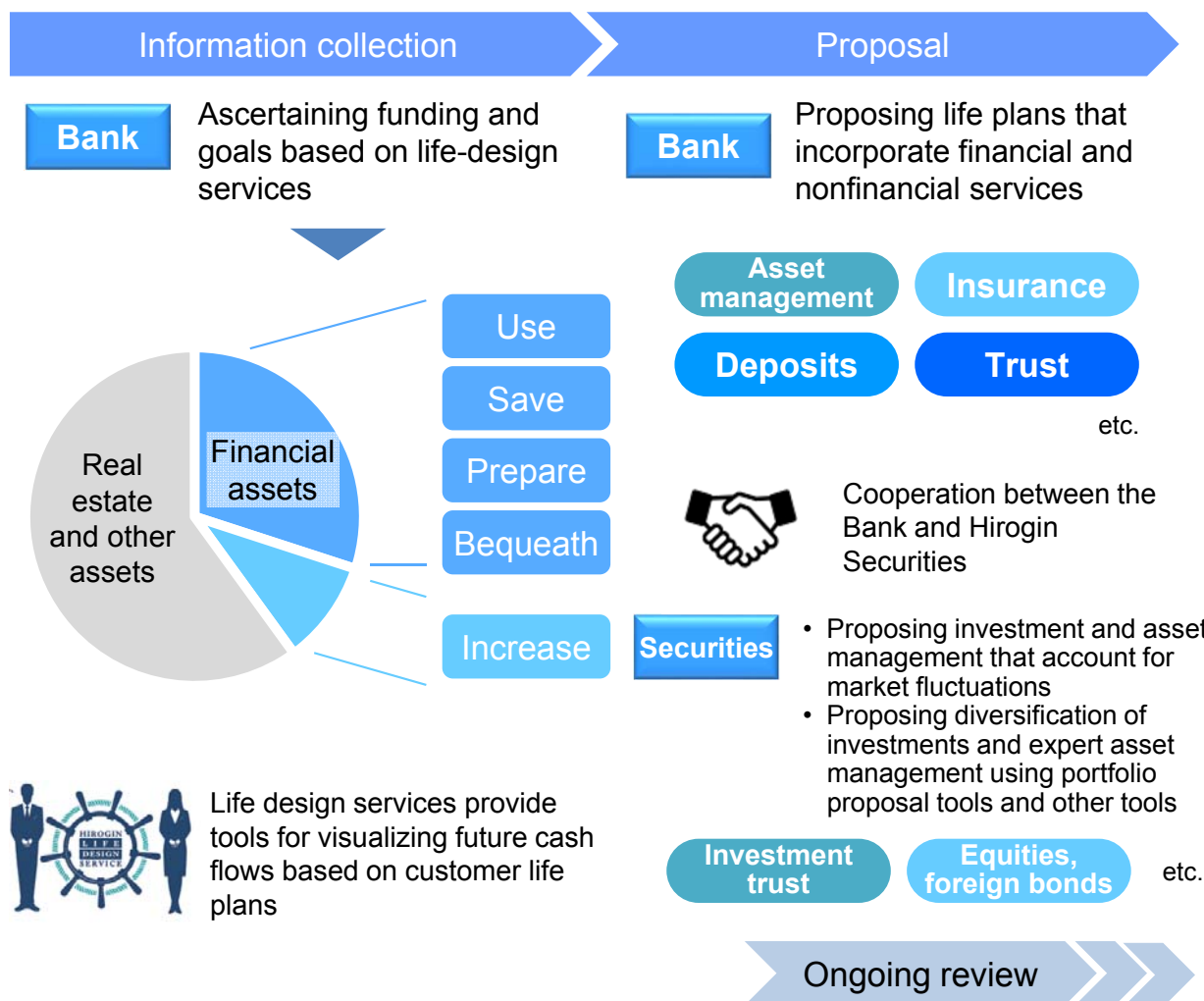
Mid-Term Plan
(Net sales/total for two companies)

5.5
billion yen

II. Strategy for individual customers (i) Goal-based approach

- ▶ We will provide solutions through cooperation between the Bank and Hirogin Securities by sharing from life planning through goals (i.e., dreams and targets) utilizing our life design services and by taking a goal-based approach involving ongoing review of steps.
- ▶ In the future, alongside reviewing various joint efforts involving the Bank and Hirogin Securities, we will conduct our business by attaching higher value to customers and change our structure to transform to stock-based revenues based on a goal-based approach.

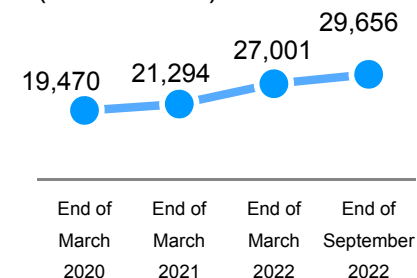
Offering solutions through a goal-based approach



Results and future outlook

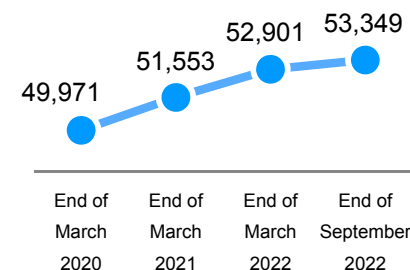
Save

Savings-based investment trusts (investments)



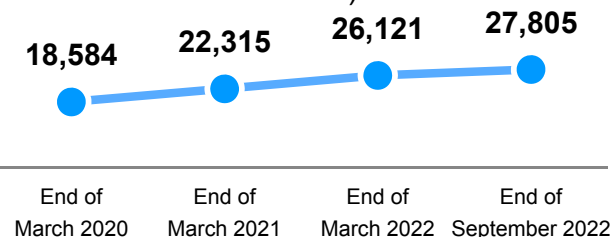
Prepare

Number of level-premium insurance plans (plans)



Increase

Financial instrument brokerage accounts (active accounts/customers)

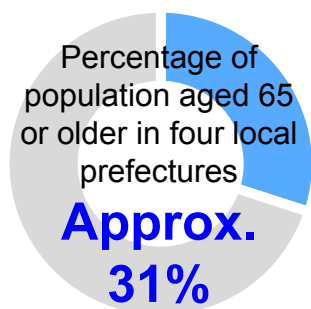


Amid an accelerating movement toward asset building, we will transform to stock-based revenues based on a goal-based approach (studying adoption of mutual fund wraps) while reviewing cooperation between the Bank and Hirogin Securities.

II. Strategy for individual customers (ii) Deploying inheritance businesses

- ▶ The need for inheritance services is growing as populations within the four local prefectures continue to age, with percentages of seniors above the national average.
- ▶ Drawing on our accumulated expertise and a full range of inheritance-related services, we plan to focus on offering optimal solutions, ranging from inheritance preparation through support for post-inheritance requirements, to serve as continual drivers of revenue growth.

Responding to inheritance needs



The percentage of seniors exceeds the national average of 28%.

Strong inheritance needs

Source: 2020 national census

Pre-inheritance

Testamentary trust

〈ひろぎん〉
遺言信託

〈ひろぎん〉では、遺言相続や事業承継を円滑に実現いただけるよう、遺言書の作成から保管・執行まで、トータルにお手伝いいたします。



Testamentary substitute trust

大切なご家族への想いを“つなぐ”
元本保証、預金保険対象の
信託商品

〈ひろぎん〉
家族つなぎ信託



Post-inheritance

Inheritance Property Liquidation Services

〈ひろぎん〉
遺産整理業務

相続はご遺族の心労に際わず同時に様々な手続きが発生します。広島銀行では、ご相続人さまからのご依頼により、相続財産に関わる煩雑な諸手続きをご相続人さまに代わってお手伝い・アドバイスします。



Effective use of real estate



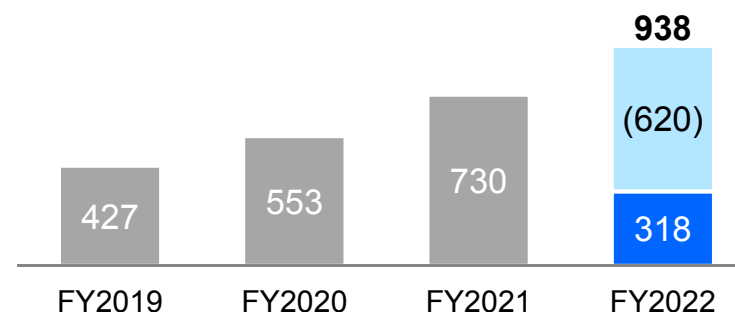
Apartment loans,
reverse
mortgages

etc.

Results and future outlook

Inheritance/trust-related revenues
(million yen)

* 1H results (2H plans in parentheses)
shown for FY2022

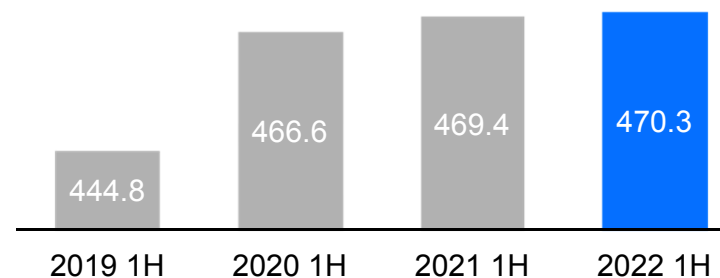


Mid-Term Plan
(Revenues)

1.4
billion yen

Apartment loans
(billion yen)

- Apartment loans are currently offered only to landowners who need inheritance services and want to make more effective use of their real estate.



YoY growth
+900 million yen
(Annual growth:
+0.2%)

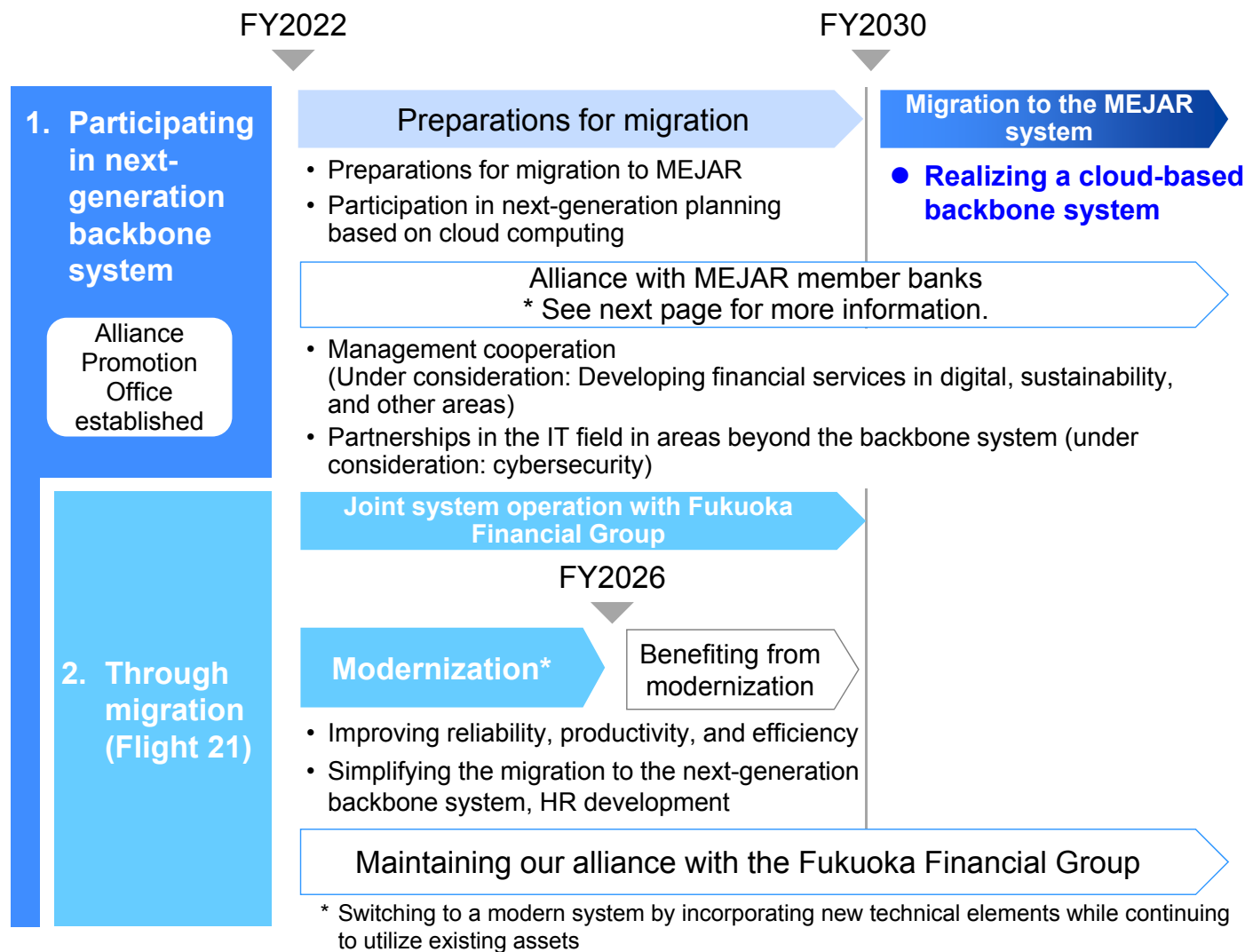
Focusing on the market for services that serve seniors as a revenue growth driver

I. IT strategy (i) Migration to the MEJAR system

- We plan to participate in the MEJAR system, a next-generation backbone system to be used jointly by five banks (the Bank of Yokohama, Hokuriku Bank, Hokkaido Bank, 77 Bank, and Higashi-Nippon Bank), to realize an advanced cloud-based system.

Roadmap

Note: See the next page for an overview of MEJAR.



Vision

Transforming to a business model that makes more effective use of digital technologies

Switching to an innovative new backbone system on a cloud-based platform

- Dynamic provision of more advanced financial services
- Reduced IT investment costs
- Core business growth based on promoting DX strategies

Improving the top line by establishing wide-ranging alliances

I. IT strategy (ii) Overview of partnerships in areas beyond the backbone system

- Partnerships with MEJAR banks in areas beyond the backbone system is also under consideration. We will seek partnership arrangements that leverage the strengths of each bank.

Overview of partnerships in areas beyond the backbone system



Digital cooperation

- Development of financial services in digital fields through participation in the MEJAR Digital Innovation Hub
- Promoting mutual assistance in cybersecurity (sharing management processes, training, education, and costs)



Non-digital cooperation

- Supporting customer sustainability management through participation in MEJAR Sustainability Solutions partnerships
- Enhancing partnerships in corporate fields such as M&A support

We will demonstrate practical results from partnerships while considering other joint efforts in various areas.

Reference: MEJAR overview

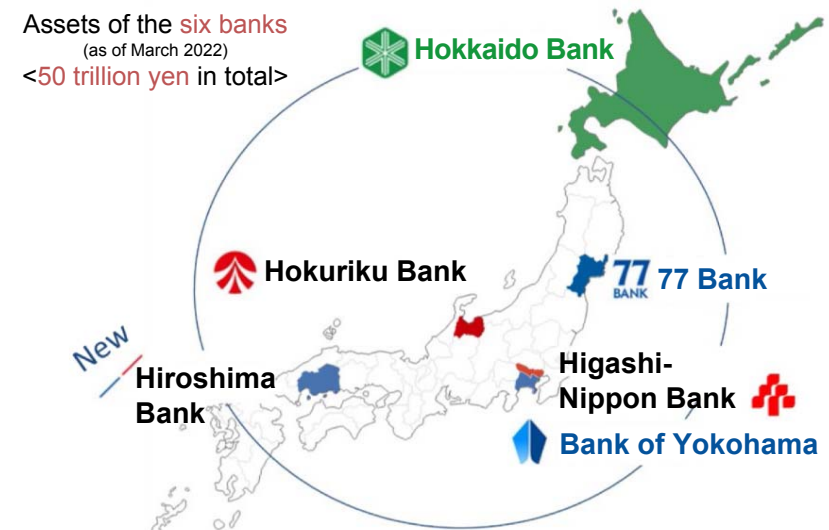
MEJAR

... **MEJAR** stands for most efficient joint advanced regional banking system.

MEJAR scheme

... A bank-led scheme for joint systems use based on NTT Data's BeSTA standard banking system led by the Bank of Yokohama, Hokuriku Bank, Hokkaido Bank, 77 Bank, and Higashi-Nippon Bank.

(MEJAR participant banks)



II. Digital strategy (i) Overview

- To realize a management philosophy and business model based on our digital transformation (DX) strategy, we are defining areas of initiatives and infrastructure development items based on the basic policies of implementing DX in various businesses and measures and active initiatives and a changing awareness among all Group companies and personnel.

Applying DX in various businesses and measures

Digital innovation (New business creation)

Creating new businesses and operations by utilizing digital technologies

- Creating new value added by establishing new business models and businesses utilizing digital technologies

Digitalization (Migration to digital on the offense)

Applying digital technologies to reform existing businesses and processes

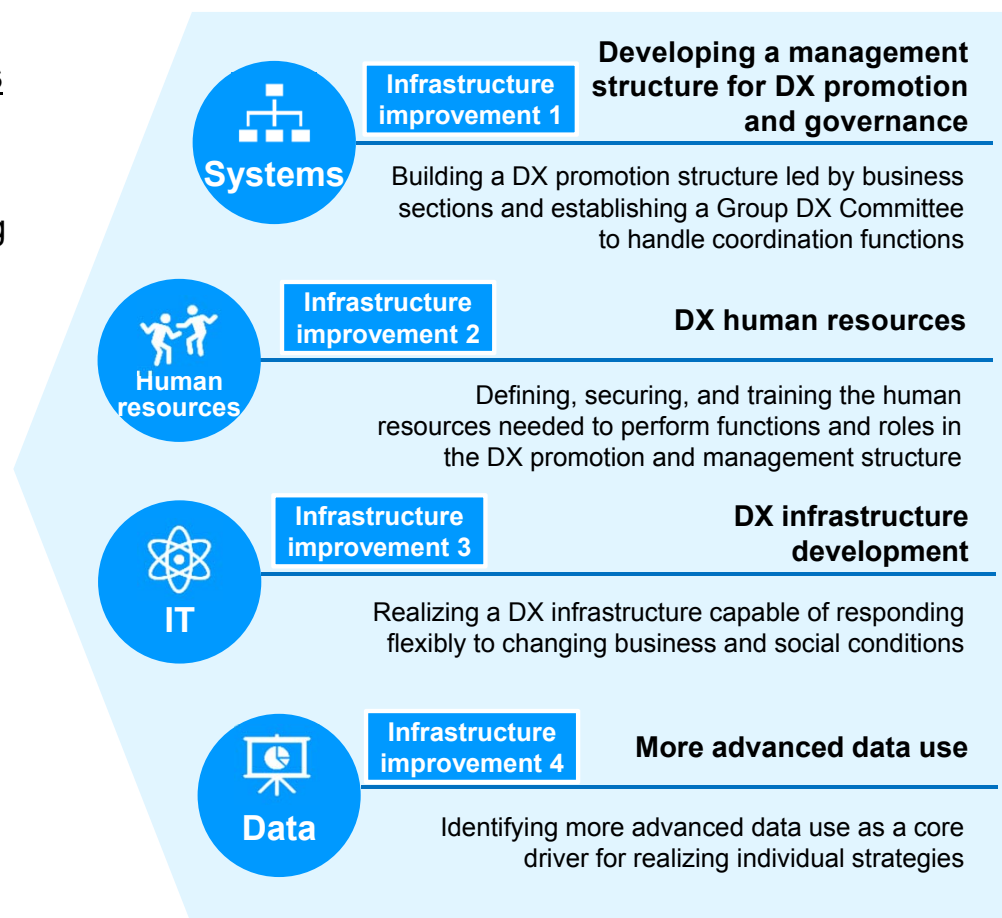
- Renewing the organizational business model as a whole and increasing customer value by using digital technologies to change existing businesses and processes

Digitization (Migration to digital on the defense)

Adopting IT in existing businesses (cost cutting, efficiency improvements)

- Generating resources for growth (people, things, money, data) by adopting digital technologies to improve efficiency without changing existing processes

Active initiatives and a changing awareness among all Group companies and personnel



II. Digital strategy (ii) Identifying KPIs, accreditation

- ▶ We established new strategic targets (key performance indicators, KPIs) within the Hirogin Group to achieve a shared understanding of and to manage goals related to DX promotion within the Group.
- ▶ We earned Digital Transformation (DX) Certification from the Ministry of Economy, Trade and Industry.

KPIs

Goal	KPI	End of September 2022	End of March 2024	Medium-/long-term goal
Improving initiatives overall	DX promotion index self-assessment	1.6	2.4	3.5
Developing promotional structure	DX promotion managers/ DX promotion leaders	—	Appointed in all companies and sections	Qualitative improvements, quantitative growth
Raising IT literacy groupwide	Earning IT Passport accreditation	—	Earned by 30% of employees	Earned by all employees

**IT
Passport**

Targeting the reskilling of all employees

- Some 700 employees have earned IT Passport accreditation; another 2,800 plan to take an exam for IT Passport accreditation during FY2022.
- We expect to achieve this KPI ahead of schedule in FY2022.

Earning Digital Transformation (DX) Certification from the Ministry of Economy, Trade and Industry



* This logo may be used only by businesses certified by the Ministry of Economy, Trade and Industry.

The program for DX Certification by the Ministry of Economy, Trade and Industry of businesses that meet certification standards in various areas, including formulation of management visions related to DX promotion and the development of structures to realize DX strategies, was established in response to fundamental items of the Digital Governance Code based on the Act on Facilitation of Information Processing enacted May 15, 2020.

Certification date

October 1, 2022

(Future initiatives)

- Initiatives required to plan and promote services that strengthen value for local communities and customers while applying DX to improve business efficiency and productivity
- Accelerating practical efforts to implement digital strategies

II. Digital strategy (iii) Main examples of service introduction and initiatives

- Based on the DX Basic Policy, successively introducing new services to increase customer service value in various ways, including use of technology and external alliances

Services related to digitalization and digitization

AI voice bot

- AI telephone voice response service adopted for credit card cancellation
- This automation of reception operations achieved reforms in business flows while improving usability by eliminating the need to visit Bank branches and associated wait times.

Bringing video content production in-house

- Video is an intuitive and effective means of communication regarding existing products and solutions.
- Bringing production in-house has made it possible to cut costs while building video production expertise. We are considering offering it as a service for customers.

Business portal

- We offer a business portal site for commercial customers that provides fully digital services including various notifications and online lending.
- We plan to add content to improve customer solutions and better meet their needs.

New features added to the Hirogin App

- We added transfer, credit card loan, and purpose-specific savings features to the app.
- Based on the “Hiroshima Bank in the palm of your hand” concept, we plan to add even more convenient features in the future.

Web-based provisional applications for home loans and e-contracts

- We will seek to offer integrated Web-based services for all steps ranging from searching for a home through follow-up services following loan execution.

Web-based branch appointment service

- First adopted for branches in urban locations, this service is steadily expanding to other branches.
- This will strengthen customer service while eliminating wait times for various procedures, including account opening and notifications.

Infrastructure development initiatives

Bringing AI analysis models in-house

- As part of our efforts to advance data utilization, we have begun in-house application of AI analysis models.
- We launched full-fledged AI analysis by adopting a data analysis infrastructure.

IT/digital human resource employment category

- We are enhancing points of contact with IT and STEM graduates—which to date have been limited—through internships and courses in partnership with local universities.
- In April 2022, we hired the first year of four new graduates.

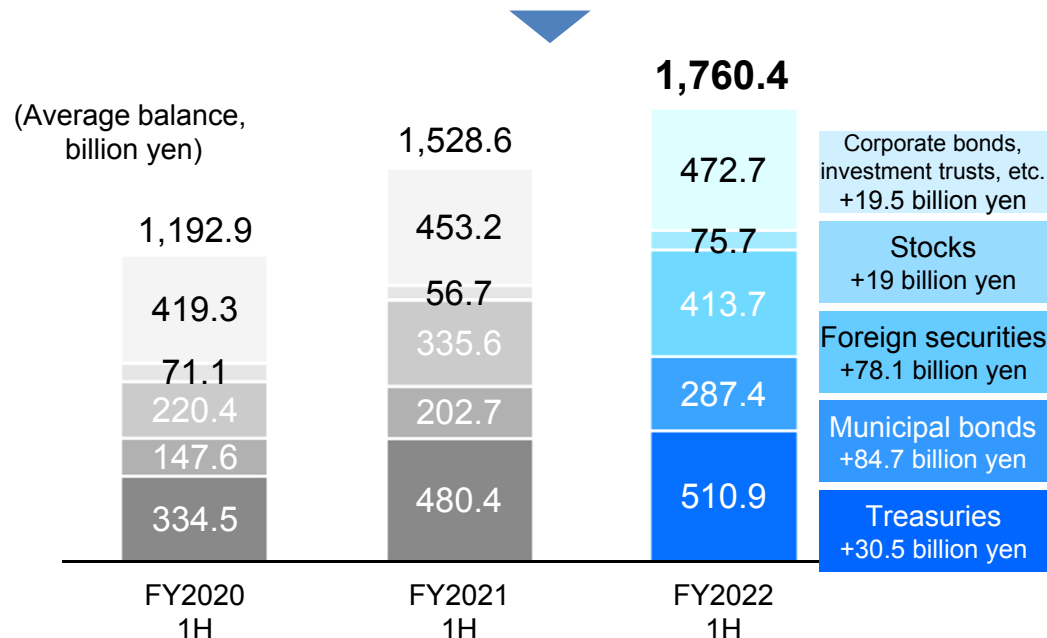
III. More advanced securities strategies

- ▶ To date, we have focused on securing capital gains through short-term trading, in addition to investment centered on interest rate risk, emphasizing liquidity and security.
- ▶ From now on, we will strive to rebuild our securities strategies while also advancing investment and asset-management methods based on them, through balance enhancement (to a securities balance of approx. 2-2.5 trillion yen) from a medium- to long-term perspective, to carry securities with stability.

Securities investment track record

Investment stance

- Prioritizing tackling credit risk through local lending, we are investing chiefly in interest rate risk with an emphasis on liquidity and security.
- We are also focusing on securing capital gains through short-term trading.



