

Overview of Financial Results for FY2023

- IR Presentation -

May 27, 2024



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I. Overview of financial results for FY2023

Overview of financial results for FY2023

- Profits attributable to owners of the parent came to 27.6 billion yen, an increase of 15.1 billion yen year on year (+0.1 billion yen over target).
- Profit targets for the final fiscal year of Mid-Term Plan 2020, launched at the same time as the migration to a holding company structure, were achieved (more than 27.0 billion yen).

Summary of consolidated business performance

(Billion yen)

	FY2023	YoY change	(Change rate)	vs. Announced
Consolidated gross profit	100.7	21.4	(26.9%)	
(excluding gain/loss related to treasuries and other bonds)	103.1	7.0		
Net interest income	72.9	6.7		
Income on service transactions and other fees	24.1	3.3		
Income from specific transactions and other businesses	3.6	11.4		
(including gain/loss related to treasuries and other bonds)	-2.4	14.3	(Previous year) Loss on sale of foreign bonds: -18.4	
Operating expenses (-)	57.9	-0.1		
Credit costs (-)	15.0	14.4	(Previous year) Loss on sale of shares, etc.: -5.3	
Gains/losses related to equities, etc.	7.6	9.9		
Equity in earnings of affiliates	0	0		
Other	-1.1	-1.6		
Ordinary profit	34.1	15.4	(81.8%)	-5.4
Extraordinary gains/losses	5.7	6.3		
(Including gains on the reversal of retirement benefits trust)	6.4	6.4		
Total income tax, etc. (-)	12.2	6.5		
Interim net income attributable to non-controlling interests (-)	0	0		
Interim net income attributable to owners of the parent	27.6	15.1	(121.4%)	0.1
(Ref.) Operating overhead ratio (*)	56.2%	-4.2%		

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

Key points of FY2023 financial results

1 Consolidated gross profit (excluding gain/loss related to treasuries and other bonds)

- Net interest income grew due to steady revenue growth in the major business areas, including revenue from interest on loans and dividends on securities.
- Income on service transactions and other fees demonstrated strong performance thanks to the handling of instruments such as stock shares and investment trusts by Hirogin Securities, driven by favorable market conditions in addition to increases in fees related to ships and syndicate loans.

2 Credit costs

- Posted allowance for doubtful accounts based on factors such as reduced business performance of customers due to the impact of steep price hikes in raw materials and rehabilitation support for major customers.

3 Gains/losses related to equities, etc.

- Grew sharply YoY. In addition to gain on sales of cross-shareholdings, etc., the effects of the loss posted last fiscal year (5.3 billion yen in amortization of shares, etc.), which stemmed from increased revaluation losses of stock holdings, were extinguished.

4 Interim net income attributable to owners of the parent

- Grew by 15.1 billion yen YoY to 2.76 billion yen (+0.1 billion yen over target).
- Achieved profit targets for the final fiscal year of Mid-Term Plan 2020.