Stable carrying

Balance enhancement from a medium- to long-term perspective

Future investment policies

Basic concept

Building a securities portfolio capable of securing high net interest income with stability and continuity, from a medium- to long-term perspective, within the range of risk toleration

Drafting strategies

- Understanding the investment environment over the medium to long term and designing investment strategies
- Studying diversification of assets invested in

Advancement of asset management and investment methods based on new strategies

(Balance targets)



Securities balance
Approx. **2-2.5 trillion yen**

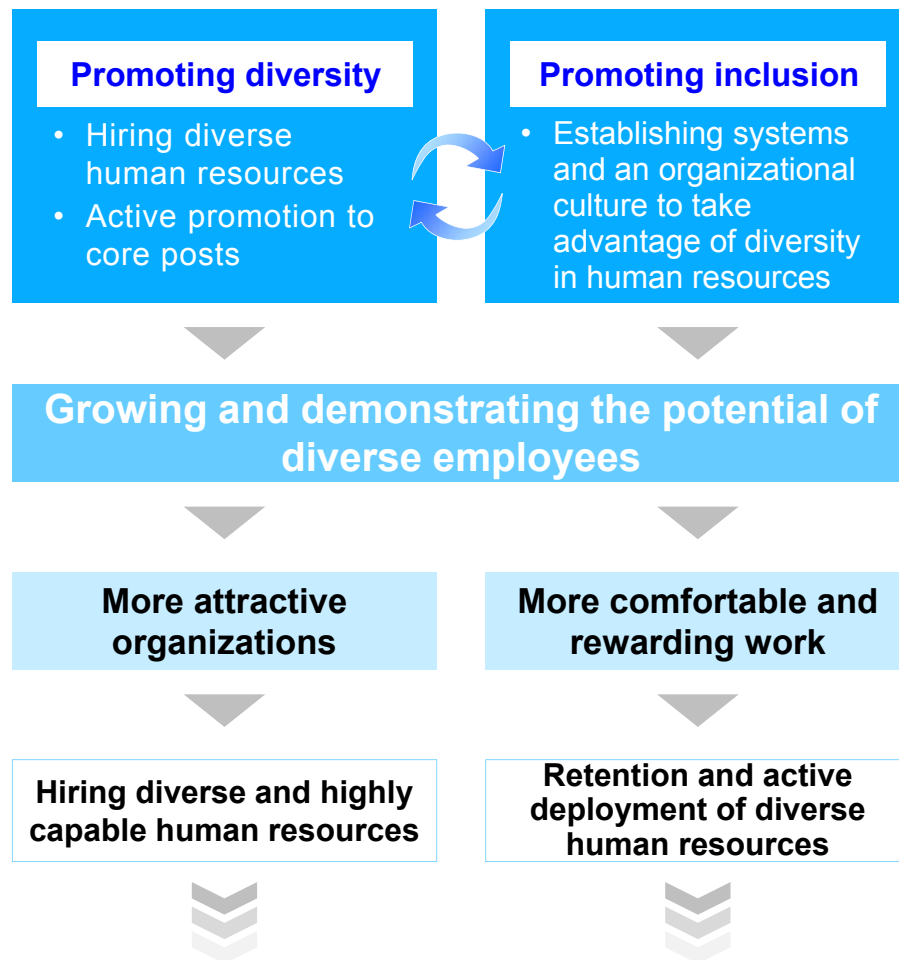


Improving securities yields

IV. Group human capital enhancement (i) Diversity and inclusion: Promoting use of diverse human resources

- ▶ To implement diversity and inclusion initiatives, we are deploying various measures and designing various systems to promote the deployment of human resources with diverse values and skills.

Basic concept



Cresting a career-design program

(from April 2022)

In-house internships (Business experience)

Number of applicants in FY2022 1H: **50**

- Available for younger employees
- Short-term internships offered at the Head Office to support career development in line with employee personal vision

Career-change support (Reskilling)

Number of applicants in FY2022 1H: **4**

- Offered for sales administration and management operations staff seeking new careers
- Training is provided in the requested workplace for a fixed period of time (approx. six months).

Active hiring and promotion of women, and supporting their success

(Women as percentages of)	As of October 1, 2022	April 1, 2024 target	April 1, 2031 target
Managers	7.0%	Approx. 7%	Approx. 10%
Management class*	16.0%	Approx. 20%	Approx. 25%
Management class candidates	36.3%	Approx. 35%	Approx. 40%
New hires	45%	Approx. 50%	
Total employees	39.0%	—	Approx. 45%

* Managers and supervisors under the Labor Standards Act and those with equivalent authority (e.g., managerial personnel)

IV. Group human capital enhancement (i) Diversity and inclusion: Employment of people with disabilities

- In light of our social mission to support independent living for those with disabilities, we actively hire people with disabilities. By improving jobs and workplace environments, we are making progress on building workplaces in which they can experience more vibrant lives and rewarding work.

Accredited as a subsidiary subject to special provisions under the Act to Facilitate the Employment of Persons with Disabilities (November 2022)

Subsidiary subject to special provisions*1

- Hirogin Business Service K.K. has been accredited as a subsidiary subject to special provisions.
- The new Heartful Business Division (with 21 employees) was established (October 1, 2022) to support growth and make work more rewarding in line with the aims and paces of individuals, regardless of disability status.
- We have adopted employment courses and HR systems to enable personnel to achieve improvements in accordance with their degree of independence and mastery of skills.



As the first regional banking group in the Chugoku region to earn accreditation for application of special provisions for affiliates*2 at five Group companies, we are actively promoting the employment of those with disabilities across the Group.

*1 Under the system of subsidiaries subject to special provisions regarding the system of percentages of employees with disabilities, when a business establishes a subsidiary that applies special consideration for the disabled to promote and stabilize their employment, employees of the subsidiary are considered to be employed by the parent company and can be included for the purpose of calculations of the effective percentage of employees with disabilities.

*2 When certain requirements are met, a business with a subsidiary subject to special provisions can calculate its effective percentage of employees with disabilities employed by the parent business by considering workers employed across the entire group, including affiliates other than the subsidiary subject to special provisions. (This accreditation was earned for the Hiroshima Bank, Hirogin Securities, Hirogin Lease, Hirogin Human Resources, and Hirogin IT Solutions.)

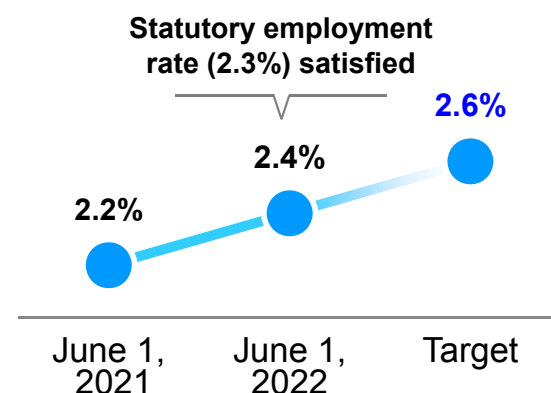


Data entry and other office support



Publications printing business

The Group's percentage of employees with disabilities



Targeting further promotion of employment, targeting a level of 2.6%

IV. Group human capital enhancement (ii) Organizational culture development and HR training to take on challenges

- ▶ We are focusing on fostering a culture of taking on new challenges boldly, and one that supports individual challenges, through means including holding business contests.
- ▶ We are also enhancing HR development by opening a new research facility to contribute to community vitality.

Holding business contests (since FY2021)

- Holding business contests to solicit business ideas for new businesses and business efficiency improvements from Group employees
- The idea chosen as most promising by the judges (including outside experts) involves a study of commercialization, which has been underway. The originator of the idea has been named project leader.



	FY2021	FY2022
Applications	60	43
Ideas selected for final screening	5	5
Ideas selected for study of commercialization	1	(TBD)

“Culture of Praise” awards (since FY2020)

- Launched to foster a culture of tackling challenges and establish an organization whose members take an interest in and complement one another

<Past awards>

- Communicating information on the appeal of local sites and historical locations in the business territory (through social media, lobby displays, etc.)
- Streamlining special administration based on sustained joint efforts with local governments



Total number of awards:
23

Establishing the Future Creation Task Force (since FY2022)

- A Future Creation Task Force made up solely of younger employees has been formed to develop future visions for the community and the Group.
- Sixteen members were chosen from among 77 applicants.
- Plans call for the Task Force to identify a future vision for the Group a decade into the future and to present on it in March 2023.



Hirogin Career Cocreation Center to be established (planned for March 2024)

- This is intended to enhance HR development through hybrid training, seminars, and other activities that leverage the strengths of both online and offline platforms (based on the adoption of equipment to strengthen online training and multifunctional training options).
- The Center will serve as a facility that contributes to community vitality as an HR development center.

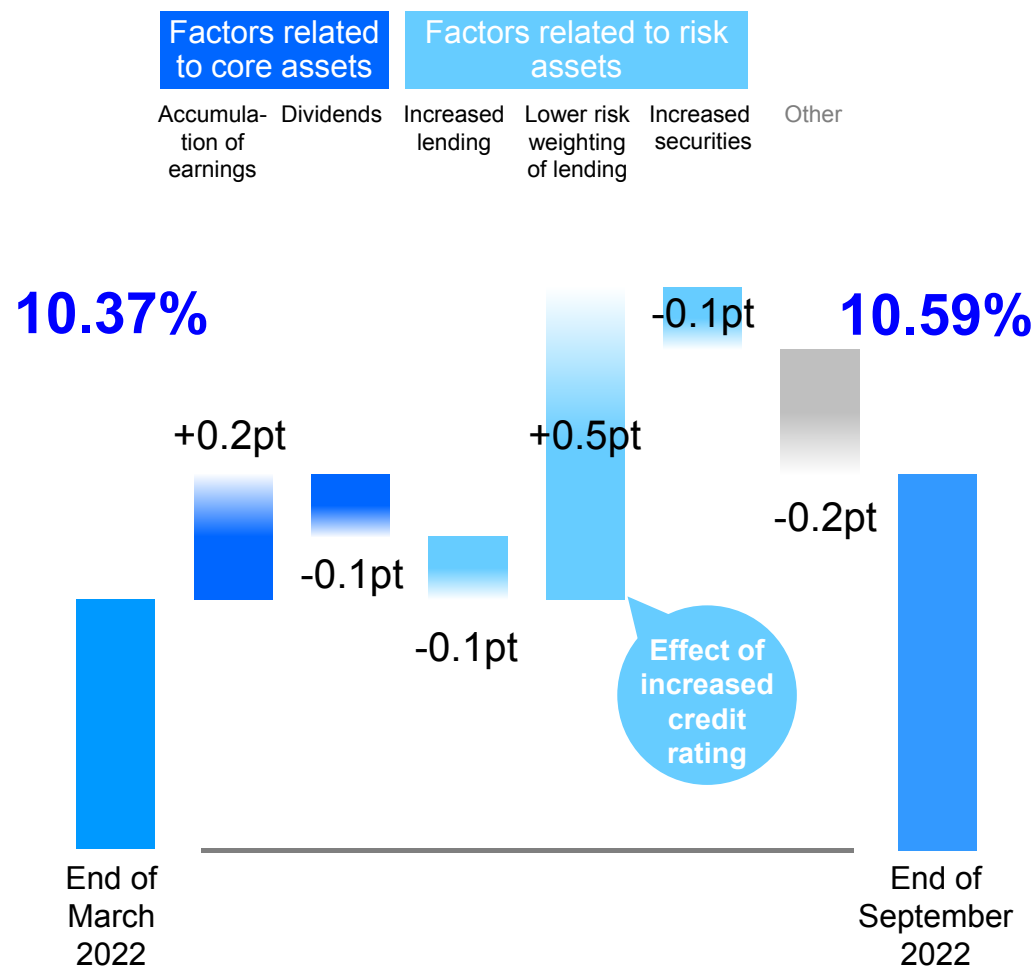
Terraced training room with a sense of presence and unity

Online content production studio

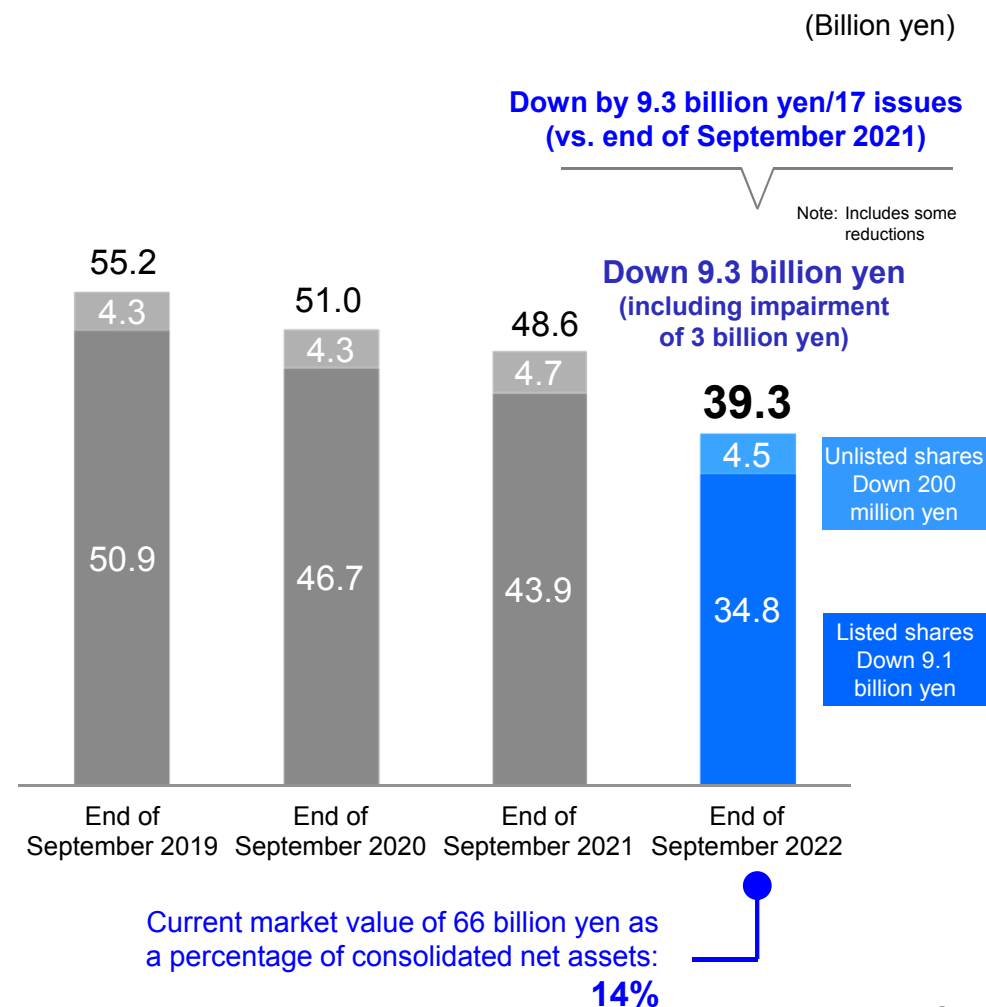
I. Status of capital adequacy ratio and cross-shareholdings

- ▶ Despite growth in lending and securities balances, the consolidated capital adequacy ratio of the Holding Company in the first half of FY2022 was up 0.22 pts. from the end of March 2022 to 10.59%. This was due mainly to the effects of a lower risk weighting, as credit ratings on loans improved.
- ▶ Cross-shareholdings declined by 9.3 billion yen from the end of September 2021 thanks to continuing progress on discussions with the issuers.

Major factors contributing to changes in the Holding Company's consolidated capital adequacy ratio



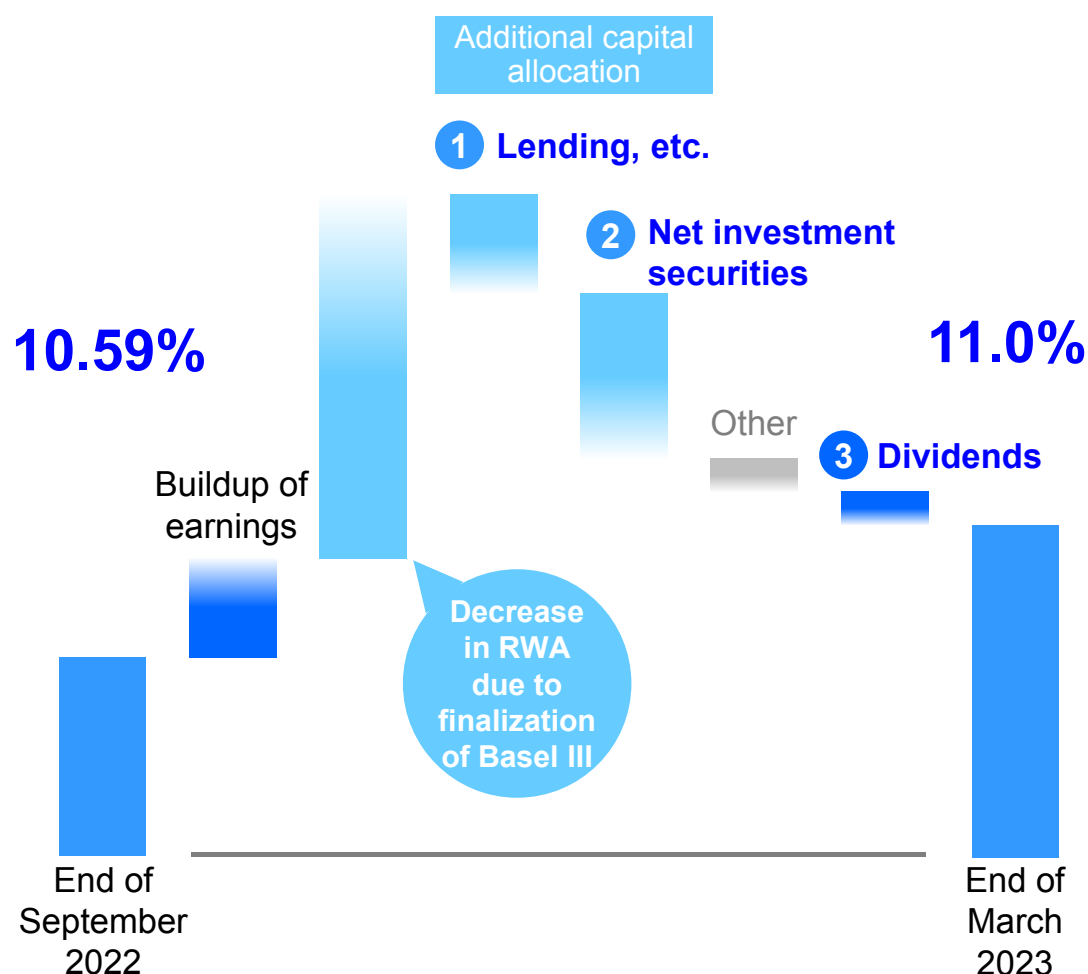
Reduction in cross-shareholdings (book-value balance)



II. Thinking on the capital adequacy ratio and capital allocation

- ▶ Reflecting various factors, including earnings accumulation and cutting back on holdings of risk assets due to finalization of Basel III, we will enhance capital allocation to net investment securities to restructure the investment portfolio while taking on local credit risk.
- ▶ We will seek to achieve a medium- to long-term consolidated capital adequacy ratio for the Holding Company of 11% (10% for the Bank alone). This reflects various factors, including the fact that the negative effect on the capital adequacy ratio of the worst-case scenario is about 1 pt.

Thinking on the capital adequacy ratio and capital allocation



1 Lending, etc.

- Approx. 95 billion yen in additional capital allocated to business loans and personal loans to take on credit risk centered on the local region
- Also allocating an additional approx. 20 billion yen to the equity business, a revenue driver

2 Net investment securities

- Allocating capital to rebuild a securities portfolio capable of securing stable and continuous high net interest income based on a medium- to long-term perspective

3 Dividends

* See the following page for more information.



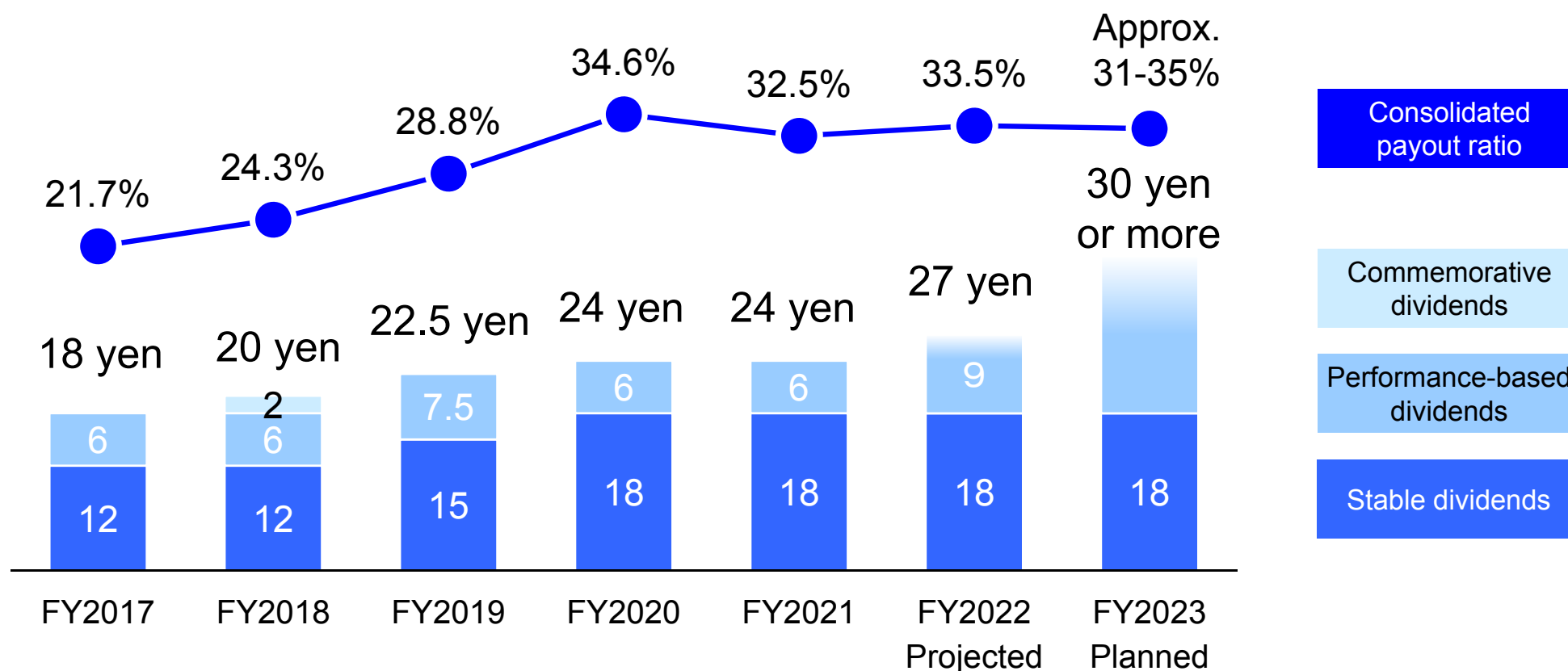
Target medium- to long-term level of the capital adequacy ratio

- The negative effect on the capital adequacy ratio of the worst-case scenario over the past 15 years has been about 1 pt.
- We will seek to achieve levels of 11% to ensure a minimum capital adequacy ratio of 10%, even in the worst-case scenario.

III. Shareholder returns

- ▶ In FY2022, we plan to maintain dividends of 27 yen per share, even if net income attributable to owners of the parent falls to 24 billion yen or less (unlimited by impairment on shares).
- ▶ In addition to increasing dividends by recording steady profits, we will consider revising returns to shareholders based on our payout ratio, assuming a consolidated capital adequacy ratio of 11% or higher over the medium to long term, while enhancing efforts to broaden investments beyond lending and net investment securities to include equities.

Trends in amount of dividends per share (yen) and consolidated payout ratio



Notes:

- Dividends per share in FY2017 have been adjusted to reflect the reverse stock split (1:2 shares) implemented on October 1, 2017.
- Hirogin Holdings was established on October 1, 2020. The figures shown for FY2020 represent the totals paid by Hiroshima Bank, including interim dividends of 12 yen per share (3,748 million yen in total).

01

Summary of Business
performance

02

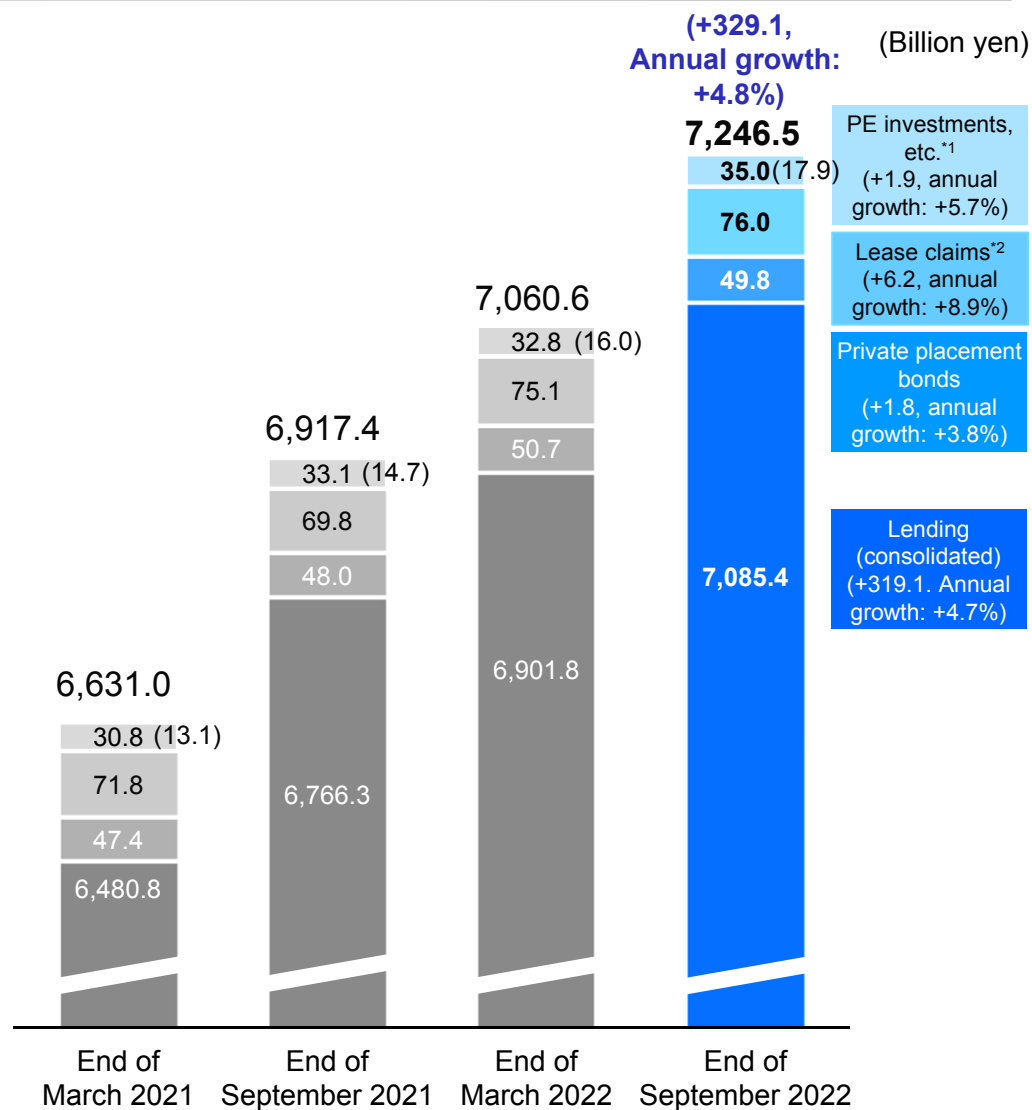
Toward sustained growth

03

Appendix

Group total credit, Group total assets under management (balances at end of September 2022)

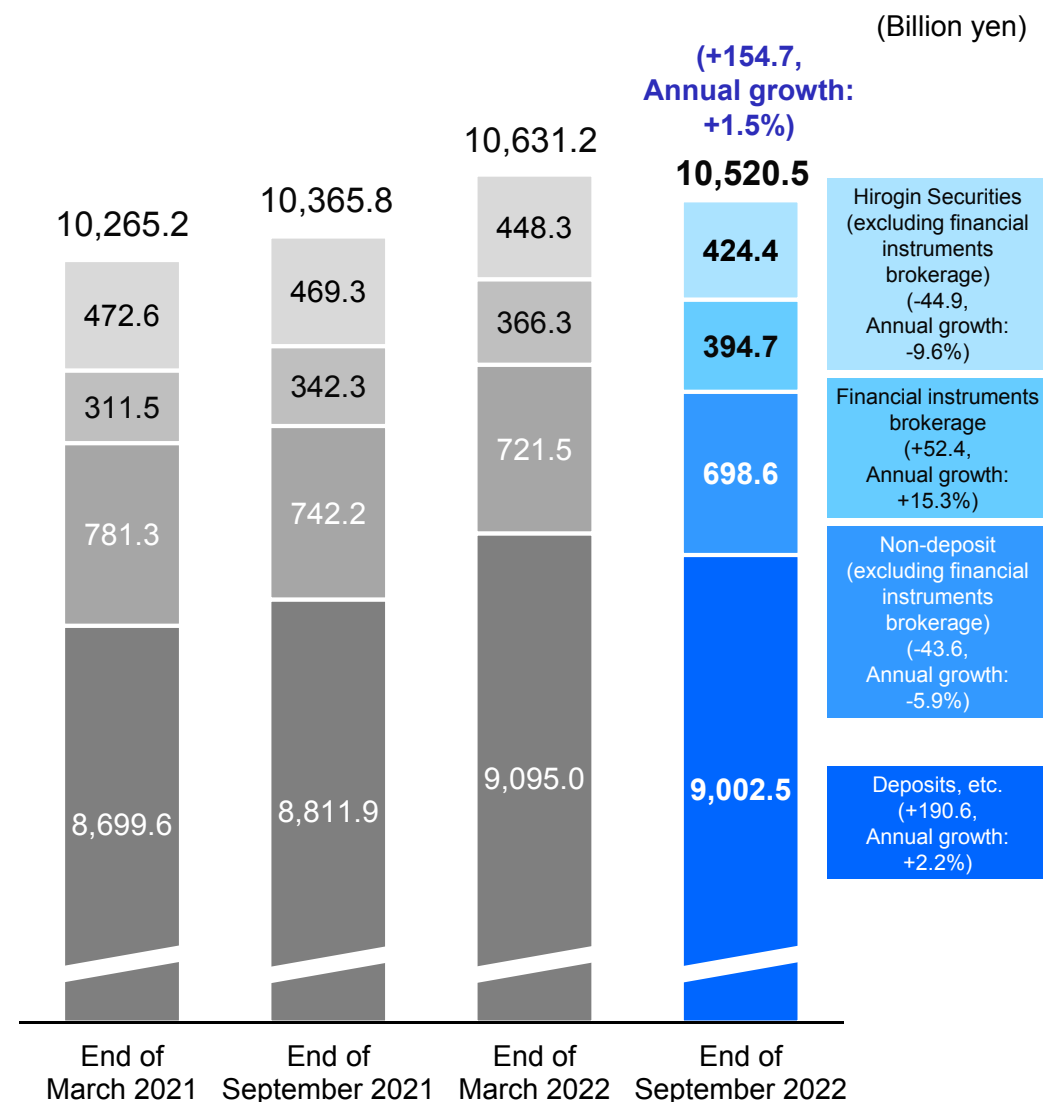
Trend in group total credit



*1 PE investments, etc. includes private REIT investments. Balance of investments indicated in parentheses

*2 Represents the lease claims of Hirogin Lease

Total assets under management (Hiroshima Bank + Hirogin Securities)



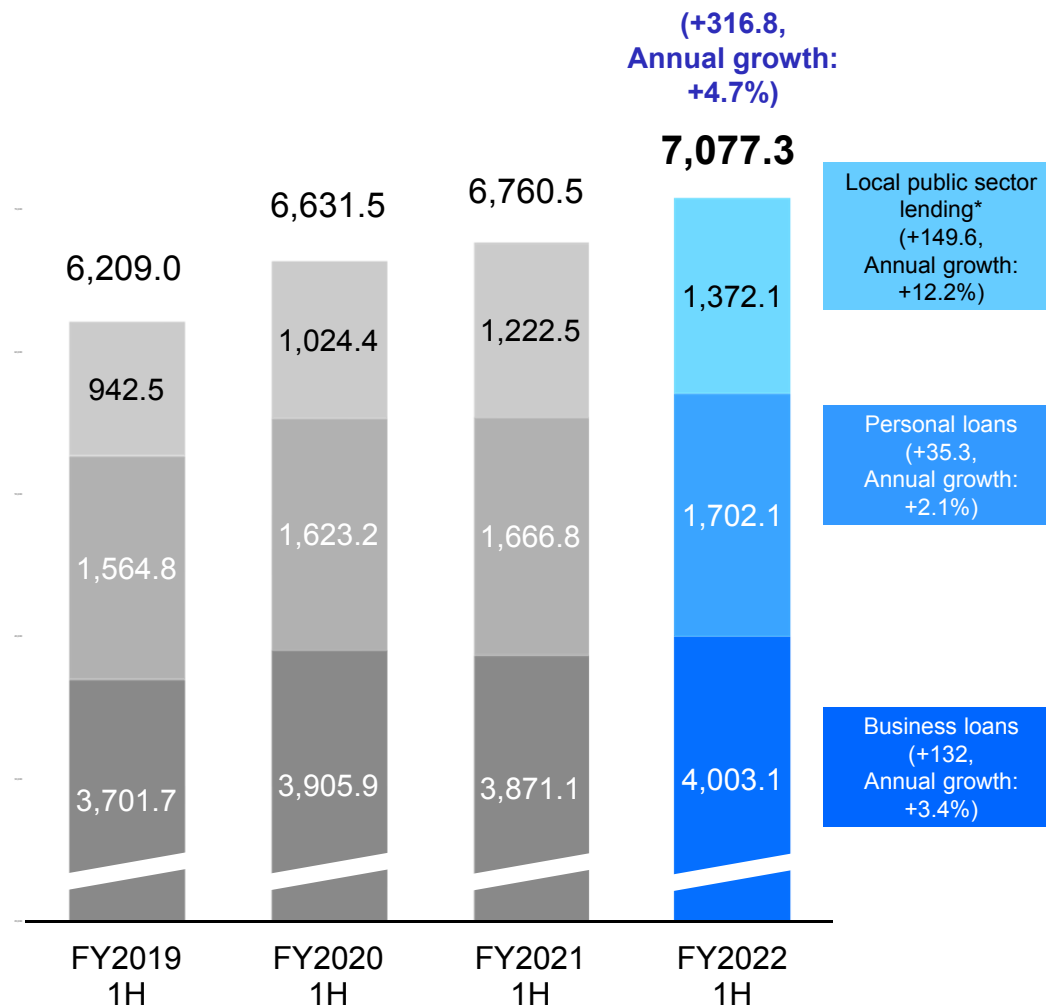
Notes:

- Hirogin Securities balances are shown on a mark-to-market basis.
- Excluding financial instruments brokerage through the Hirogin App (Rakuten Securities, SBI Securities)

Balances of loans, deposits, etc. (deposits + NCDs) (average)

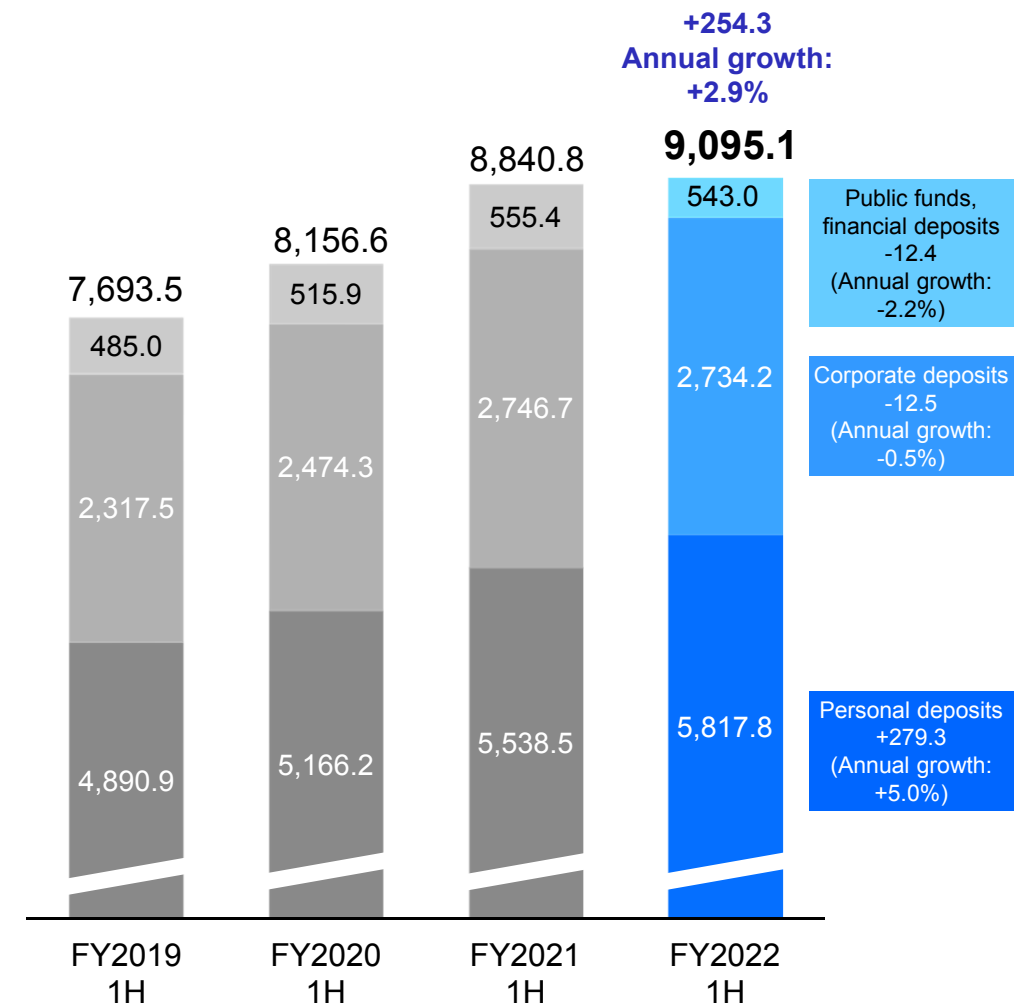
Trends in (average) balances of loans

(Billion yen)



Trends in balances of deposits, etc. (deposits + NCDs) (average)

(Billion yen)



* Local public sector lending: Lending to local public agencies and public corporations

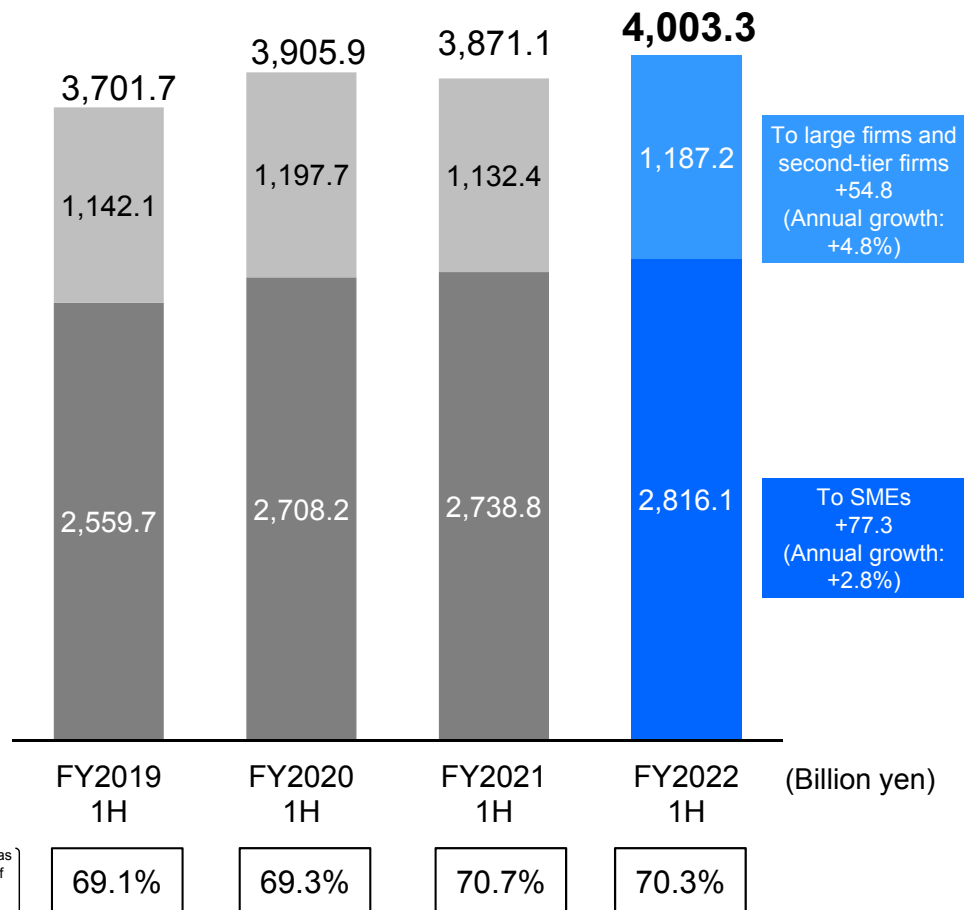
SME lending, personal loans

Trends in balances of business loans (average)

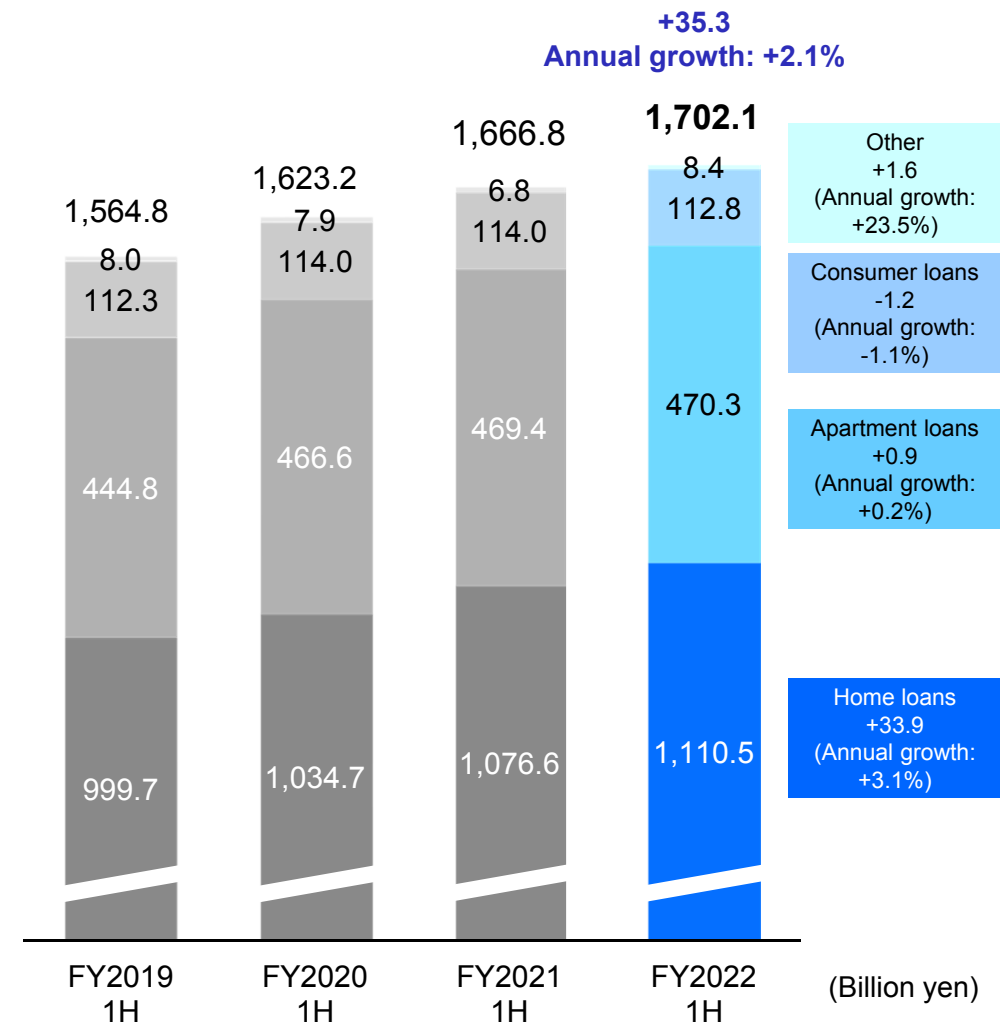
Yields on loans
(stock rates) in
FY2022 1H

Large firms	0.35%
Second-tier firms	0.51%
SMEs	0.96%
(Total)	0.94%

+132.2
Annual growth: **+3.4%**

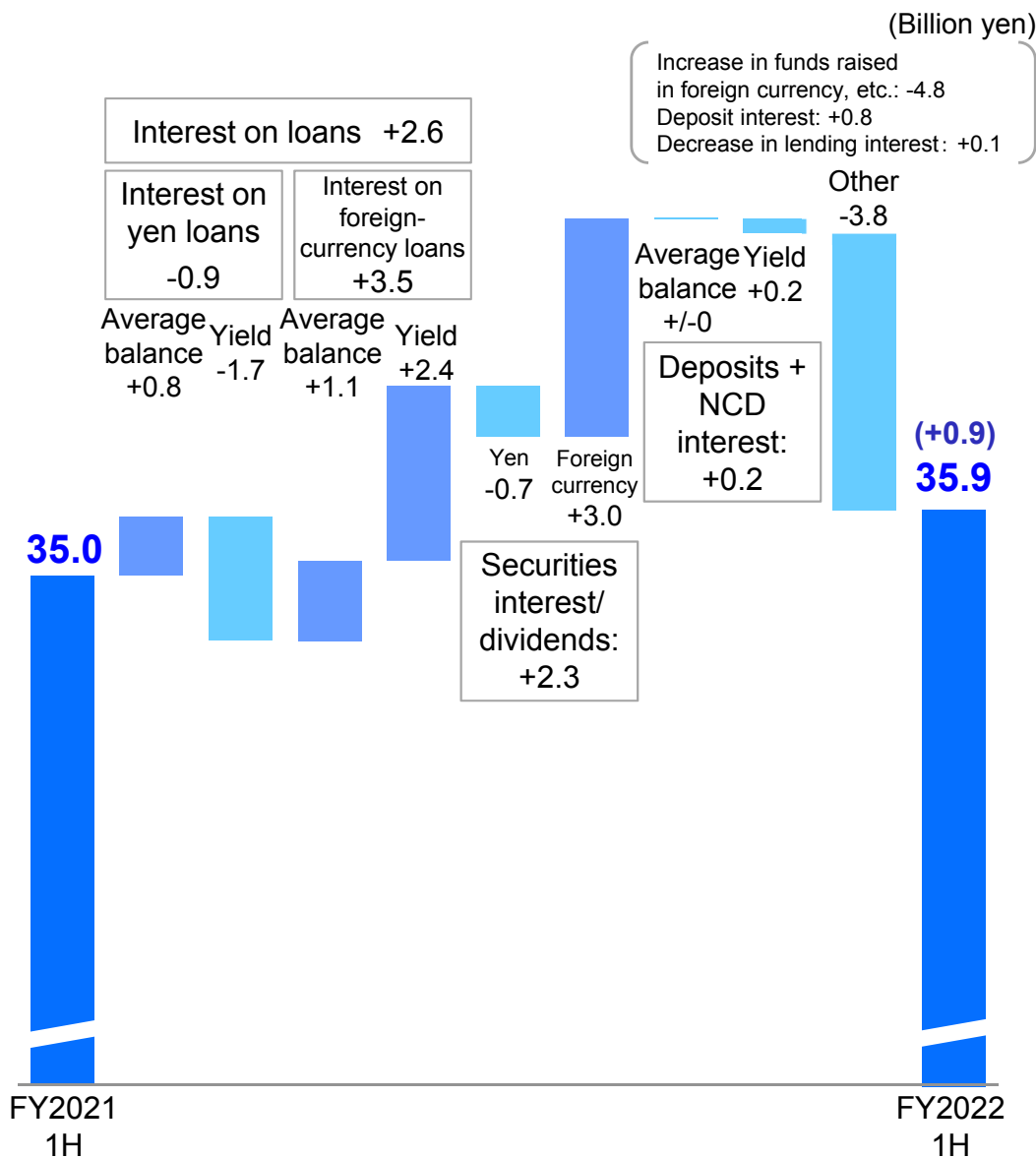


Trends in balance of personal loans (average)



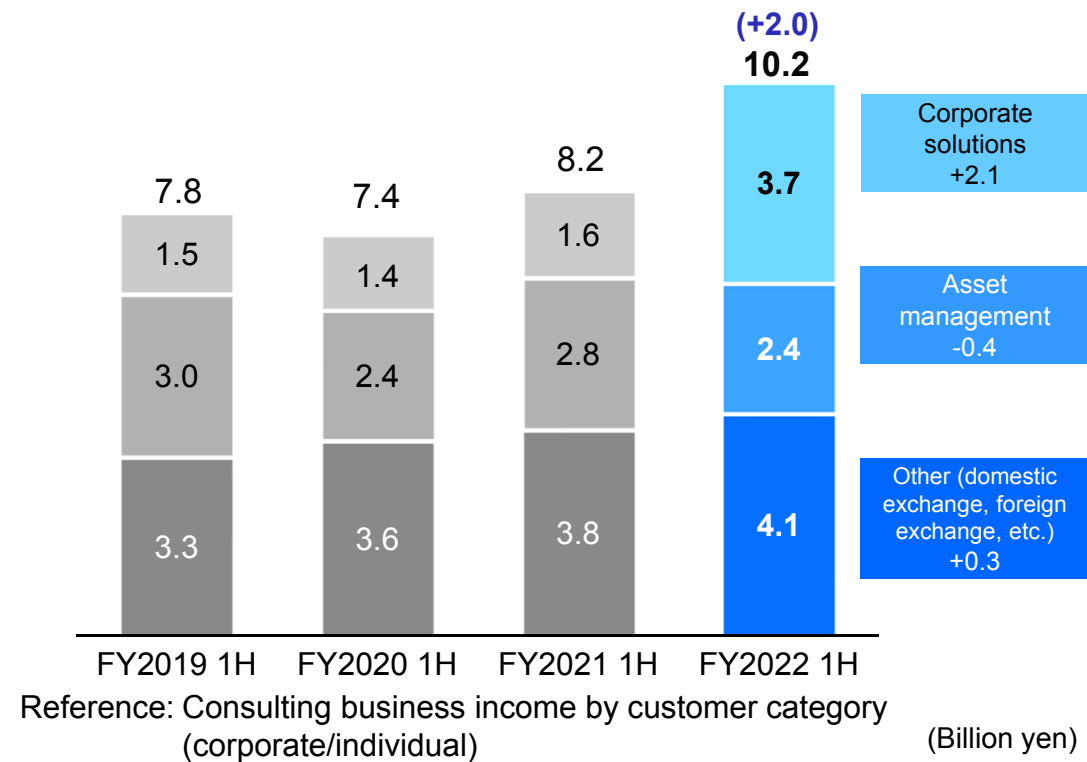
Net interest income, net non-interest income

Factors contributing to changes in net interest income



Net non-interest income

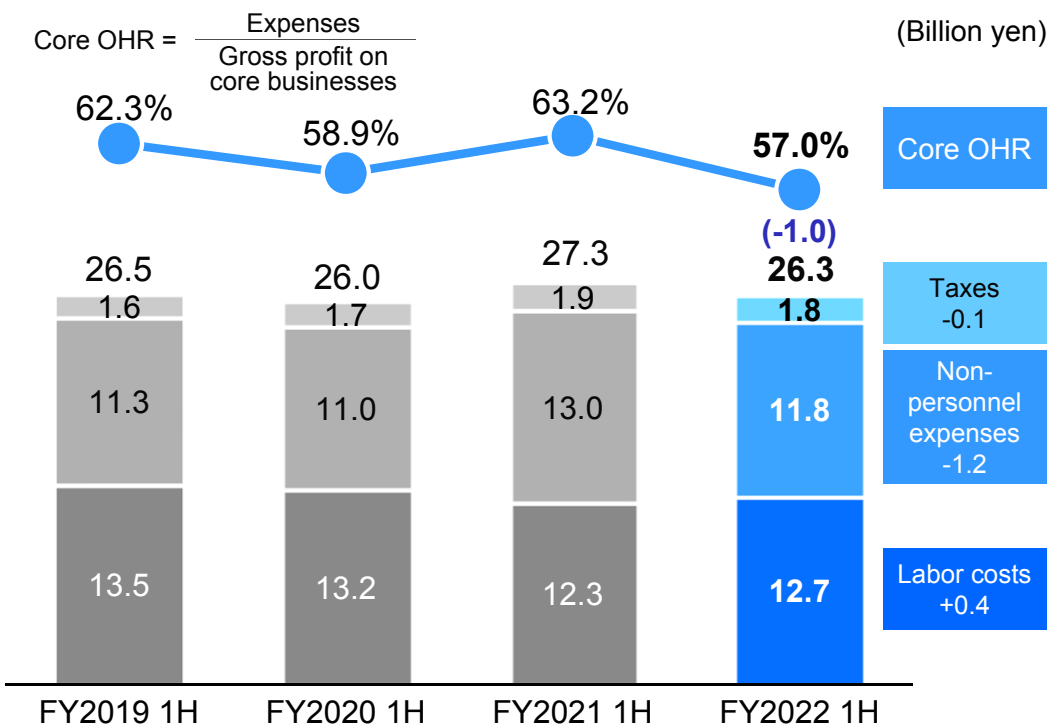
Net non-interest income = Income on service transactions and other fees (Billion yen)
 + income on specified transactions
 + other business income (excluding gain/loss related to treasuries and other bonds)



	FY2019 1H	FY2020 1H	FY2021 1H	FY2022 1H	YoY change
Corporate solutions	1.5	1.4	1.6	3.7	2.1
Asset management	3.0	2.4	2.8	2.4	- 0.4
Investment trust	0.2	0.2	0.3	0.3	0.0
Equity business	1.3	-	0.6	0.0	- 0.6
Total	5.8	3.8	5.0	6.1	1.1

Expenses, core OHR, interim net income

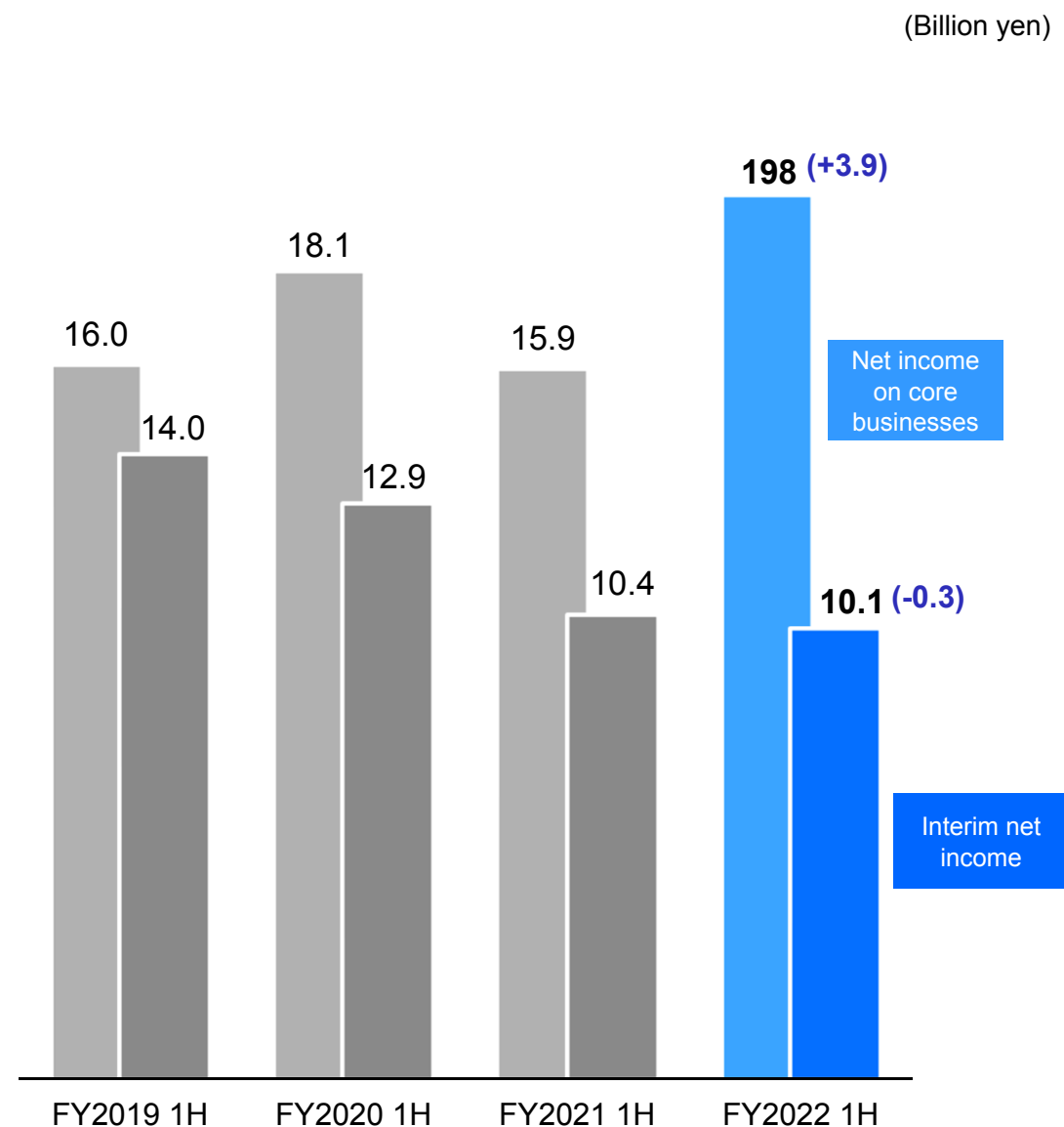
Expenses (excluding one-time disposal), core OHR



Reference: Main factors underlying changes in expenses (Billion yen)

	YoY change	Main factor
Labor costs	+0.4	• Retirement benefit expenses +0.5
Non-personnel expenses	-1.2	• Related to head office building -0.6 (supplies, etc.) • Deposit insurance -0.6
Taxes	-0.1	• Consumption tax -0.1 (reduction in consumption tax on head office building recorded last year)
Total expenses	-1.0	

Net income on core businesses/interim net income

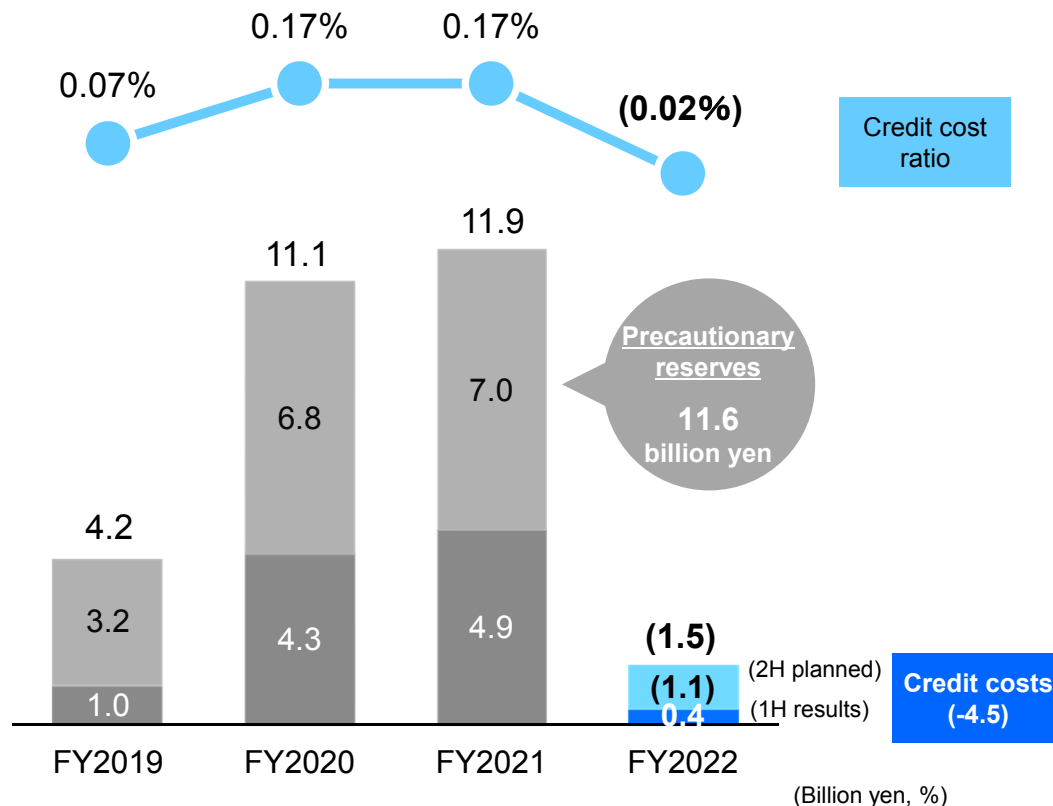


Credit costs, NPLs

Credit costs, credit cost ratio

$$\text{Credit cost ratio} = \frac{\text{Credit costs}}{\text{Outstanding loan balance}} \quad (\text{Billion yen})$$

(* Figures in parentheses for FY2022 are planned figures.)



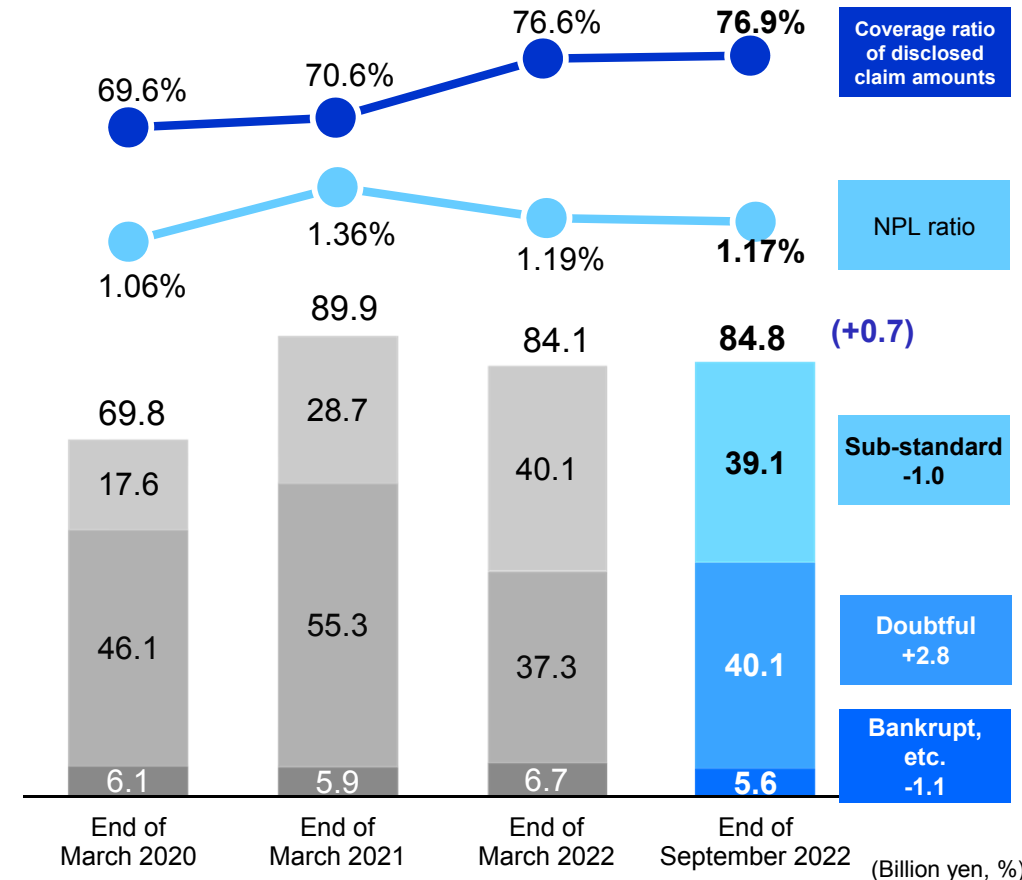
	FY2008	FY2009	FY2010	FY2011	...
Credit costs	23.2	14.6	11.9	9.1	...
Credit cost ratio	0.53	0.33	0.27	0.20	...

	FY2019	FY2020	FY2021	FY2022
Credit costs	4.2	11.1	11.9	[1.5]
Credit cost ratio	0.07	0.17	0.17	[0.02]

Figures for claims disclosed under the Act on Emergency Measures for the Revitalization of the Financial Functions, NPL ratio

$$\text{NPL ratio} = \frac{\text{Figures for claims disclosed under the Act on Emergency Measures for the Revitalization of the Financial Functions}}{\text{Total credit}} \quad (\text{Billion yen})$$

$$\text{Coverage ratio of disclosed claim amounts} = \frac{\text{Coverage amount (coverage by allowance for doubtful accounts, security, etc.)}}{\text{Figures for claims disclosed under the Act on Emergency Measures for the Revitalization of the Financial Functions}}$$



	End of March 2009	End of March 2010	End of March 2011	End of March 2012	...
Figures for claims disclosed under the Act on Emergency Measures for the Revitalization of the Financial Functions	128.4	111.9	115.8	105.2	...
NPL ratio	2.82	2.50	2.60	2.31	...

	End of March 2020	End of March 2021	End of March 2022	End of September 2022
Figures for claims disclosed under the Act on Emergency Measures for the Revitalization of the Financial Functions	69.8	89.9	84.1	84.8
NPL ratio	1.06	1.36	1.19	1.17

Note: Figures for claims disclosed under the Act on Emergency Measures for the Revitalization of the Financial Functions above are rounded to the nearest whole number.

This material contains statements about future business performance.

These statements do not guarantee future business performance and are subject to uncertainties.

Please note that actual future business performance may differ from our goals, depending on changes in the business environment and other factors.

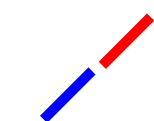
Management Planning Group, Hirogin Holdings, Inc.

Tel.: 082-245-5151

URL: <https://www.hirogin-hd.co.jp/>



To achieve the Sustainable Development Goals (SDGs) adopted by the United Nations, the Hirogin Group contributes solutions to community social and environmental challenges and sustainable growth by providing comprehensive community services characterized by high added value.



Reference Materials

Table of Contents

Part 1 Economic Data for Hiroshima Prefecture

1. Profile of Hiroshima Prefecture	4
2. Hiroshima Prefecture and Four Local Prefectures (Chugoku and Shikoku regions) Comparisons	5
3. Population and Labor Force in Hiroshima Prefecture	6
4. Trends of Land Prices in Hiroshima Prefecture	7
5. Production Activities in Hiroshima Prefecture	8
6. Overview of Hiroshima Prefecture's economy	9
7. Major Industry Trends -Transport Equipment-	10
8. Major Industry Trends -Iron and Steel/General Machinery-	11
9. Bankruptcies in Hiroshima Prefecture	12
10. Consumer Spending	13
11. Trends of Loans/Deposits in Hiroshima Prefecture	14
12. Comparison among Hiroshima City, Sapporo City, Sendai City, and Fukuoka City	15

Part 2 Data for Hirogin Holdings

1. Changes in Earnings Performance (HiroginHD Consolidated)	17
2. Consolidated Capital Adequacy Ratio	19
3. Hirogin Holdings Stock Information	20

Part 3 Data for Hiroshima Bank

1. Changes in Earnings Performance (nonconsolidated)	22
2. Investment and Fundraising	23
3. Loans (1)	24
4. Loans (2)	25
5. Deposits	26
6. Status of Loan-Deposit Interest Margin Rates	27
7. Securities (1)	28
8. Securities (2)	29
9. Business Operations	30
10. Self-assessment	31
11. Disclosed Claims under the Financial Revitalization Law and Credit Costs	32
12. Capital Adequacy Ratio	33
13. Risk Management	34

Part 1 Economic Data for Hiroshima Prefecture

1. Profile of Hiroshima Prefecture

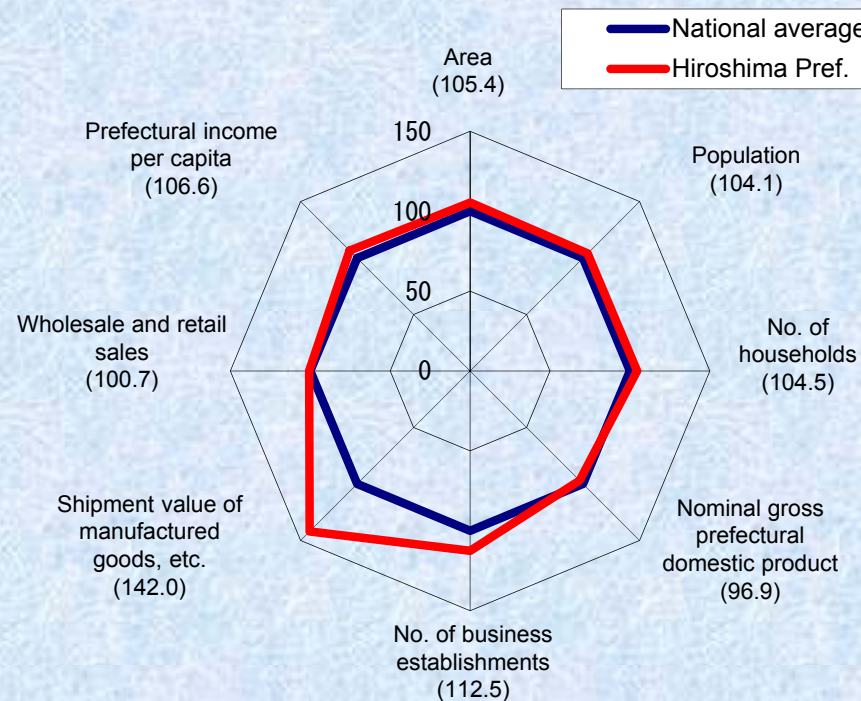
■ In terms of key indexes, Hiroshima Prefecture accounts for about 2.2% of Japan and falls around 11th place in the national ranking.

Hiroshima Prefecture's ranking and share of Japan

			Actual data	National ranking	Share of Japan	As of
Regionality	Area	km ²	8,479	11th/47	2.2	July. 2022
	Population	Thousand people	2,789	12th/47	2.2	January. 2021
	No. of households	Thousand households	1,328	11th/47	2.2	January. 2021
Economy	Nominal gross prefectural domestic product	Trillion yen	12.0	12th/47	2.1	FY2019
	No. of business establishments	Thousand establishments	114	11th/47	2.4	2021
	Shipment value of manufactured goods, etc.	Trillion yen	9.7	11th/47	3.0	2019
	Wholesale and retail sales	Trillion yen	12.5	11th/47	2.1	2021
	Prefectural income per capita	Thousand yen	3,153	13th/47	—	FY2019
Finance	Deposits outstanding	Trillion yen	15.0	12th/47	1.6	March. 2022
	Loans outstanding	Trillion yen	10.8	10th/47	2.0	March. 2022

Source: Ministry of Internal Affairs and Communications, Ministry of Economy, Cabinet Office, Bank of Japan

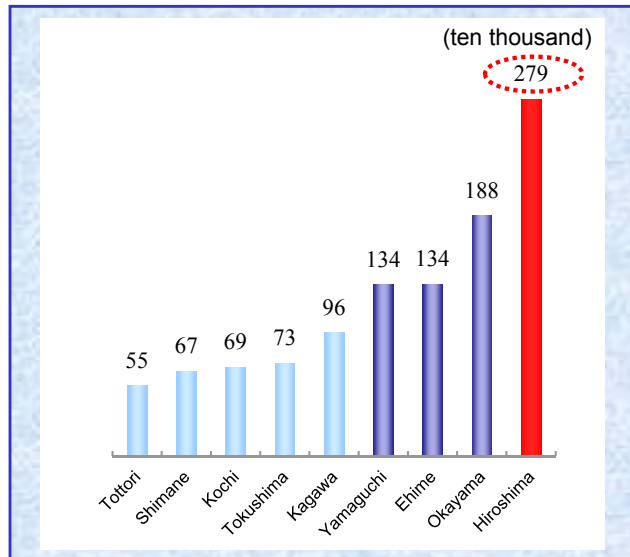
[Comparison between Hiroshima Prefecture and national average]



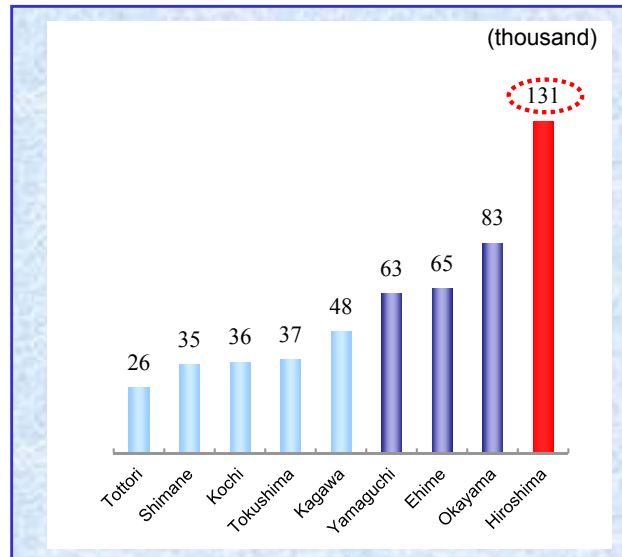
Note: Each index of Hiroshima Prefecture is calculated based on a national average=100.

2. Hiroshima Prefecture and Four Local Prefectures(Chugoku and Shikoku regions) Comparisons

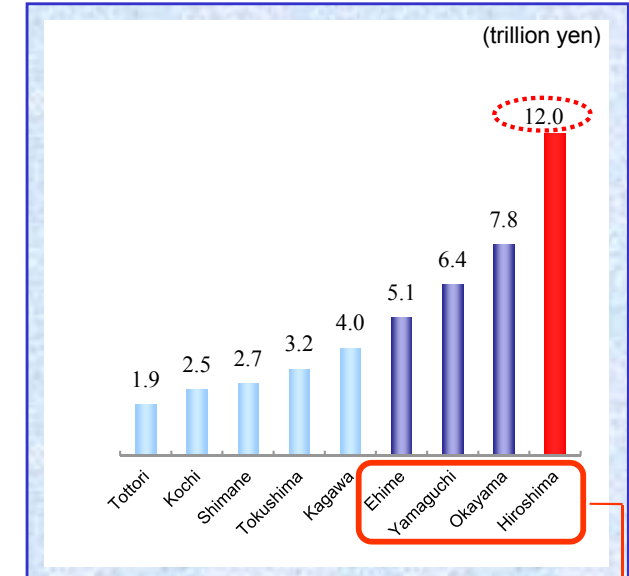
Population in the Chugoku and Shikoku regions by prefecture



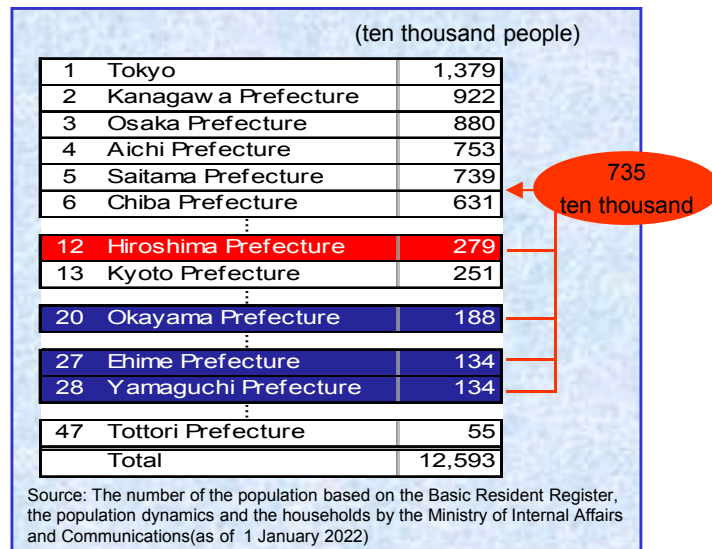
Number of business establishments in the Chugoku and Shikoku regions by prefecture



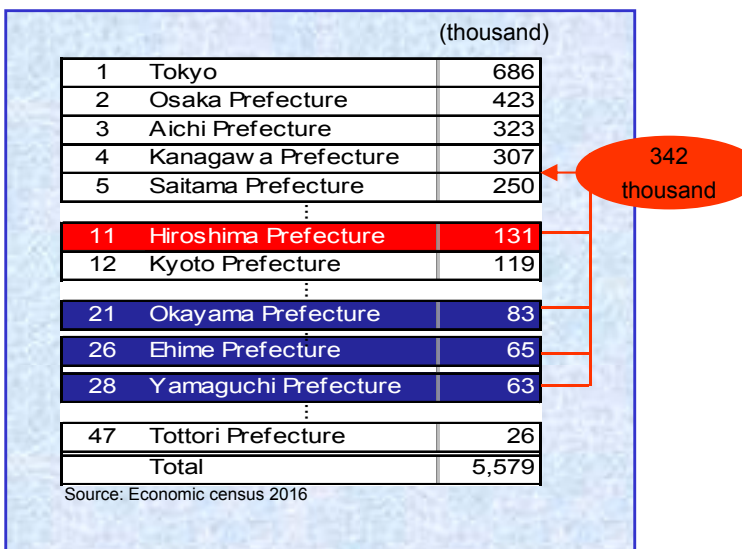
Prefectural GDP (nominal)



Population ranking by prefecture



Number of business establishments ranking by prefecture

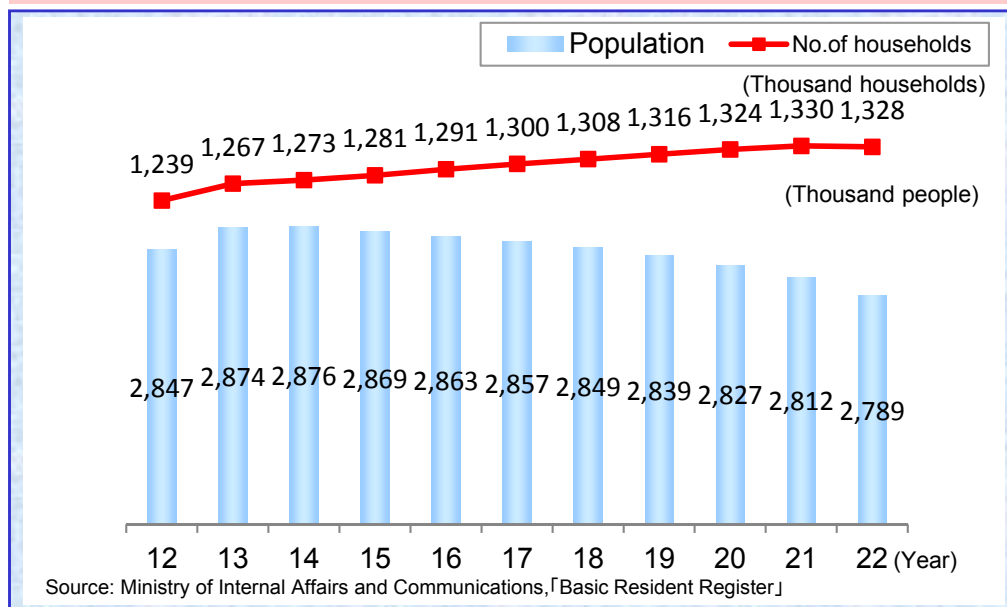


Country/region	GDP(nominal)
Singapore	41.0trillion yen
Hong Kong SAR	39.6trillion yen
Vietnam	35.8trillion yen
Egypt	34.7trillion yen
Four local prefectures	31.3trillion yen
Finland	29.3trillion yen
Portugal	26.2trillion yen
Hungary	17.9trillion yen
Morocco	14.1trillion yen
Hiroshima Prefecture	12.0trillion yen
Slovak Republic	11.5trillion yen
Sri Lanka	9.7trillion yen
Myanmar	7.5trillion yen

Note: Nominal gross prefectural domestic product figures are from FY2019; GDP (nominal) figures are from 2019.
Source: IMF, Cabinet Office, Bank of Japan

3. Population and Labor Force in Hiroshima Prefecture

Changes in population and number of households in Hiroshima Prefecture

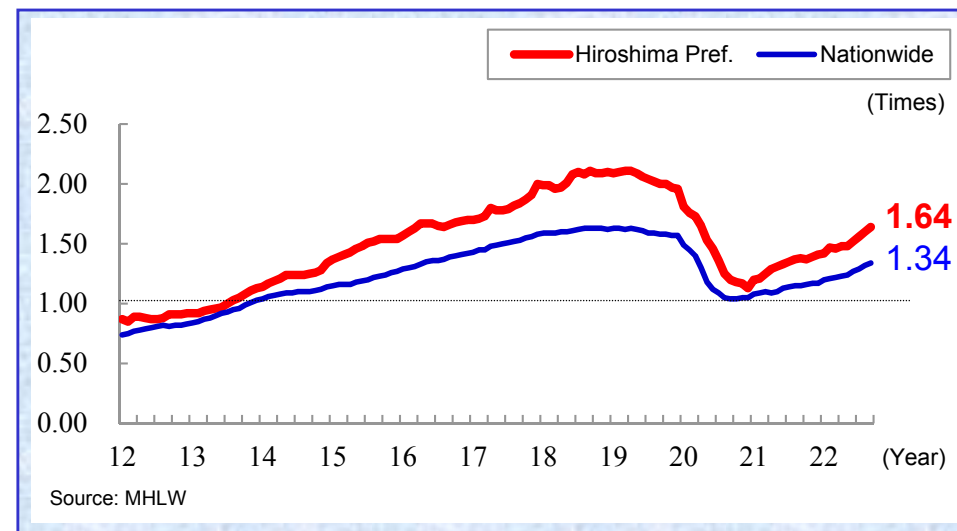


Estimates for future population

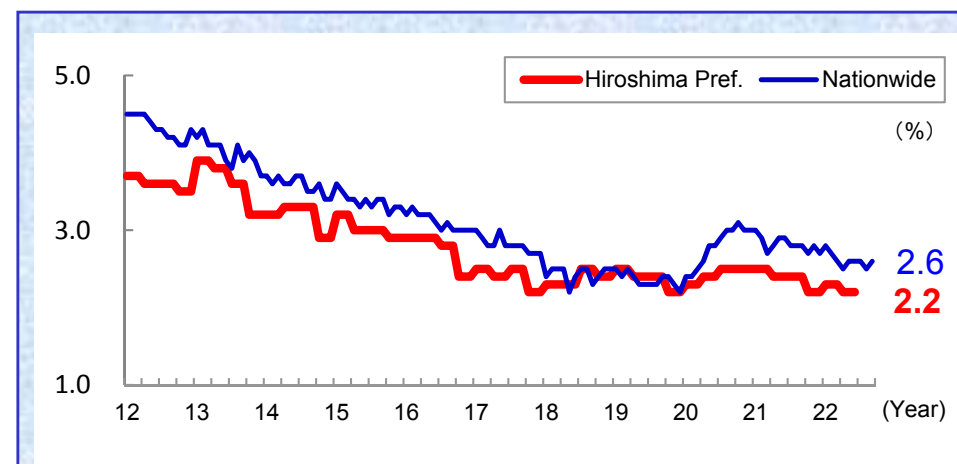
Population (Thousand people)	2015	2020	Rate of increase/ decrease	2030	Rate of increase/ decrease
Hiroshima Pref.	2,869	2,827	-1.5	2,689	-6.3
Okayama Pref.	1,940	1,904	-1.9	1,797	-7.4
Yamaguchi Pref.	1,432	1,370	-4.3	1,230	-14.1
Shimane Pref.	706	679	-3.8	615	-12.8
Tottori Pref.	583	561	-3.8	516	-11.4
Ehime Pref.	1,426	1,369	-4.0	1,212	-15.0
Kagawa Pref.	1,006	982	-2.4	889	-11.7
Tokushima Pref.	777	743	-4.4	651	-16.2
Kochi Pref.	747	709	-5.1	614	-17.7

Source: Ministry of Internal Affairs and Communications,「Basic Resident Register」,
National Institute of Population and Social Security Research,「March 2018 Estimates」

Changes in job-offers-to-seekers ratio

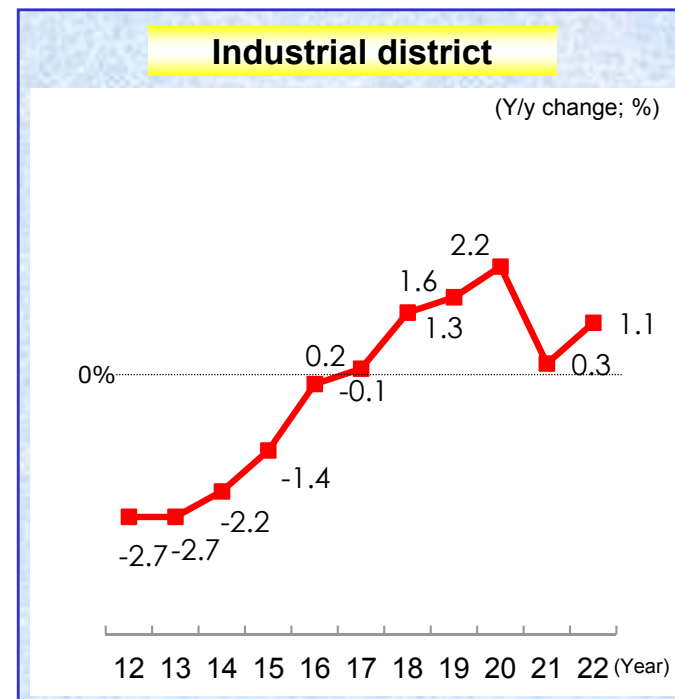
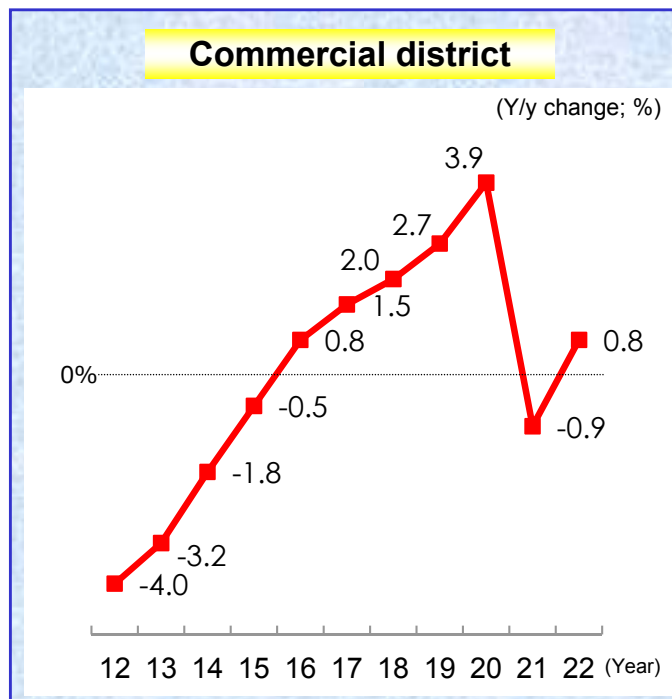
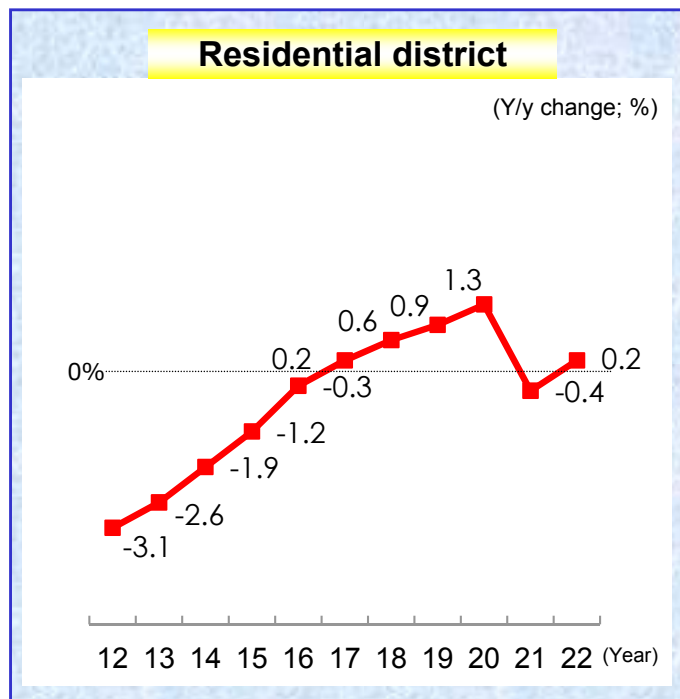


Changes in unemployment rate



4. Trends of Land Prices in Hiroshima Prefecture

Changes in official land price by use



Land price fluctuation rate in major cities of Hiroshima Prefecture

Major cities	Residential district			Commercial district			Industrial district		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Hiroshima City	3.1	0.4	1.4	7.7	-0.4	2.6	2.9	1.0	1.9
Kure City	-0.3	-1.4	-1.4	0.4	-0.9	-1.0	0.5	-1.2	-1.4
Fukuyama City	0.4	-1.0	-0.2	3.0	-1.4	0.8	2.4	-0.3	0.9
Higashihiroshima City	0.9	-0.3	0.3	2.0	0.3	1.2	5.2	3.1	3.2

Highest land price in 4 local prefectures

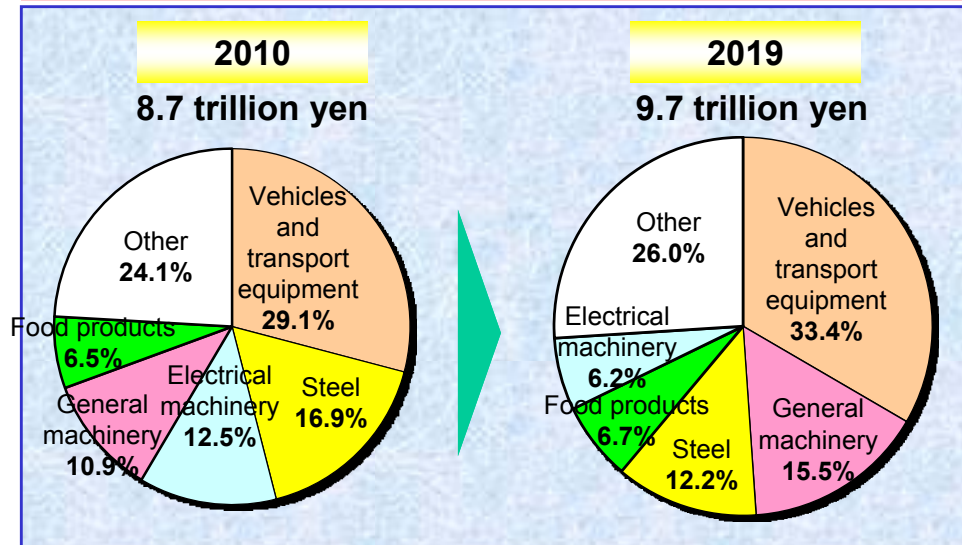
(Unit: Thousand yen/m²)

Hiroshima Prefecture	Residential district	442
	Commercial district	3,550
Okayama Prefecture	Residential district	200
	Commercial district	1,570
Yamaguchi Prefecture	Residential district	88
	Commercial district	186
Ehime Prefecture	Residential district	231
	Commercial district	821

Source: Ministry of Land, Infrastructure, Transport and Tourism, 「Land General Information System」

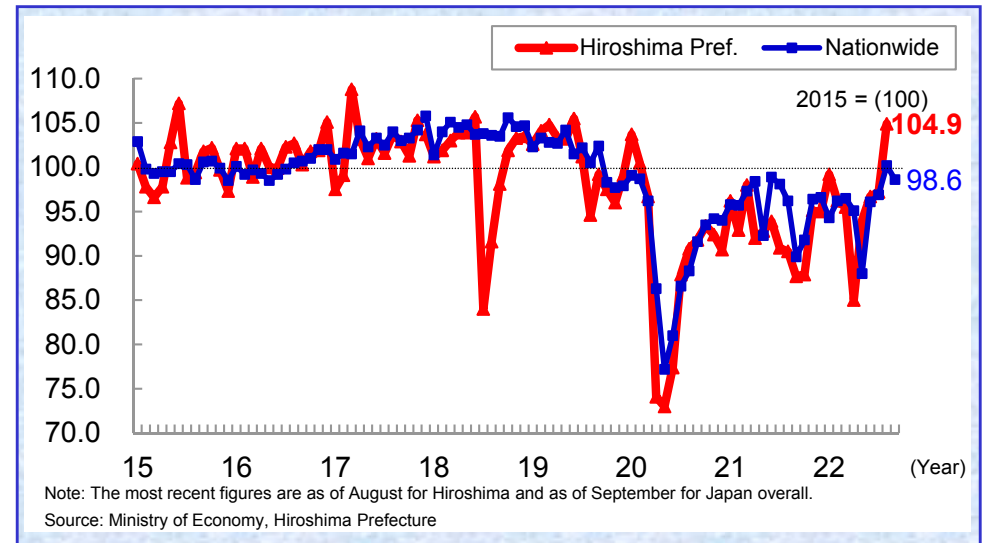
5. Production Activities in Hiroshima Prefecture

**Trends of shipment value of manufactured goods, etc.
(Hiroshima Prefecture)**



Source: Ministry of Economy

**Industrial Production Index
(Hiroshima Prefecture)**

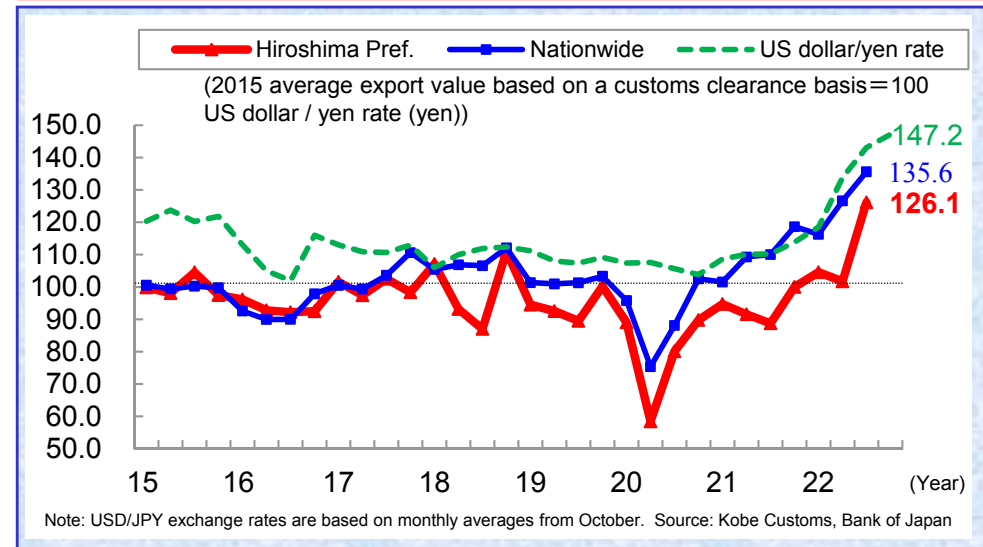


**Major export destination countries and regions
(Hiroshima Prefecture)**

(JPY Bn)				
	2010	2021	Increase/ decrease	Rate of increase/decrease
Total	1,989.2	2,229.1	239.9	12.1
Asia	926.7	837.6	-89.1	-9.6
China	348.4	219.9	-128.5	-36.9
Korea	180.4	141.8	-38.6	-21.4
Thailand	108.9	135.7	26.8	24.6
Taiwan	64.5	80.9	16.4	25.5
Singapore	46.2	56.3	10.1	21.9
North America	324.7	533.8	209.1	64.4
The United States	269.9	478.7	208.8	77.3
Western Europe	179.7	199.9	20.2	11.3
Germany	38.2	47.5	9.3	24.4
England	43.8	43.2	-0.6	-1.5

Source: Kobe Customs

**Trend of export value on a customs clearance basis
(nationwide and Hiroshima Prefecture) and trend of US dollar/ yen rate**



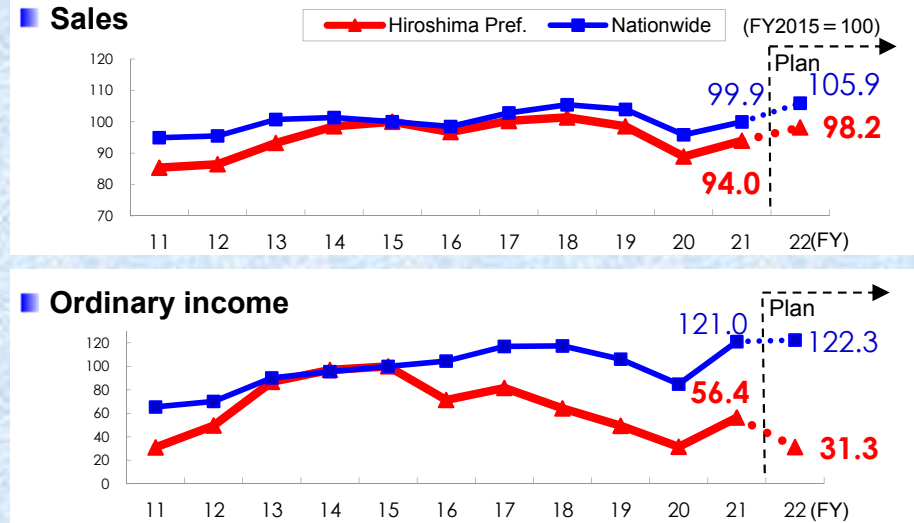
6. Overview of Hiroshima Prefecture's economy

Latest business confidence

		Movements by item	
		November 2021	November 2022
Hiroshima	Overview	The trend toward recovery appears to have plateaued.	Slowly recovering
	Private consumption	Continued weakness	Recovering
	Business investment	Slowly recovering	Slowly recovering
	Production	Downward pressure has intensified, particularly in the automotive sector. The trend toward recovery appears to have plateaued.	Recovering as supply constraints ease
	Exports	Downward pressure has intensified, particularly in the automotive sector. The trend toward recovery continues to slow.	Recovering as supply constraints ease

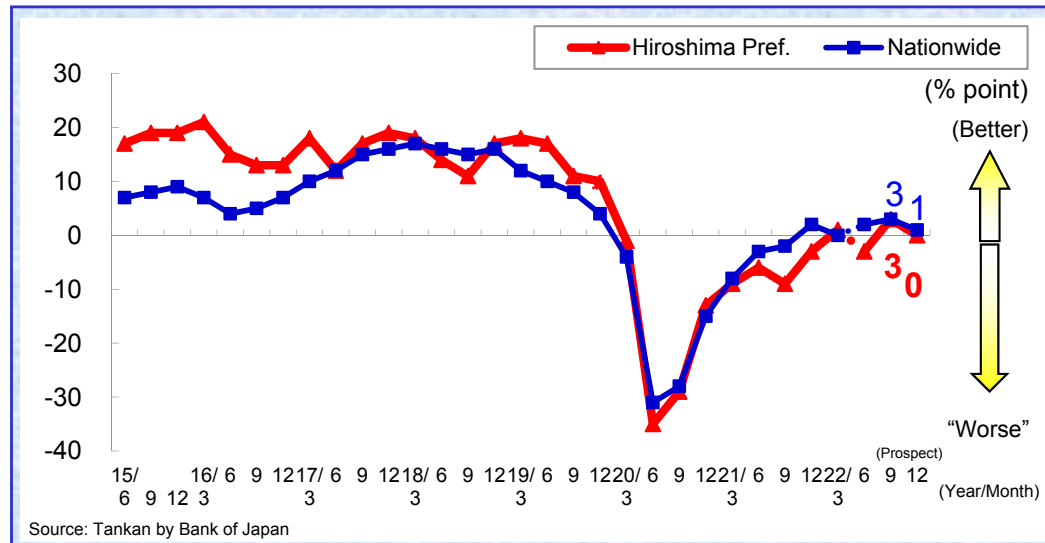
Source: Monthly report of recent economy and financial developments by Bank of Japan

Sales and ordinary income



Source: Tankan by Bank of Japan

Diffusion Index (D.I.) (all industries in Hiroshima Prefecture)



Amounts of capital investment

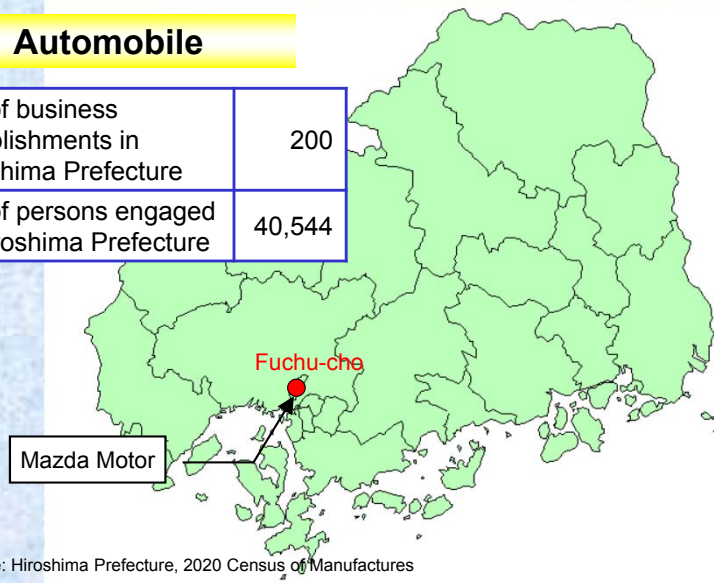
	(YoY change,%)		
	FY2020 results	FY2021 results	FY2022 plans
All industries	-7.9	8.0	12.7
Manufacturing	-27.6	47.0	13.6
Major companies	-21.9	42.6	4.0
Mid-sized companies	-33.7	66.8	39.3
SMEs	-49.9	42.2	28.2
Non-manufacturing	4.6	-9.8	12.0
Major companies	6.1	-10.0	11.2
Mid-sized companies	8.3	-8.3	8.0
SMEs	-43.5	-7.2	69.1

Source: Tankan by Bank of Japan

7. Major Industry Trends -Transportation Equipment-

Automobile

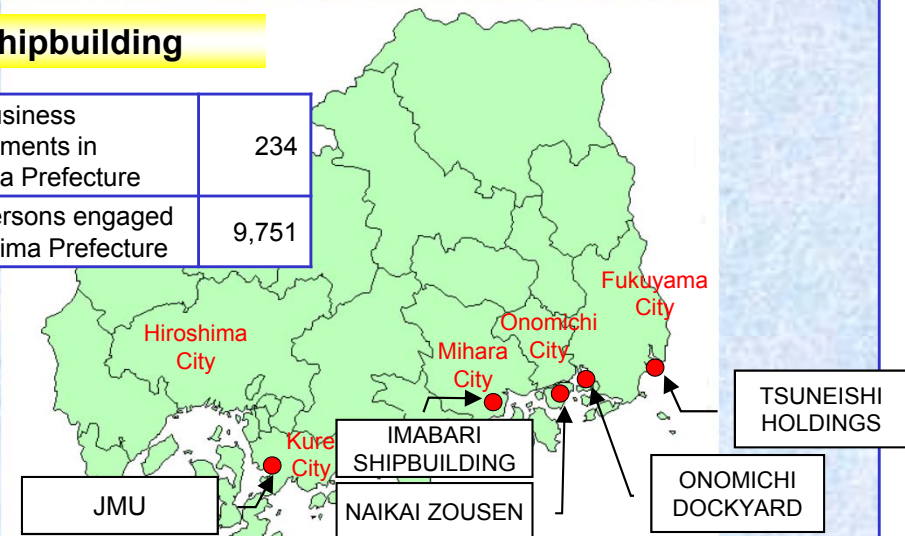
No. of business establishments in Hiroshima Prefecture	200
No. of persons engaged in Hiroshima Prefecture	40,544



Source: Hiroshima Prefecture, 2020 Census of Manufactures

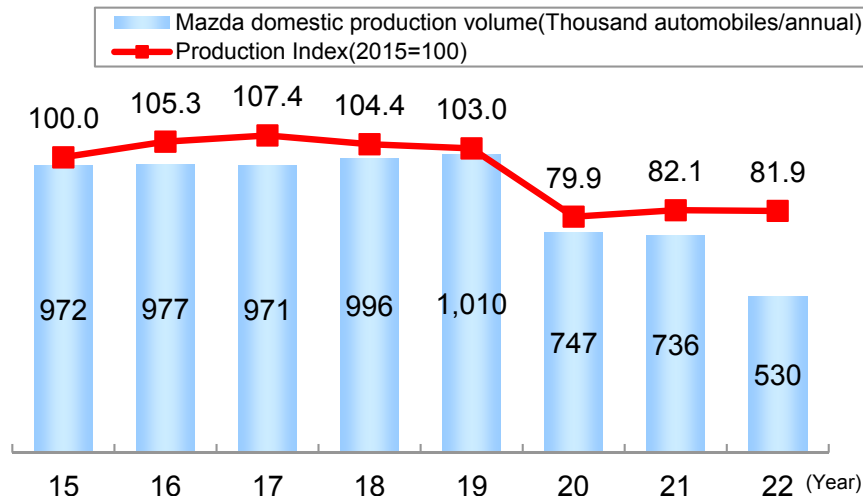
Shipbuilding

No. of business establishments in Hiroshima Prefecture	234
No. of persons engaged in Hiroshima Prefecture	9,751



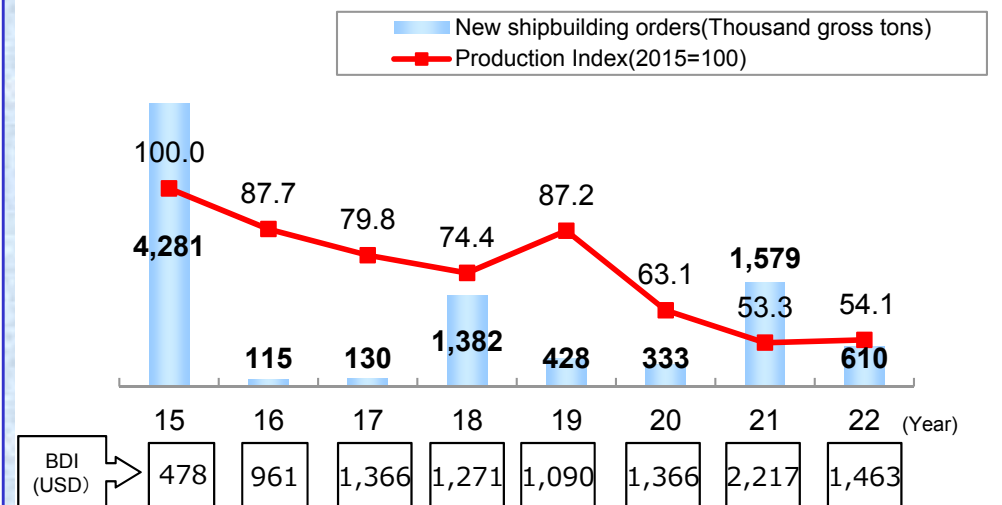
Source: Hiroshima Prefecture, 2020 Census of Manufactures

Production index in the automobile sector (Hiroshima Prefecture) and Mazda's annual production volume



Note: Figures for 2022 Mazda domestic production volume are from January-September; production index is based on January-August figures. Sources: Hiroshima Prefecture, Mazda Motor Corporation

Industrial Production Index of the shipbuilding sector and new shipbuilding orders (Hiroshima Prefecture)

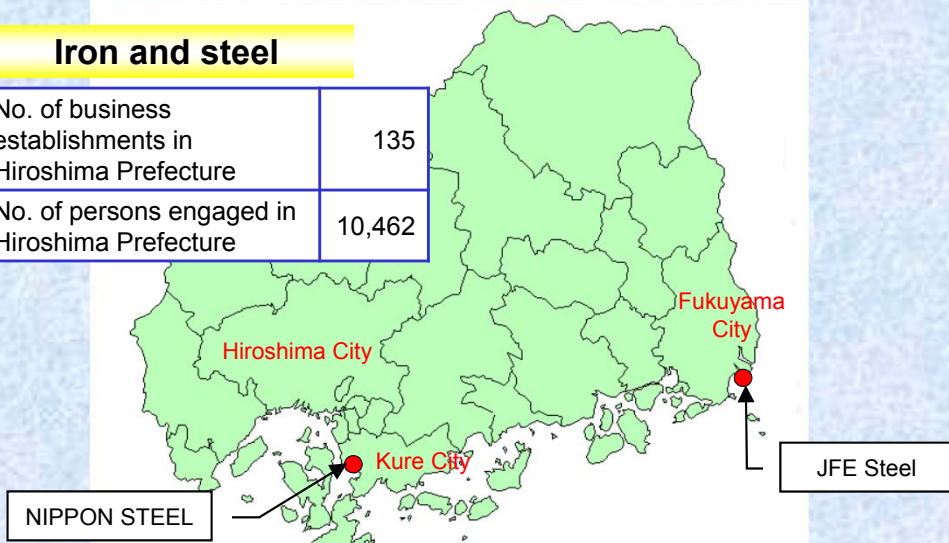


Note: The 2022 figures are from January-July for new shipbuilding orders and from January-August for the production index. The BDI shown is as of end of October. Sources: Hiroshima Prefecture, Chugoku District Transport Bureau and Bloomberg L.P.

8. Major Industry Trends -Iron and Steel/General Machinery-

Iron and steel

No. of business establishments in Hiroshima Prefecture	135
No. of persons engaged in Hiroshima Prefecture	10,462



Note: Nippon Steel Setouchi Works Kure Area halted blast furnace operations in September 2021; all facilities will be closed in September 2023. Source: Hiroshima Prefecture, Economic census 2020

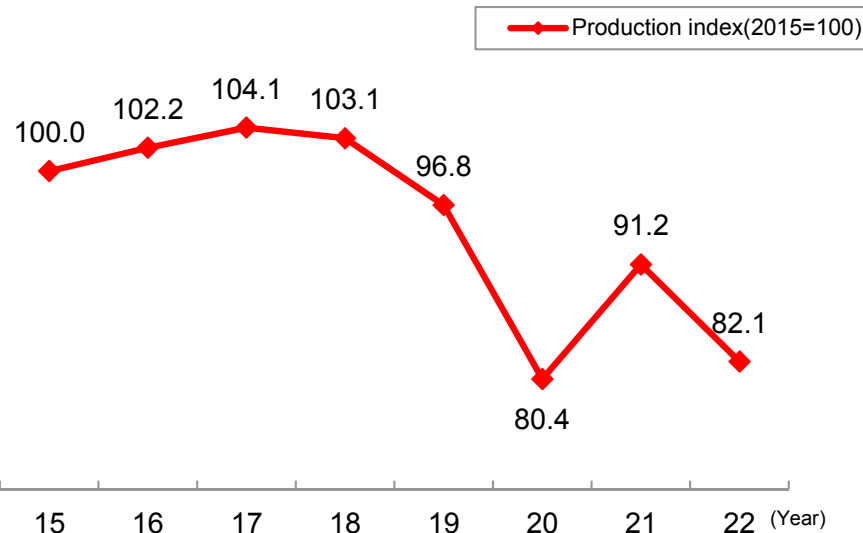
General machinery

Number of business establishments in Hiroshima Prefecture	817
No. of persons engaged in Hiroshima Prefecture	36,539

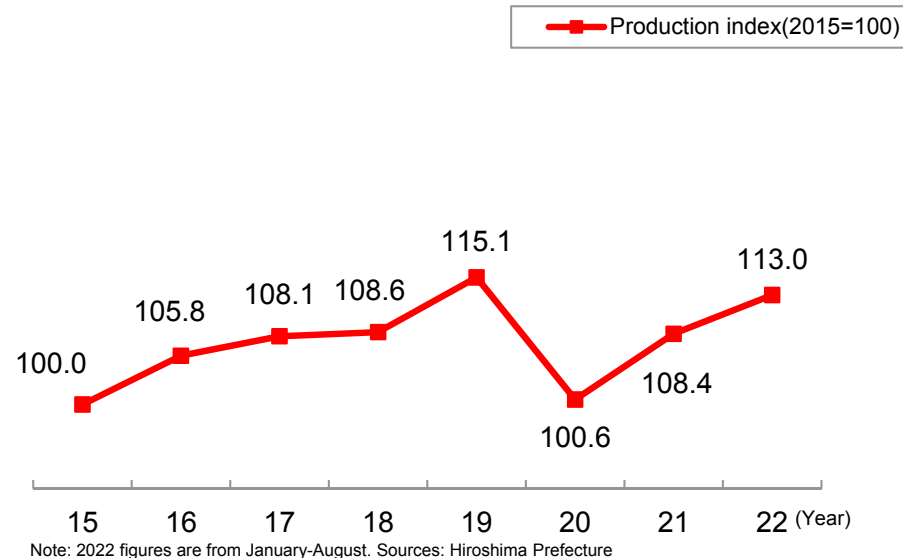


Source: Hiroshima Prefecture, Economic census 2020

Industrial Production Index of the iron and steel sector (Hiroshima Prefecture)

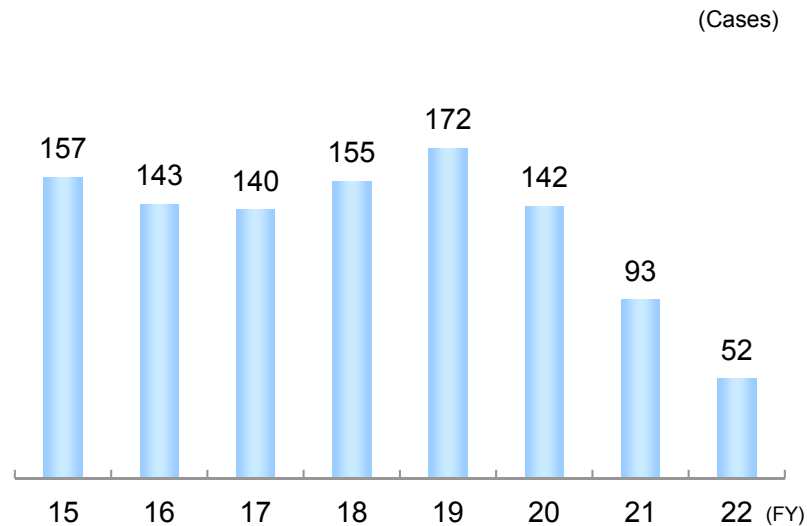


Industrial Production Index of the general machinery sector (Hiroshima Prefecture)



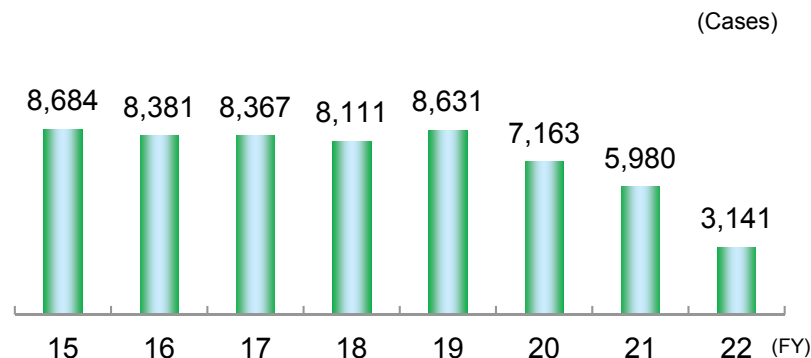
9. Bankruptcies in Hiroshima Prefecture

Number of bankruptcies in Hiroshima Prefecture



Note: FY2022 figures are from April-September. Source: Tokyo Shoko Research

<Reference> Changes in number of bankruptcies nationwide



Note: FY2022 figures are from April-September. Source: Tokyo Shoko Research

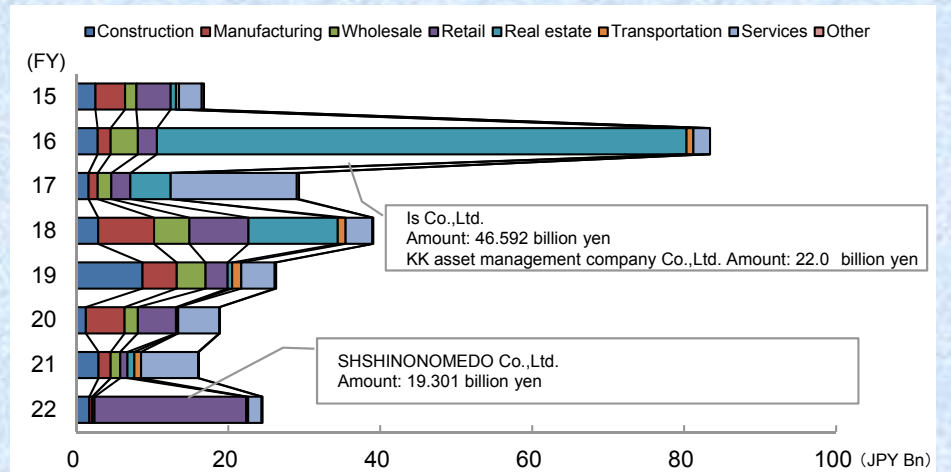
Bankruptcies in Hiroshima Prefecture by industry sector

Number of Bankruptcies



Note: FY2022 figures are from April-September. Source: Tokyo Shoko Research

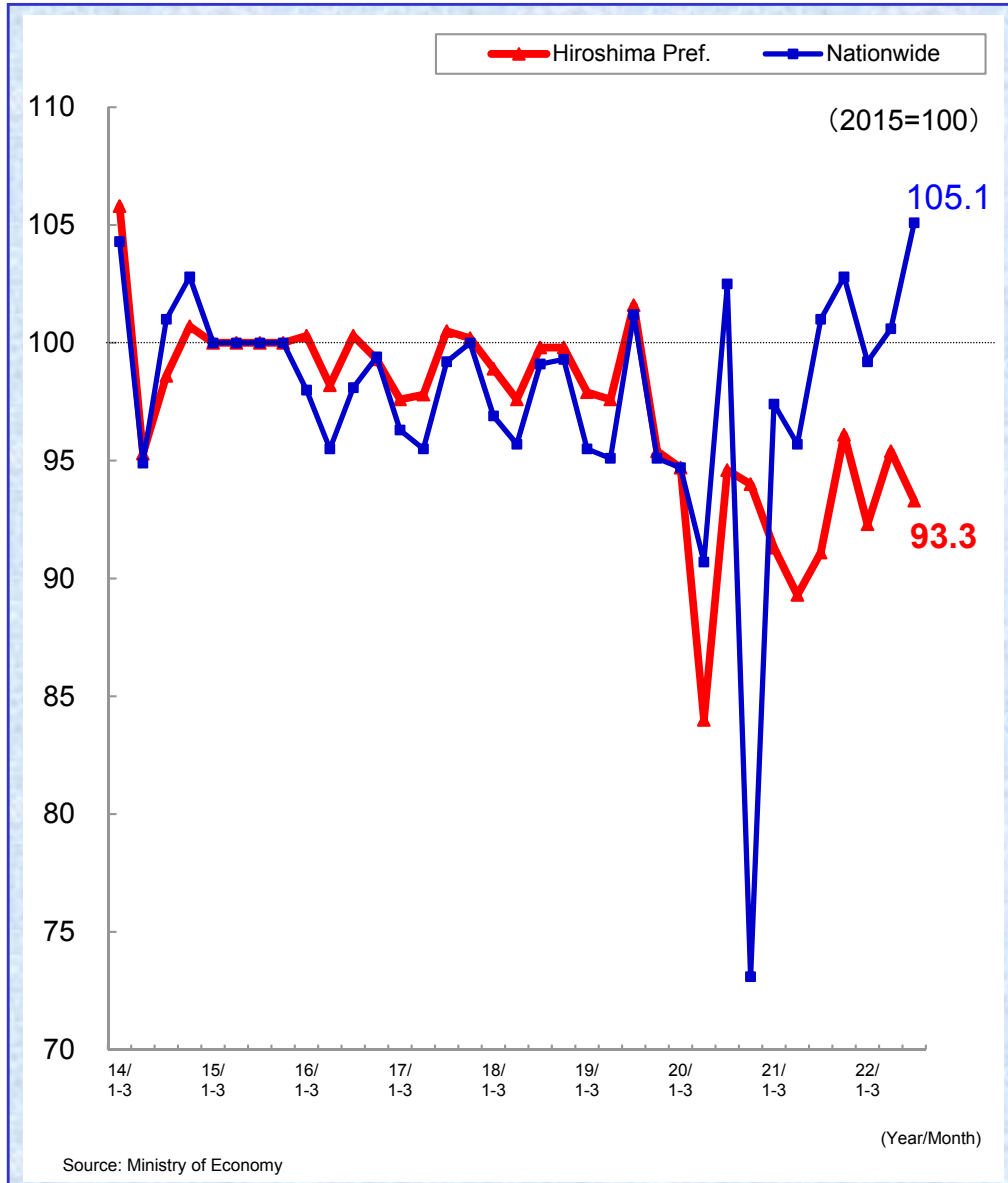
Total liabilities



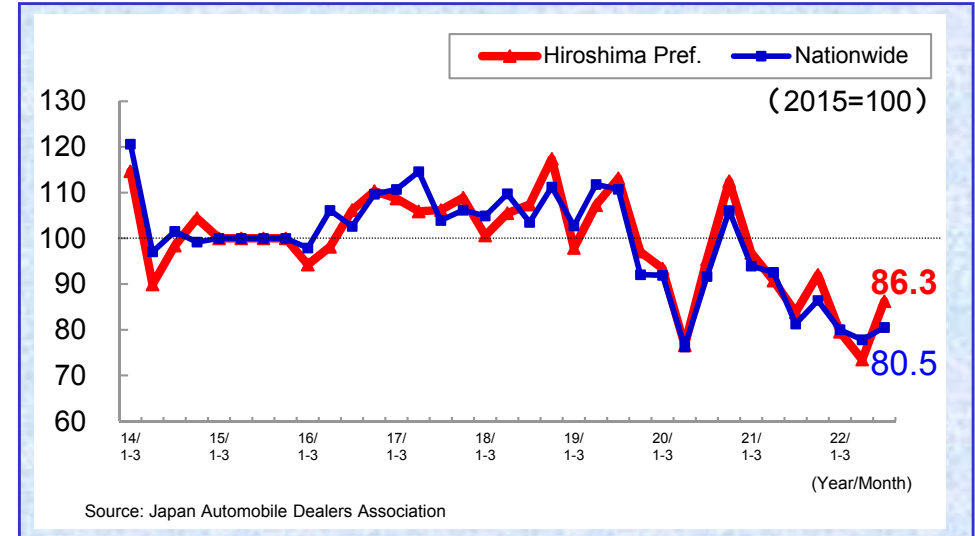
Note: FY2022 figures are from April-September. Source: Tokyo Shoko Research

10. Consumer Spending

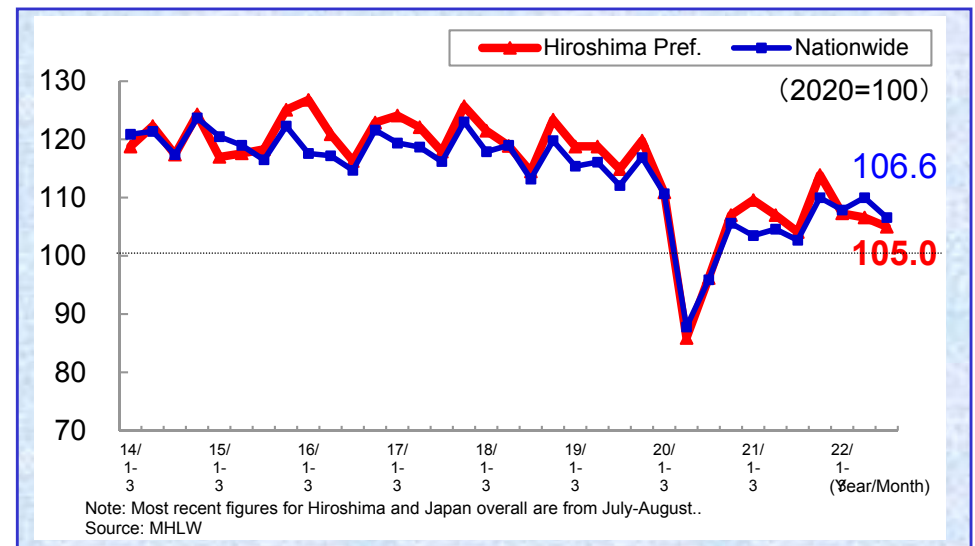
Changes in sales at large-scale retail stores
(department stores and supermarkets)



Changes in new car registration

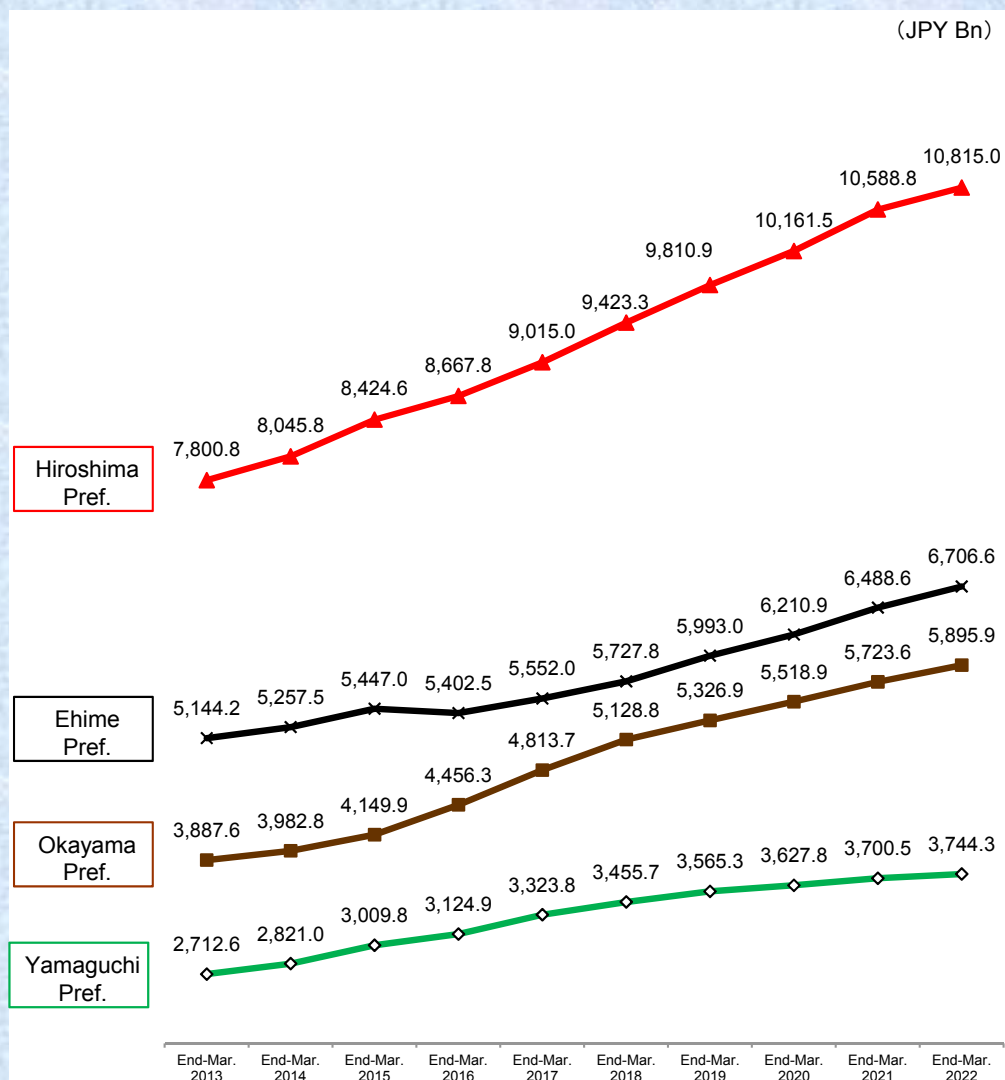


Changes in overtime working hours

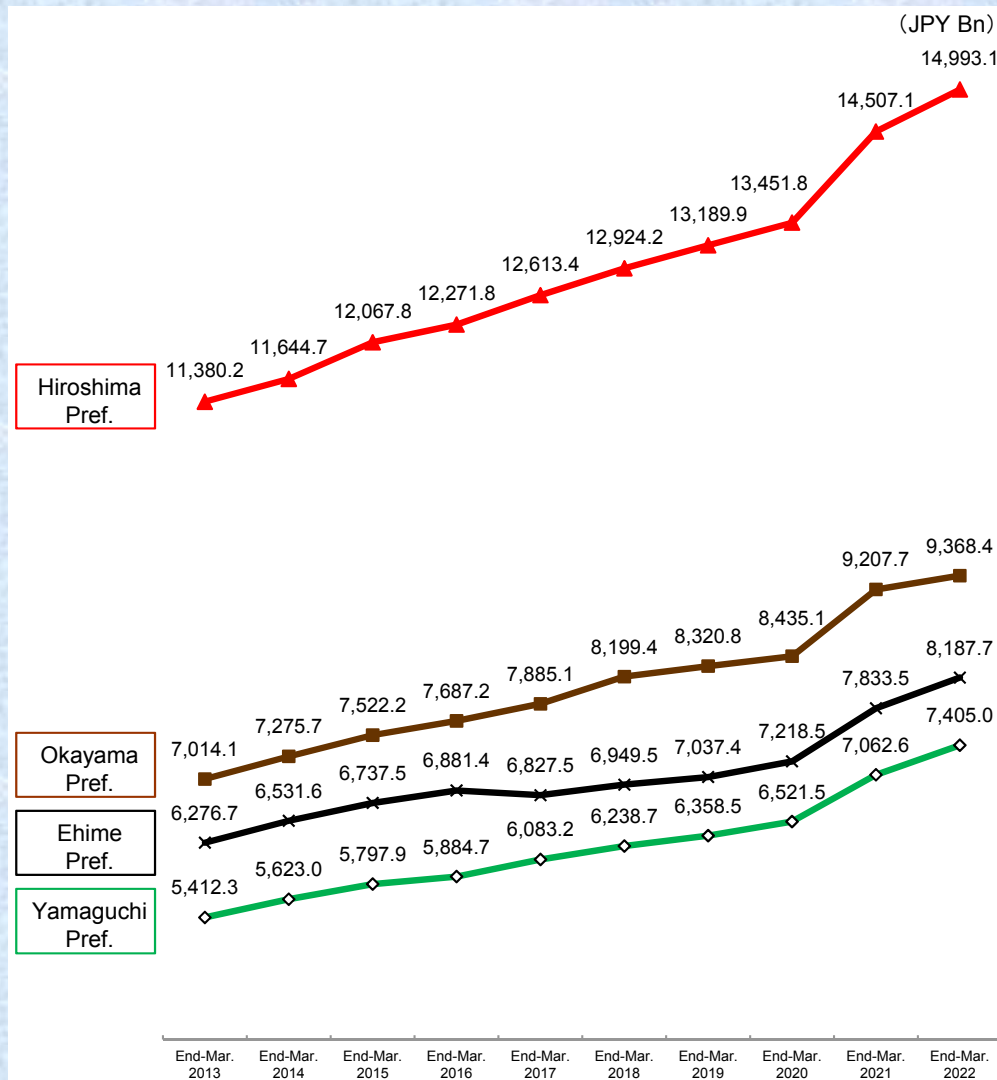


11. Trends of Loans/Deposits in Hiroshima Prefecture

Changes in loans outstanding



Changes in deposits outstanding



Source: The Bank of Japan, "Prefectural Deposits, Cash and Loans"

12. Comparison among Hiroshima City, Sapporo City, Sendai City, and Fukuoka City

Key indexes of each city

			Hiroshima City	Sapporo City	Sendai City	Fukuoka City	As of
Regional	Area	km ²	907	1,121	786	343	July. 2022
	Population	Thousand people	1,189	1,961	1,065	1,568	January. 2022
	No. of households	Thousand households	575	1,087	529	825	January. 2022
Economy	Nominal gross regional domestic product	Billion yen	5,593.2	7,610.0	5,327.3	7,849.8	FY2019
	No. of business establishments	Establishments	5,204.1	7,187.0	4,707.7	7,322.3	2021
	Shipment value of manufactured goods, etc.	Billion yen	3,100.8	589.6	994.4	582.3	2019
	Retail sales	Billion yen	1,463.3	2,289.9	1,491.4	2,139.9	2016
	Wholesale sales	Billion yen	6,380.8	7,666.2	7,632.7	11,603.3	2016
	City income per capita	Thousand yen	3,398	2,928	3,163	3,341	FY2019

Note: Figures for nominal gross regional domestic product and income per capita for Hiroshima City and Fukuoka City are for FY2018.

Source: Ministry of Internal Affairs and Communications, Ministry of Economy, Cabinet Office

Part 2 Data for Hirogin Holdings

1. Changes in Earnings Performance (Hirogin Holdings Consolidated)

1. Status of consolidated financial results

(JPY Bn)

	1H of FY2020	FY2020	1H of FY2021	FY2021	1H of FY2022	Compared to 1H of FY2021	Compared to 1H of FY2020
Consolidated gross profit	46.1	95.2	47.7	92.0	48.5	0.8	2.4
Net interest income	33.1	66.8	33.8	69.5	34.7	0.9	1.6
Net fees and commissions income	8.8	19.5	10.5	21.1	9.9	-0.6	1.1
Income from specific transactions and other businesses	4.1	8.8	3.4	1.3	3.8	0.4	-0.3
Operating expenses (-)	28.2	57.8	29.6	58.0	29.2	-0.4	1.0
Credit costs (-)	4.3	11.2	5.0	12.4	0.5	-4.5	-3.8
Gains/losses related to equities, etc.	1.4	4.5	3.4	5.0	-4.1	-7.5	-5.5
Gains/losses from equity method investments	0.0	0.1	-	-	-	-	0.0
Other	0.3	0.1	0.2	0.4	0.1	-0.1	-0.2
Ordinary profit	15.5	31.0	16.7	27.0	14.7	-2.0	-0.8
Extraordinary gains/losses	0.0	-0.1	-0.6	5.8	-0.1	0.5	-0.1
Total income tax, etc. (-)	4.8	9.3	4.8	9.9	4.4	-0.4	-0.4
Net income attributable to owners of the parent	10.6	21.5	11.1	22.9	10.0	-1.1	-0.6

1. Changes in Earnings Performance (Hirogin Holdings Consolidated)

2. Total profits from consulting business for corporate and individual customers and net income for Group companies

(JPY Bn)

	1H of FY2020	FY2020	1H of FY2021	FY2021	1H of FY2022	Compared to 1H of FY2021	Compared to 1H of FY2020
Corporate solutions	1.4	4.1	1.6	5.0	3.7	2.1	2.3
Asset management	2.4	5.5	2.8	5.4	2.4	-0.4	0.0
Equity business	-	-	0.6	0.9	-	-0.6	-
Net income for Group companies	1.0	2.4	1.9	3.5	1.3	-0.6	0.3
Hirogin Securities (included above)	0.3	0.9	0.7	1.2	0.2	-0.5	-0.1
Shimanami Servicer (included above)	0.0	0.2	0.3	0.2	0.1	-0.2	0.1
Hirogin Lease (included above)	0.1	0.1	0.3	0.7	0.3	0.0	0.2
Total	4.8	12.0	6.9	14.8	7.4	0.5	2.6

3. Group total credit

(JPY Bn)

	September 30, 2020	March 31, 2021	September 30, 2021	March 31, 2022	September 30, 2022	Compared to September 30, 2021	Compared to September 30, 2020
Group total credit	6,667.6	6,631.0	6,917.4	7,060.6	7,246.5	329.1	578.9
Lending (consolidated)	6,594.4	6,480.8	6,766.3	6,901.8	7,085.4	319.1	491.0
Lease claims ^{*1}	-	71.8	69.8	75.1	76.0	6.2	76.0
PE investments, etc. ^{*2}	28.9	30.8	33.1	32.8	35.0	1.9	6.1
Private placement bonds	44.1	47.4	48.0	50.7	49.8	1.8	5.7

*1 : Represents the lease claims of Hirogin Lease.

*2 : "PE investments, etc." includes private REIT investments.

2. Consolidated Capital Adequacy Ratio

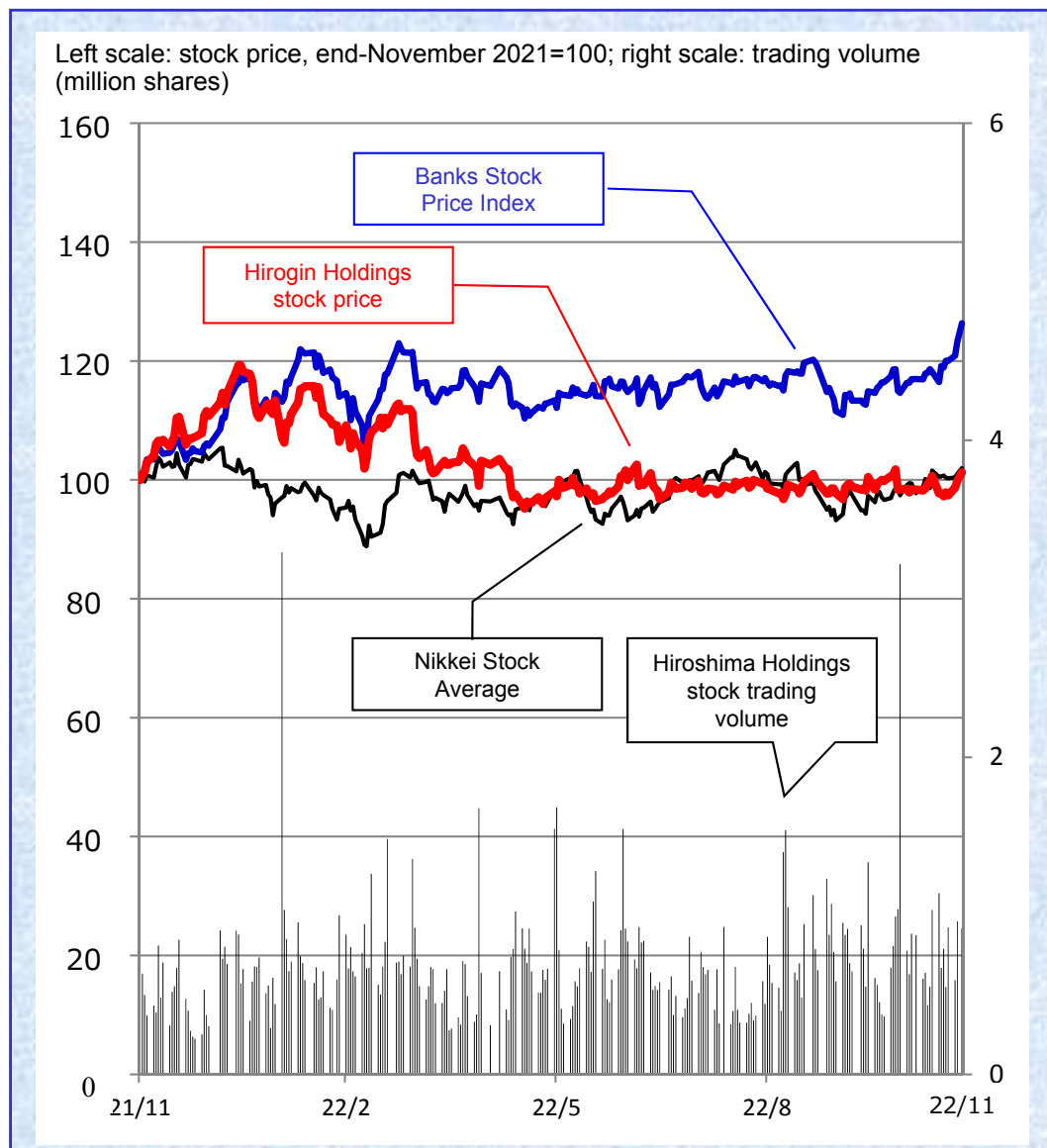
(JPY Bn)

		March 31, 2021	September 30, 2021	March 31, 2022	September 30, 2022	Compared to March 31, 2022	Compared to September 30, 2021
Amount of basic items related to core capital	①	480.5	487.7	467.0	472.9	5.9	-14.8
Of which, amount of shareholders' equity related to common stock or mandatory convertible preferred stock		441.3	449.3	457.4	462.1	4.7	12.8
Of which, amount included in the amount of basic items related to core capital, of the amount of eligible former capital raising instruments		15.0	15.0	-	-	-	-15.0
Amount of adjustment items related to core capital	②	72.2	74.5	47.2	48.3	1.1	-26.2
Amount of owned equity ① - ②	③	408.2	413.2	419.8	424.5	4.7	11.3
Total amount of risk-weighted assets, etc.	④	3,850.4	3,882.7	4,046.7	4,006.8	-39.9	124.1
Consolidated capital adequacy ratio ③ / ④		10.60%	10.64%	10.37%	10.59%	0.22%	-0.05%

※ We (consolidated and nonconsolidated) apply domestic standards; specifically, we have adopted the Fundamental Internal Ratings Based Approach to calculate credit risk assets and the Standardized Approach to calculate operational risk equivalent amounts.

3. Hirogin Holdings Stock Information

Trends in Hirogin Holdings stock price, Nikkei Stock Average, Banks Stock Price Index, and Hirogin Holdings stock trading volume



Composition of shareholders

	(%)				
	20/9	21/3	21/9	22/3	22/9
Financial institutions	41.8	40.1	40.1	39.6	37.9
Financial instruments business operators (brokerage houses)	1.9	1.8	1.7	1.9	2.2
General corporations	29.5	29.3	29.3	29.0	28.5
Foreigners	12.6	13.0	11.9	11.6	12.3
Individuals	14.2	15.8	17.0	17.9	19.1
Treasury stock	0.0	0.0	0.0	0.0	0.0

Major shareholders (September 30, 2022)

Shareholder's name	No. of shares held (hundred shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	371,274	11.88
Custody Bank of Japan, Ltd. (trust account)	189,771	6.07
Meiji Yasuda Life Insurance Company	95,047	3.04
Sompo Japan Insurance Inc.	75,000	2.40
CP Chemical Incorporated	74,638	2.38
Sumitomo Life Insurance Company	60,380	1.93
Employee stock ownership (Hirogin Holdings)	58,010	1.85
The Bank of Fukuoka, Ltd.	55,004	1.76
Nippon Life Insurance Company	48,339	1.54
The Chugoku Electric Power Co., Inc.	40,440	1.29

Part 3 Data for Hiroshima Bank

1. Changes in Earnings Performance (nonconsolidated)

1. Total (JPY Bn)								
	1H of FY2020	FY2020	1H of FY2021	FY2021	1H of FY2022	Compared to 1H of FY2021	Compared to 1H of FY2020	
Net interest income	36.6	70.2	35.0	70.7	35.9	0.9	-0.7	
Net fees and commissions income	6.3	13.9	7.2	14.5	6.9	-0.3	0.6	
Specific transaction profit	0.3	0.8	0.3	0.6	0.8	0.5	0.5	
Other banking profit (excluding gains/losses on bonds)	0.7	1.5	0.6	1.9	2.4	1.8	1.7	
Core gross banking profit	44.1	86.5	43.3	87.9	46.2	2.9	2.1	
- Expenses	26.0	53.3	27.3	53.2	26.3	-1.0	0.3	
Core banking profit	18.1	33.1	15.9	34.7	19.8	3.9	1.7	
Gains/losses on bonds	1.6	3.2	-0.6	-7.2	-1.9	-1.3	-3.5	
Actual net banking profit	19.7	36.3	15.2	27.4	17.9	2.7	-1.8	
- General provision for doubtful debt	1.3	1.2	0.2	6.0	-0.8	-1.0	-2.1	
- Non-performing loans written off	2.9	9.8	4.6	5.9	1.3	-3.3	-1.6	
Gains/losses on stocks	1.4	4.5	3.3	5.0	-4.1	-7.4	-5.5	
Ordinary profit	17.6	31.0	14.9	22.8	14.0	-0.9	-3.6	
Extraordinary income/loss	0.0	0.0	-0.6	5.9	-0.1	0.5	-0.1	
Income before income taxes	17.6	31.0	14.3	28.8	13.8	-0.5	-3.8	
Corporate taxes	4.6	8.6	3.8	8.1	3.7	-0.1	-0.9	
Net income	12.9	22.3	10.4	20.6	10.1	-0.3	-2.8	
Adjusted overhead ratio	58.9%	61.6%	63.2%	60.5%	57.0%	-6.2%	-1.9%	

2. Domestic operations (JPY Bn)								
	1H of FY2020	FY2020	1H of FY2021	FY2021	1H of FY2022	Compared to 1H of FY2021	Compared to 1H of FY2020	
Net Interest income	32.2	61.2	30.8	60.9	30.4	-0.4	-1.8	
Net fees and commissions income	6.2	13.7	7.2	14.4	6.9	-0.3	0.7	
Specific transaction profit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other banking profit (excluding gains/losses on bonds)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Core gross banking profit	38.5	75.0	38.1	75.4	37.3	-0.8	-1.2	

2. Investment and Fundraising

1. Total

(JPY Bn)

	1H of FY2020		FY2020		1H of FY2021		FY2021		1H of FY2022		Compared to FY2021		Compared to 1H of FY2021		
	Average balance	Yield	Average balance	Yield	Average balance	Yield	Average balance	Yield	Average balance	Yield	Average balance	Yield	Average balance	YoY	Yield
Interest-earning assets	7,983.4	0.97%	8,035.8	0.93%	8,459.6	0.86%	8,537.1	0.87%	8,913.6	0.94%	376.5	0.07%	454.0	5.4%	0.08%
Loans and bills discounted	6,631.5	0.88%	6,599.9	0.88%	6,760.5	0.84%	6,825.8	0.83%	7,077.3	0.88%	251.5	0.05%	316.8	4.7%	0.04%
Trading securities	1,192.9	1.46%	1,262.7	1.09%	1,528.6	0.90%	1,597.3	0.82%	1,760.4	1.05%	163.1	0.23%	231.8	15.2%	0.15%
Call loans	102.5	0.00%	118.1	0.00%	115.4	0.01%	60.1	0.04%	23.6	0.33%	-36.5	0.29%	-91.8	-79.5%	0.32%
Due from banks*	8.2	4.59%	8.4	5.73%	8.6	9.40%	9.0	22.72%	10.8	22.78%	1.8	0.06%	2.2	25.6%	13.38%
Interest-bearing liabilities	9,368.3	0.04%	9,619.2	0.04%	10,643.0	0.03%	10,791.7	0.03%	10,877.1	0.11%	85.4	0.08%	234.1	2.2%	0.08%
Deposits	7,795.2	0.01%	7,920.6	0.01%	8,407.3	0.01%	8,436.6	0.00%	8,670.2	0.01%	233.6	0.01%	262.9	3.1%	0.00%
Negotiable CDs	361.3	0.01%	373.8	0.01%	433.4	0.00%	424.9	0.00%	424.9	0.00%	0.0	0.00%	-8.5	-2.0%	0.00%
Call money	58.9	-0.03%	29.5	-0.03%	7.7	-0.01%	65.2	-0.01%	67.9	-0.02%	2.7	-0.01%	60.2	781.8%	-0.01%
Borrowed money	662.8	0.10%	766.3	0.07%	1,070.0	0.04%	1,114.7	0.03%	963.1	0.02%	-151.6	-0.01%	-106.9	-10.0%	-0.02%

2. Domestic operations

(JPY Bn)

	1H of FY2020		FY2020		1H of FY2021		FY2021		1H of FY2022		Compared to FY2021		Compared to 1H of FY2021		
	Average balance	Yield	Average balance	Yield	Average balance	Yield	Average balance	Yield	Average balance	Yield	Average balance	Yield	Average balance	YoY	Yield
Interest-earning assets	7,609.3	0.87%	7,644.4	0.83%	8,013.7	0.79%	8,101.9	0.77%	8,387.8	0.73%	285.9	-0.04%	374.1	4.7%	-0.06%
Loans and bills discounted	6,059.7	0.84%	6,025.2	0.85%	6,162.1	0.81%	6,230.7	0.79%	6,407.8	0.75%	177.1	-0.04%	245.7	4.0%	-0.06%
Trading securities	972.5	1.49%	1,009.7	1.06%	1,192.9	0.99%	1,266.6	0.77%	1,346.3	0.77%	79.7	0.00%	153.4	12.9%	-0.22%
Call loans	96.2	-0.03%	114.2	-0.02%	112.3	-0.01%	56.3	-0.01%	19.5	0.00%	-36.8	0.01%	-92.8	-82.6%	0.01%
Due from banks*	8.2	4.59%	8.4	5.73%	8.6	9.40%	9.0	22.72%	10.8	22.78%	1.8	0.06%	2.2	25.6%	13.38%
Interest-bearing liabilities	8,998.2	0.02%	9,232.0	0.02%	10,198.9	0.01%	10,358.4	0.02%	10,359.9	0.01%	1.5	-0.01%	161.0	1.6%	0.00%
Deposits	7,648.6	0.01%	7,770.6	0.01%	8,254.8	0.00%	8,279.4	0.00%	8,489.1	0.00%	209.7	0.00%	234.3	2.8%	0.00%
Negotiable CDs	361.3	0.01%	373.8	0.01%	433.4	0.00%	424.9	0.00%	424.9	0.00%	0.0	0.00%	-8.5	-2.0%	0.00%
Call money	58.9	-0.03%	29.5	-0.03%	7.7	-0.01%	65.2	-0.01%	67.9	-0.02%	2.7	-0.01%	60.2	781.8%	-0.01%
Borrowed money	635.0	0.07%	749.2	0.06%	1,064.4	0.04%	1,109.4	0.03%	958.3	0.02%	-151.1	-0.01%	-106.1	-10.0%	-0.02%

*Bank of Japan checking account interest rates are included in the yield calculation.

3. Loans (1)

1. Loans outstanding by region

(JPY Bn)

Outstanding balance	September 30, 2020		March 31, 2021		September 30, 2021		March 31, 2022		September 30, 2022		Compared to March 31, 2022		Compared to September 30, 2021	
	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total
Loans	6,590.3	100.0%	6,540.8	100.0%	6,824.0	100.0%	6,965.5	100.0%	7,144.7	100.0%	179.2	-	320.7	4.7%
Hiroshima	4,136.7	62.8%	4,191.8	64.1%	4,206.5	61.6%	4,225.1	60.7%	4,266.5	59.7%	41.4	-0.9%	60.0	1.4%
Okayama	357.6	5.4%	355.1	5.4%	347.6	5.1%	347.5	5.0%	350.7	4.9%	3.2	-0.1%	3.1	0.9%
Ehime	514.0	7.8%	523.8	8.0%	516.1	7.6%	546.1	7.8%	600.3	8.4%	54.2	0.6%	84.2	16.3%
Yamaguchi	219.4	3.3%	221.2	3.4%	216.6	3.2%	218.4	3.1%	230.6	3.2%	12.2	0.1%	14.0	6.5%
Other	1,362.6	20.7%	1,248.9	19.1%	1,537.2	22.5%	1,628.4	23.4%	1,696.6	23.7%	68.2	0.4%	159.4	10.4%

2. Loans outstanding by business category

(JPY Bn)

Outstanding balance	September 30, 2020		March 31, 2021		September 30, 2021		March 31, 2022		September 30, 2022		Compared to March 31, 2022		Compared to September 30, 2021	
	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total
Loans	6,590.3	100.0%	6,540.8	100.0%	6,824.0	100.0%	6,965.5	100.0%	7,144.7	100.0%	179.2	-	320.7	4.7%
Business	3,875.3	58.8%	3,870.0	59.2%	3,818.8	56.0%	3,913.7	56.2%	4,037.4	56.5%	123.7	0.3%	218.6	5.7%
Leading medium-sized and large enterprises	1,172.9	17.8%	1,113.8	17.0%	1,131.4	16.6%	1,151.2	16.5%	1,206.8	16.9%	55.6	0.4%	75.4	6.7%
Small and medium-sized enterprises	2,702.4	41.0%	2,756.2	42.1%	2,687.4	39.4%	2,762.5	39.7%	2,830.6	39.6%	68.1	0.0%	143.2	5.3%
Local governments	1,081.5	16.4%	1,011.4	15.5%	1,329.6	19.5%	1,355.9	19.5%	1,395.8	19.5%	39.9	0.1%	66.2	5.0%
Of which loans to the Ministry of Finance	432.3	6.6%	360.8	5.5%	665.7	9.8%	704.1	10.1%	735.2	10.3%	31.1	0.2%	69.5	10.4%
Personal loans	1,633.5	24.8%	1,659.4	25.4%	1,675.6	24.6%	1,695.9	24.3%	1,711.5	24.0%	15.6	-0.4%	35.9	-0.6%

3. Business loans by interest rate

(JPY Bn)

Outstanding balance	September 30, 2020		March 31, 2021		September 30, 2021		March 31, 2022		September 30, 2022		Compared to March 31, 2022		Compared to September 30, 2021	
	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total
Yen-based business loans	3,507.4	100.0%	3,451.5	100.0%	3,417.3	100.0%	3,461.4	100.0%	3,490.0	100.0%	28.6	-	72.7	2.1%
Fixed interest rates	1,003.0	28.6%	997.4	28.9%	1,031.1	30.2%	1,032.3	29.8%	1,047.9	30.0%	15.6	0.2%	16.8	-0.1%
Variable interest rates	2,504.4	71.4%	2,454.1	71.1%	2,386.2	69.8%	2,429.1	70.2%	2,442.1	70.0%	13.0	-0.2%	55.9	2.3%
Market rates	1,271.7	36.3%	1,286.4	37.3%	1,262.8	37.0%	1,306.8	37.8%	1,329.1	38.1%	22.3	0.3%	66.3	5.3%
Short-term prime rates	1,232.7	35.1%	1,167.7	33.8%	1,123.4	32.9%	1,122.3	32.4%	1,113.0	31.9%	-9.3	-0.5%	-10.4	-0.9%
Of which negotiation-based rates	403.0	11.5%	379.5	11.0%	372.1	10.9%	382.1	11.0%	390.0	11.2%	7.9	0.1%	17.9	4.8%
Of which market-linked rates	829.6	23.7%	788.2	22.8%	751.4	22.0%	740.2	21.4%	723.0	20.7%	-17.2	-0.7%	-28.4	-3.8%

4. Breakdown of personal loans

(JPY Bn)

Outstanding balance	September 30, 2020		March 31, 2021		September 30, 2021		March 31, 2022		September 30, 2022		Compared to March 31, 2022		Compared to September 30, 2021	
	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total
Personal loans	1,633.5	100.0%	1,659.4	100.0%	1,675.6	100.0%	1,695.9	100.0%	1,711.5	100.0%	15.6	-	35.9	2.1%
Of which housing loans	1,042.9	63.8%	1,068.0	64.4%	1,084.7	64.7%	1,104.9	65.2%	1,116.0	65.2%	11.1	0.1%	31.3	2.9%
Of which apartment loans	468.7	28.7%	470.6	28.4%	469.6	28.0%	470.4	27.7%	470.9	27.5%	0.5	-0.2%	1.3	-0.5%
Of which consumer loans	114.1	7.0%	114.7	6.9%	113.1	6.7%	112.3	6.6%	115.4	6.7%	3.1	0.1%	2.3	2.0%
Of which loans by purpose	77.5	4.7%	78.8	4.7%	77.8	4.6%	78.0	4.6%	81.4	4.8%	3.4	0.2%	3.6	4.6%
Of which card loans	36.6	2.2%	35.9	2.2%	35.3	2.1%	34.3	2.0%	34.0	2.0%	-0.3	0.0%	-1.3	-3.7%

4. Loans (2)

5. Loans outstanding by industry sector

(JPY Bn)

Outstanding balance	September 30, 2020		March 31, 2021		September 30, 2021		March 31, 2022		September 30, 2022		Compared to March 31, 2022		Compared to September 30, 2021	
	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	YoY % of total
Loans	6,590.3	100.0%	6,540.8	100.0%	6,824.0	100.0%	6,965.5	100.0%	7,144.7	100.0%	179.2	-	320.7	4.7%
Manufacturing	769.5	11.7%	740.6	11.3%	722.2	10.6%	708.5	10.2%	714.3	10.0%	5.8	-0.2%	-7.9	-1.1%
Construction	174.5	2.6%	174.8	2.7%	163.0	2.4%	169.8	2.4%	174.8	2.4%	5.0	0.0%	11.8	7.2%
Transportation and mailing	346.8	5.3%	347.9	5.3%	379.1	5.6%	392.7	5.6%	421.6	5.9%	28.9	0.3%	42.5	11.2%
Wholesale and retail	558.2	8.5%	549.5	8.4%	544.9	8.0%	537.7	7.7%	548.8	7.7%	11.1	0.0%	3.9	0.7%
Finance and insurance	252.2	3.8%	234.9	3.6%	229.8	3.4%	255.0	3.7%	247.5	3.5%	-7.5	-0.2%	17.7	7.7%
Real estate	861.9	13.1%	849.5	13.0%	842.0	12.3%	864.9	12.4%	882.2	12.3%	17.3	-0.1%	40.2	4.8%
Leasing	223.7	3.4%	292.2	4.5%	295.0	4.3%	301.0	4.3%	308.8	4.3%	7.8	0.0%	13.8	4.7%
Services	333.4	5.1%	336.0	5.1%	329.2	4.8%	332.7	4.8%	334.1	4.7%	1.4	-0.1%	4.9	1.5%
Other	3,070.1	46.6%	3,015.4	46.1%	3,318.8	48.6%	3,403.2	48.9%	3,512.6	49.2%	109.4	0.3%	193.8	5.8%

<Reference>

Automobile-related (domestic)	187.4	2.8%	182.7	2.8%	183.3	2.7%	189.1	2.7%	202.7	2.8%	13.6	0.1%	19.4	10.6%
Shipbuilding and marine transportation	716.7	10.9%	717.9	11.0%	710.2	10.4%	743.1	10.7%	819.6	11.5%	76.5	0.8%	109.4	15.4%

6. Moneylending shares in Hiroshima Prefecture

(%)

Shares in Hiroshima Prefecture	September 30, 2020		March 31, 2021		September 30, 2021		March 31, 2022		September 30, 2022		Compared to March 31, 2022		Compared to September 30, 2021	
Hiroshima Bank	34.5%		34.3%		34.1%		34.0%		33.1%		-0.9%		-1.0%	
Other regional banks	19.6%		19.9%		20.1%		20.6%		21.1%		0.5%		1.0%	
Second regional banks	19.8%		19.2%		19.1%		19.0%		18.7%		-0.3%		-0.4%	
Mega banks	12.6%		13.1%		13.2%		13.0%		14.1%		1.1%		0.9%	
Shinkin Banks	13.5%		13.5%		13.5%		13.4%		13.0%		-0.4%		-0.5%	

7. Loans outstanding to small and medium-sized enterprises, etc. and their ratio

(JPY Bn)

Outstanding balance	September 30, 2020		March 31, 2021		September 30, 2021		March 31, 2022		September 30, 2022		Compared to March 31, 2022		Compared to September 30, 2021	
	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	YoY % of total
Loans outstanding to small and medium-sized enterprises, etc.	4,335.9	65.8%	4,415.6	67.5%	4,363.0	63.9%	4,458.4	64.0%	4,542.1	63.6%	83.7	-0.4%	179.1	4.1%

5. Deposits

1. Breakdown of deposits

(JPY Bn)

Outstanding balance	September 30, 2020		March 31, 2021		September 30, 2021		March 31, 2022		September 30, 2022		Compared to March 31, 2022		Compared to September 30, 2021		
	Ending balance		Ending balance		Ending balance		Ending balance		Ending balance		Ending balance		Ending balance		YoY
	% of total	% of total	% of total	% of total	% of total	% of total	% of total	% of total	% of total	% of total	% of total	% of total	% of total	% of total	
Deposits	8,323.7	100.0%	8,699.6	100.0%	8,811.9	100.0%	9,095.0	100.0%	9,002.5	100.0%	-92.5	-	190.6	2.2%	-
Liquid deposits	5,566.4	66.9%	6,021.3	69.2%	6,017.0	68.3%	6,394.1	70.3%	6,281.0	69.8%	-113.1	-0.5%	264.0	4.4%	1.5%
Fixed-term deposits	2,201.0	26.4%	2,215.7	25.5%	2,212.7	25.1%	2,190.5	24.1%	2,186.5	24.3%	-4.0	0.2%	-26.2	-1.2%	-0.8%
Foreign currency deposits, etc.	131.4	1.6%	131.3	1.5%	130.6	1.5%	166.4	1.8%	147.0	1.6%	-19.4	-0.2%	16.4	12.6%	0.2%
NCD	424.8	5.1%	331.2	3.8%	451.4	5.1%	343.8	3.8%	387.9	4.3%	44.1	0.5%	-63.5	-14.1%	-0.8%

2. Deposits outstanding by region

(JPY Bn)

Outstanding balance	September 30, 2020		March 31, 2021		September 30, 2021		March 31, 2022		September 30, 2022		Compared to March 31, 2022		Compared to September 30, 2021		
	Ending balance		Ending balance		Ending balance		Ending balance		Ending balance		Ending balance		Ending balance		YoY
	% of total	% of total	% of total	% of total	% of total	% of total	% of total	% of total	% of total	% of total	% of total	% of total	% of total	% of total	
Deposits	8,323.7	100.0%	8,699.6	100.0%	8,811.9	100.0%	9,095.0	100.0%	9,002.5	100.0%	-92.5	-	190.6	2.2%	-
Hiroshima	7,372.8	88.6%	7,707.5	88.6%	7,819.9	88.7%	8,085.7	88.9%	8,001.0	88.9%	-84.7	0.0%	181.1	2.3%	0.1%
Okayama	325.6	3.9%	345.5	4.0%	340.5	3.9%	331.1	3.6%	330.0	3.7%	-1.1	0.0%	-10.5	-3.1%	-0.2%
Ehime	205.6	2.5%	202.8	2.3%	212.9	2.4%	221.4	2.4%	245.2	2.7%	23.8	0.3%	32.3	15.2%	0.3%
Yamaguchi	217.6	2.6%	228.7	2.6%	229.9	2.6%	225.0	2.5%	225.8	2.5%	0.8	0.0%	-4.1	-1.8%	-0.1%
Other	201.9	2.4%	215.0	2.5%	208.4	2.4%	231.5	2.5%	200.4	2.2%	-31.1	-0.3%	-8.0	-3.8%	-0.1%

3. Deposits outstanding by person

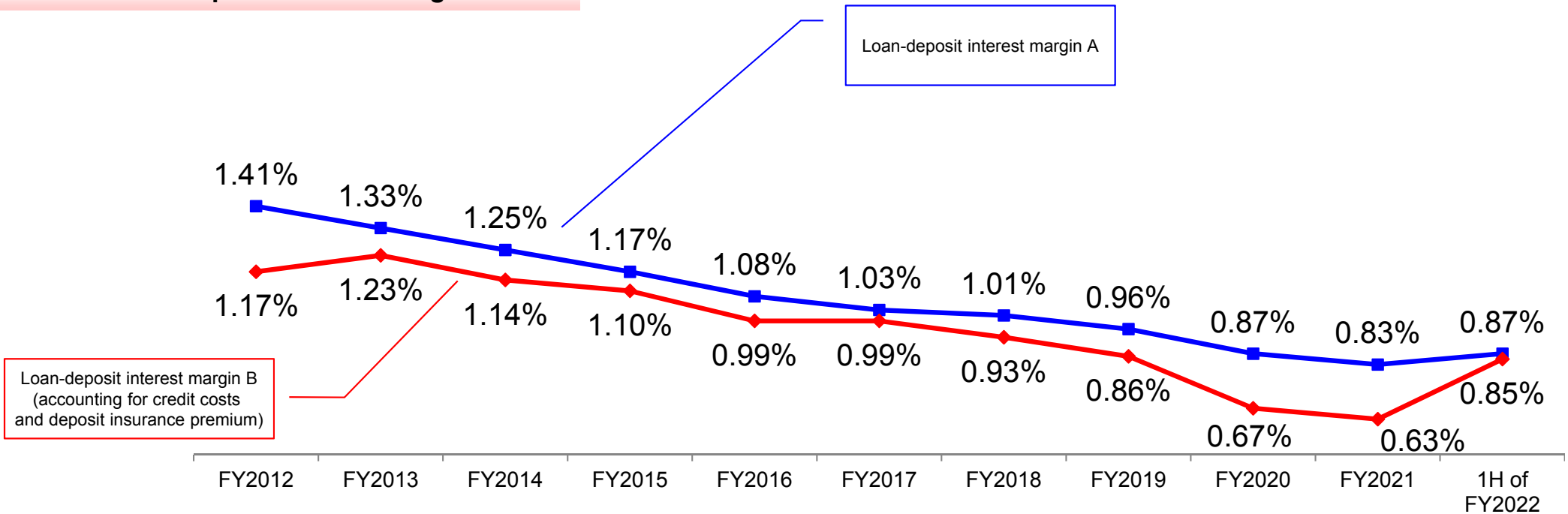
(JPY Bn)

Outstanding balance	September 30, 2020		March 31, 2021		September 30, 2021		March 31, 2022		September 30, 2022		Compared to March 31, 2022		Compared to September 30, 2021		
	Ending balance		Ending balance		Ending balance		Ending balance		Ending balance		Ending balance		Ending balance		YoY
	% of total	% of total	% of total	% of total	% of total	% of total	% of total	% of total	% of total	% of total	% of total	% of total	% of total	% of total	
Deposits	8,323.7	100.0%	8,699.6	100.0%	8,811.9	100.0%	9,095.0	100.0%	9,002.5	100.0%	-92.5	-	190.6	2.2%	-
Individual	5,246.9	63.0%	5,448.5	62.6%	5,583.8	63.4%	5,735.5	63.1%	5,843.4	64.9%	107.9	1.8%	259.6	4.6%	1.5%
Liquid deposits	3,445.1	41.4%	3,645.7	41.9%	3,777.4	42.9%	3,944.0	43.4%	4,056.2	45.1%	112.2	1.7%	278.8	7.4%	2.2%
Fixed-term deposits	1,771.0	21.3%	1,771.5	20.4%	1,776.5	20.2%	1,766.2	19.4%	1,765.9	19.6%	-0.3	0.2%	-10.6	-0.6%	-0.5%
Foreign currency deposits	30.6	0.4%	31.2	0.4%	29.7	0.3%	25.2	0.3%	21.2	0.2%	-4.0	0.0%	-8.5	-28.6%	-0.1%
NCD	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	-	0.0%
Corporate	2,572.9	30.9%	2,750.5	31.6%	2,696.7	30.6%	2,769.6	30.5%	2,719.0	30.2%	-50.6	-0.2%	22.3	0.8%	-0.4%
Liquid deposits	1,959.5	23.5%	2,105.5	24.2%	2,068.5	23.5%	2,094.1	23.0%	2,094.1	23.3%	0.0	0.2%	25.6	1.2%	-0.2%
Fixed-term deposits	393.0	4.7%	407.6	4.7%	394.2	4.5%	385.8	4.2%	379.0	4.2%	-6.8	0.0%	-15.2	-3.9%	-0.3%
Foreign currency deposits	100.7	1.2%	100.1	1.2%	100.8	1.1%	141.1	1.6%	125.8	1.4%	-15.3	-0.2%	25.0	24.8%	0.3%
NCD	119.4	1.4%	137.2	1.6%	133.1	1.5%	148.5	1.6%	120.0	1.3%	-28.5	-0.3%	-13.1	-9.8%	-0.2%
Public fund	464.0	5.6%	432.0	5.0%	483.6	5.5%	511.8	5.6%	399.7	4.4%	-112.1	-1.2%	-83.9	-17.3%	-1.0%
Financial	39.7	0.5%	68.5	0.8%	47.7	0.5%	77.9	0.9%	40.2	0.4%	-37.7	-0.4%	-7.5	-15.7%	-0.1%

* "Deposits" includes "NCD".

6. Status of Loan-Deposit Interest Margin Rates

Trend of loan-deposit interest margin rates



	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	1H of FY2022
(1) Loan interest rate	1.49%	1.39%	1.30%	1.22%	1.12%	1.06%	1.03%	0.98%	0.88%	0.83%	0.88%
(2) Credit cost ratio	0.18%	0.04%	0.05%	0.03%	0.05%	0.00%	0.05%	0.07%	0.17%	0.17%	0.01%
(3) Deposit rate, etc.	0.08%	0.06%	0.05%	0.05%	0.04%	0.03%	0.02%	0.02%	0.01%	0.00%	0.01%
(4) Deposit insurance premium (deposit insurance premium/ average balance of deposits, etc.)	0.06%	0.06%	0.06%	0.04%	0.04%	0.04%	0.03%	0.03%	0.03%	0.03%	0.01%
(5) Loan-deposit margin A [(1) - (3)]	1.41%	1.33%	1.25%	1.17%	1.08%	1.03%	1.01%	0.96%	0.87%	0.83%	0.87%
(6) Loan-deposit margin B [(1) - (2) - (3) - (4)]	1.17%	1.23%	1.14%	1.10%	0.99%	0.99%	0.93%	0.86%	0.67%	0.63%	0.85%

7. Securities (1)

1. Balance of securities by term to maturity (market value)

(JPY Bn)

	One year or less	More than one year but not more than three years	More than three years but not more than five years	More than five years but not more than seven years	More than seven years but not more than 10 years	More than 10 years	Term to maturity not specified	Total
September 30, 2021								
Government bonds	40.1	14.2	-	-	258.5	204.5	-	517.4
Local government bonds	6.1	13.4	63.5	30.6	72.9	43.3	-	230.1
Corporate bonds	16.1	55.0	51.3	11.7	16.8	131.4	-	282.6
Stocks	-	-	-	-	-	-	94.3	94.3
Other securities	17.0	42.2	26.8	88.2	56.1	153.4	92.6	476.7
Of which foreign securities	1.8	5.8	11.5	73.3	41.6	135.4	21.7	291.5
September 30, 2022								
Government bonds	4.0	10.0	26.9	18.9	313.8	117.4	-	491.1
Local government bonds	4.7	43.3	76.4	42.1	91.6	51.4	-	309.7
Corporate bonds	19.2	61.1	50.8	21.3	6.2	124.8	-	283.7
Stocks	-	-	-	-	-	-	103.9	103.9
Other securities	33.2	53.0	78.5	80.6	67.5	175.9	92.4	581.5
Of which foreign securities	2.8	47.0	53.8	66.6	56.9	158.0	20.5	406.0

8. Securities (2)

2. Breakdown of net unrealized gains/losses on securities

(JPY Bn)

	September 30, 2020	March 31, 2021	September 30, 2021	March 31, 2022	September 30, 2022	Compared to March 31, 2022	Compared to September 30, 2021
Securities	39.6	38.6	39.6	1.5	-50.4	-51.9	-90.0
Stocks	34.6	43.1	38.5	31.6	33.1	1.5	-5.4
Bonds	3.6	0.1	2.1	-11.2	-20.4	-9.2	-22.5
Government and local government bonds	1.6	-1.3	1.2	-10.1	-18.0	-7.9	-19.2
Corporate bonds	2.0	1.4	0.9	-1.0	-2.4	-1.4	-3.3
Other	1.2	-4.6	-0.9	-18.9	-63.1	-44.2	-62.2
Of which foreign bonds	3.4	-5.8	-3.1	-16.0	-52.9	-36.9	-49.8

3. Balance of cross-shareholdings

(JPY Bn)

	September 30, 2020	March 31, 2021	September 30, 2021	March 31, 2022	September 30, 2022	Compared to March 31, 2022	Compared to September 30, 2021
Cross-shareholdings	51.0	49.8	48.6	42.9	39.3	-3.6	-9.3
Publicly traded shares	46.7	45.3	43.9	38.3	34.8	-3.5	-9.1
Unlisted shares	4.3	4.5	4.7	4.6	4.5	-0.1	-0.2

4. Duration

(Year)

	September 30, 2020	March 31, 2021	September 30, 2021	March 31, 2022	September 30, 2022	Compared to March 31, 2022	Compared to September 30, 2021
Yen bond duration	6.32	6.54	6.95	7.24	6.83	-0.41	-0.12
Foreign bond duration	4.71	5.05	5.00	5.57	5.21	-0.36	0.21

5. Interest rate delta*

(JPY Bn)

	September 30, 2020	March 31, 2021	September 30, 2021	March 31, 2022	September 30, 2022	Compared to March 31, 2022	Compared to September 30, 2021
Government bonds, etc.	1.9	2.6	3.5	4.0	3.9	-0.1	0.4
Foreign securities in foreign currencies	1.3	1.7	1.4	1.8	2.3	0.5	0.9

*Decrease in fair value when interest rates decline by 10bp

9. Business Operations

1. Breakdown of corporate solutions

(Trades/JPY Bn)

	1H of FY2020		FY2020		1H of FY2021		FY2021		1H of FY2022		Compared to 1H of FY2021		Compared to 1H of FY2020	
	No. of trades	Profit	No. of trades	Profit	No. of trades	Profit	No. of trades	Profit	No. of trades	Profit	No. of trades	Profit	No. of trades	Profit
Corporate solutions	-	1.4	-	4.1	-	1.6	-	5.0	-	3.7	-	2.1	-	2.3
Business succession support, M&As	46	0.1	116	0.6	45	0.2	112	0.6	48	0.7	3	0.5	2	0.6
Derivatives	63	0.5	153	1.1	61	0.5	148	1.2	192	2.2	131	1.7	129	1.7
Syndicated loans	12	0.4	28	1.7	11	0.6	21	2.2	13	0.5	2	-0.1	1	0.1
Bond trustee services	53	0.2	129	0.4	72	0.2	152	0.5	40	0.1	-32	-0.1	-13	-0.1
Business matching, etc.	-	0.2	-	0.3	-	0.1	-	0.2	-	0.1	-	0.0	-	-0.1

2. Breakdown of asset management

(JPY Bn)

	1H of FY2020		FY2020		1H of FY2021		FY2021		1H of FY2022		Compared to 1H of FY2021		Compared to 1H of FY2020	
	Sales	Profit	Sales	Profit	Sales	Profit	Sales	Profit	Sales	Profit	Sales	Profit	Sales	Profit
Asset management	-	2.4	-	5.5	-	2.8	-	5.4	-	2.4	-	-0.4	-	0.0
Investment trusts	9.7	0.5	24.3	1.1	11.9	0.6	23.9	1.1	17.0	0.4	5.1	-0.2	7.3	-0.1
Pension insurance	7.9	0.3	21.3	0.7	8.5	0.3	15.1	0.4	9.1	0.3	0.6	0.0	1.2	0.0
Life insurance sales by banks	-	0.6	-	1.3	-	0.6	-	1.2	-	0.5	-	-0.1	-	-0.1
Non life insurance	-	0.1	-	0.1	-	0.1	-	0.1	-	0.1	-	0.0	-	0.0
Public bonds	4.6	0.0	12.5	0.1	5.7	0.0	10.3	0.1	6.3	0.0	0.6	0.0	1.7	0.0
Financial instruments intermediary services	8.0	0.5	10.7	1.0	2.7	0.5	7.0	1.0	5.4	0.4	2.7	-0.1	-2.6	-0.1
Foreign currency deposits	19.6	0.3	43.8	0.6	29.8	0.3	54.2	0.6	24.2	0.3	-5.6	0.0	4.6	0.0
Trust business, etc.	-	0.2	-	0.6	-	0.3	-	0.7	-	0.3	-	0.0	-	0.1

3. Total assets in custody




(JPY Bn)

Outstanding balance	September 30, 2020		March 31, 2021		September 30, 2021		March 31, 2022		September 30, 2022		Compared to March 31, 2022		Compared to September 30, 2021		
	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	YoY	% of total
Total assets in custody	9,880.5	100.0%	10,265.2	100.0%	10,365.8	100.0%	10,631.2	100.0%	10,520.5	100.0%	-110.7	-	154.7	1.5%	-
Deposits	8,323.7	84.2%	8,699.6	84.7%	8,811.9	85.0%	9,095.0	85.6%	9,002.5	85.6%	-92.5	0.0%	190.6	2.2%	0.6%
Individual (non-deposit)	954.6	9.7%	914.1	8.9%	899.3	8.7%	897.0	8.4%	898.1	8.5%	1.1	0.1%	-1.2	-0.1%	-0.1%
Investment trusts	185.0	1.9%	169.6	1.7%	160.1	1.5%	153.7	1.4%	157.0	1.5%	3.3	0.0%	-3.1	-1.9%	-0.1%
Public bonds	175.1	1.8%	151.6	1.5%	135.2	1.3%	126.0	1.2%	113.7	1.1%	-12.3	-0.1%	-21.5	-15.9%	-0.2%
Pension insurance	424.5	4.3%	404.3	3.9%	391.0	3.8%	382.5	3.6%	368.3	3.5%	-14.2	-0.1%	-22.7	-5.8%	-0.3%
Financial instruments intermediary services, etc.	169.7	1.7%	188.5	1.8%	212.8	2.1%	234.5	2.2%	259.0	2.5%	24.5	0.3%	46.2	21.7%	0.4%
Corporate (non-deposit)	170.4	1.7%	178.7	1.7%	185.1	1.8%	190.8	1.8%	195.2	1.9%	4.4	0.1%	10.1	5.5%	0.1%
Investment trusts	4.0	0.0%	3.4	0.0%	2.9	0.0%	2.7	0.0%	3.5	0.0%	0.8	0.0%	0.6	20.7%	0.0%
Public bonds	18.4	0.2%	18.3	0.2%	17.5	0.2%	16.6	0.2%	17.8	0.2%	1.2	0.0%	0.3	1.7%	0.0%
Financial instruments intermediary services, etc.	147.8	1.5%	156.9	1.5%	164.6	1.6%	171.4	1.6%	173.9	1.7%	2.5	0.0%	9.3	5.7%	0.1%
Hirogin Securities (mark-to-market basis)	431.7	4.4%	472.6	4.6%	469.3	4.5%	448.3	4.2%	424.4	4.0%	-23.9	-0.2%	-44.9	-9.6%	-0.5%

Note: EOY balance for Hirogin Securities excludes balances related to financial instruments intermediary services.

10. Self-assessment (1H of FY2022)

(JPY Bn)

Obligor category in self-assessment		Amount of claims disclosed under the Act on Emergency Measures for the Revitalization of the Financial Functions	Amount preserved by security, guarantee, etc.	Amount of reserves	Guidelines for write-off/reserves	Coverage ratio	
Bankrupt 0.9		Claims in bankruptcy, rehabilitation, etc. 5.5	5.5 (99.3%)	0.0 (0.7%)	100% of amount of claims not preserved by security are subject to write-off/reserves.	100%	
Effectively bankrupt 4.6							
At risk of bankruptcy 40.0		Claims at risk 40.0	23.5 (58.9%)	14.2 (35.5%)	①In principle, reserves are based on calculation of anticipated losses over the next three years based on past actual rates of bankruptcy. ②However, for large-scale obligors for which future cash flow can reasonably be estimated, reserves are based on the discounted cash flow (DCF) method.	94.4%	
Obligors requiring caution	Obligors requiring management 52.0	Claims requiring management 39.1	9.9 (25.4%)	11.9 (30.4%)	①For the amount of claims subject to reserves (the portion not preserved by security), reserves are based on calculation of anticipated losses over the next three years. ②However, for large-scale obligors for which future cash flow can reasonably be estimated, reserves are based on the discounted cash flow (DCF) method.	55.8%	
	General obligors requiring caution 450.6	Normal claims 7,148.4	 Total amount preserved: 39.0		 Total amount of reserves: 26.1	①After categorization by degree of credit risk, in principle reserves are based on calculation of anticipated losses over one year. ②However, for obligors recognized to involve relatively high risk due to lower market appraisal or other reasons, reserves are based on calculation of anticipated losses for each claim instead of using the above method.	 Total coverage ratio: 76.9%
	Normal 6,684.8				Reserves are based on calculation of anticipated losses over one year		
Total 7,233.2		Total 7,233.2					

11. Disclosed Claims under the Financial Revitalization Law and Credit Costs

1. Breakdown of non-performing loans

(JPY Bn)

	September 30, 2020	March 31, 2021	September 30, 2021	March 31, 2022	September 30, 2022	Compared to March 31, 2022	Compared to September 30, 2021
Disclosed claims under the Financial Revitalization Law	78.7	89.9	97.5	84.1	84.7	0.6	-12.8
(Ratio of non-performing loans)	(1.18%)	(1.36%)	(1.41%)	(1.19%)	(1.17%)	(-0.02%)	(-0.24%)
Substandard claims	26.8	28.7	39.6	40.1	39.1	-1.0	-0.5
Doubtful claims	45.6	55.3	52.3	37.2	40.0	2.8	-12.3
Bankrupt and substantially bankrupt claims	6.2	5.9	5.7	6.7	5.5	-1.2	-0.2
Manufacturing	19.2	20.0	20.9	13.7	13.6	-0.1	-7.3
Construction	4.6	4.5	4.4	4.6	4.5	-0.1	0.1
Transportation and mailing	0.9	1.0	1.9	2.2	3.1	0.9	1.2
Wholesale and retail	12.6	13.1	13.3	13.6	14.7	1.1	1.4
Real estate and leasing	9.5	14.1	16.9	15.7	15.3	-0.4	-1.6
Services	14.8	20.8	25.8	25.1	23.9	-1.2	-1.9
Other	17.1	16.4	14.3	9.3	9.6	0.3	-4.7
Total	78.7	89.9	97.6	84.1	84.7	0.6	-12.9

Note: The claims disclosed under the Financial Revitalization Law as shown above are rounded to the nearest whole number.

2. Non-performing loan coverage ratio

	September 30, 2020	March 31, 2021	September 30, 2021	March 31, 2022	September 30, 2022	Compared to March 31, 2022	Compared to September 30, 2021
Disclosed claims under the Financial Revitalization Law	67.1%	70.6%	72.2%	76.6%	76.9%	0.3%	4.7%
Substandard claims	41.2%	40.0%	44.3%	55.7%	55.8%	0.1%	11.5%
Doubtful claims	77.9%	83.3%	90.4%	94.8%	94.4%	-0.4%	4.0%
Bankrupt and substantially bankrupt claims	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	0.0%

3. Credit costs and credit cost ratio

	1H of FY2020	FY2020	1H of FY2021	FY2021	1H of FY2022	Compared to FY2021	Compared to 1H of FY2021
Credit costs	4.3	11.1	4.9	11.9	0.4	-11.5	-4.5
(Credit cost ratio)	(0.13%)	(0.17%)	(0.14%)	(0.17%)	(0.01%)	(-0.16%)	(-0.13%)

12. Capital Adequacy Ratio

1. Capital adequacy ratio (consolidated)

(JPY Bn)

	September 30, 2020	March 31, 2021	September 30, 2021	March 31, 2022	September 30, 2022	Compared to March 31, 2022	Compared to September 30, 2021
Amount of basic items related to core capital ①	451.7	459.6	469.2	444.2	452.5	8.3	-16.7
Of w hich amount of shareholders' equity related to common stock or mandatory convertible preferred stock	417.3	420.5	430.9	434.8	442.9	8.1	12.0
Of w hich amount included in the amount of basic items related to core capital, of the amount of eligible former capital raising instruments	15.0	15.0	15.0	-	-	-	-15.0
Amount of adjustment items related to core capital ②	66.8	72.3	74.5	47.3	47.7	0.4	-26.8
Amount of owned equity ① - ② ③	384.8	387.2	394.6	396.8	404.8	8.0	10.2
Total amount of risk-weighted assets, etc. ④	3,753.2	3,814.9	3,838.3	3,995.3	3,971.0	-24.3	132.7
Consolidated capital adequacy ratio ③ / ④	10.25%	10.15%	10.28%	9.93%	10.19%	0.26%	-0.09%

2. Capital adequacy ratio (nonconsolidated)

(JPY Bn)

	September 30, 2020	March 31, 2021	September 30, 2021	March 31, 2022	September 30, 2022	Compared to March 31, 2022	Compared to September 30, 2021
Amount of basic items related to core capital ①	433.3	434.9	445.3	432.2	442.2	10.0	-3.1
Of w hich amount of shareholders' equity related to common stock or mandatory convertible preferred stock	410.6	414.2	424.7	428.5	438.6	10.1	13.9
Of w hich amount included in the amount of basic items related to core capital, of the amount of eligible former capital raising instruments	15.0	15.0	15.0	-	-	-	-15.0
Amount of adjustment items related to core capital ②	55.6	55.8	58.7	43.0	43.2	0.2	-15.5
Amount of owned equity ① - ② ③	377.7	379.0	386.5	389.1	399.0	9.9	12.5
Total amount of risk-weighted assets, etc. ④	3,790.0	3,833.7	3,854.4	4,007.6	3,986.2	-21.4	131.8
Capital adequacy ratio ③ / ④	9.96%	9.88%	10.02%	9.71%	10.01%	0.30%	-0.01%

13. Risk Management

[State of comprehensive risk management]

Operations conducted well within risk quantity limits

(JPY Bn)

		Risk quantity limits (1H of FY2022)	
Credit risk		68.0	
Market risk	Interest rate risk	44.0	
	Net investment in securities, etc. (excluding bonds)	62.0	
	Policy investment securities, etc. (excluding bonds)	55.0	
Operational risk		15.0	
Total		244.0	118.1

[Standards for measuring risk quantity]

		Measuring method	Confidence level	Holding period
Credit risk				One year
Market risk	Interest rate risk	VaR (Note)	99.9%	-
	Deposits, loans, etc.			One year
	Securities			Three months
	Net investment in securities, etc. (excluding bonds)			Three months
	Policy investment securities, etc. (excluding bonds)			Three months
	Cross-shareholdings			Six months
Operational risk			-	

Note: Method of calculating the maximum loss through statistical analysis of historical data

[State of interest rate risk in the banking book (IRRBB) (End of September 2022)]

Results of materiality tests

(JPY Bn)

①ΔEVE (*2)	33.9
②Amount of owned equity (consolidated)	404.8
Results of materiality tests (①÷②) (*3)	8.4%

*2: The IRRBB shows declines in market value attributable to interest rate shocks.

*3: The Financial Services Agency's Guidelines for Supervision call for ΔEVE to be no more than 20% of equity.