Results for major Group companies - Bank -

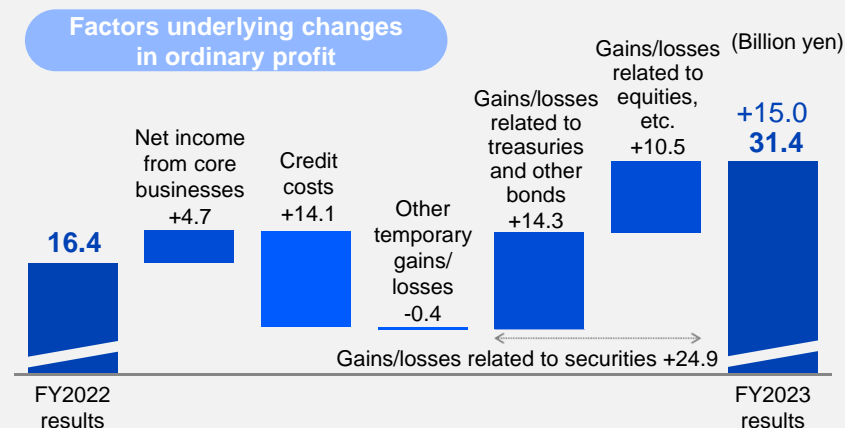
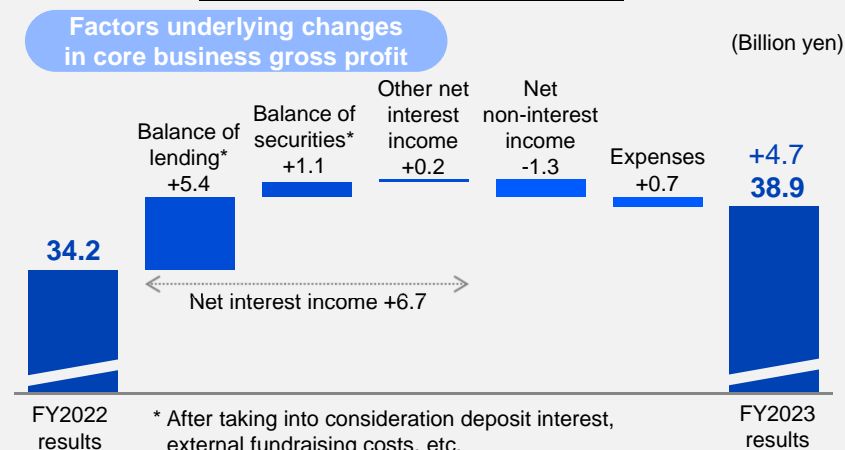
- ▶ Net income from our core businesses grew by 4.7 billion yen YoY to 38.9 billion yen, thanks to increases in the lending revenue-expenditure balance and the securities revenue-expenditure balance.
- ▶ Despite a sharp increase in credit costs, higher securities-related gains and gains recorded on the reversal of the retirement benefits trust resulted in an increase of 15.0 billion yen YoY to 26.5 billion yen in net income.

Hiroshima Bank summary results

(Billion yen)

	FY2023	YoY change	(Change rate)
Core business gross profit	92.0	5.5	(6.3%)
Net interest income	74.1	6.7	
Net non-interest income	17.8	-1.3	
Corporate solutions	5.8	-1.5	
Customer derivatives	1.5	-2.0	
Asset management	4.9	-0.1	
Other (domestic exchange, foreign exchange, etc.)	7.1	0.3	
Expenses (excluding extraordinary disposal) (-)	53.0	0.7	
Net income from core businesses	38.9	4.7	(13.7%)
Net income from core businesses (excluding gains/losses from cancellation of investment trusts)	38.9	4.7	(13.7%)
Gains/losses related to treasuries and other bonds	-2.4	14.3	(Previous year) Loss on sale of foreign bonds: -18.4
Effective net income from businesses	36.5	19.1	(109.0%)
Credit costs (-)	14.4	14.1	(Previous year) Loss on sale of shares, etc.: -5.3
Gains/losses related to equities, etc.	8.2	10.5	
Other temporary gains/losses	1.1	-0.4	
Ordinary profit	31.4	15.0	(91.5%)
Extraordinary gains/losses	5.8	6.3	
(Including gains on the reversal of retirement benefits trust)	6.4	6.4	
Total income tax, etc. (-)	10.7	6.4	
Interim net income	26.5	15.0	(129.9%)


Factors underlying changes in core business gross profit and ordinary profit



Results for major Group companies - Excluding Hiroshima Bank -

► Gross income grew YoY at each Group company. Progress to expand lines of business and enhance solutions remained steady.

Summary results for major Group companies

 Financial consolidated subsidiary  Nonfinancial consolidated subsidiary

Hirogin Securities			Hirogin Lease			Shimanami Servicer			Hirogin Capital Partners		
(Million yen)	FY2023	YoY change	(Million yen)	FY2023	YoY change	(Million yen)	FY2023	YoY change	(Million yen)	FY2023	YoY change
Gross income	5,031	801	Gross income	2,539	156	Gross income	691	12	Gross income	153	16
Ordinary profit	993	724	Ordinary profit	1,042	114	Ordinary profit	76	-200	Ordinary profit	-571	-612
Interim net income	652	526	Interim net income	712	135	Interim net income	41	-169	Interim net income	-397	-425

Hirogin Credit Service*			Hirogin Human Resources			Hirogin IT Solutions			Hirogin Area Design		
(Million yen)	FY2023	YoY change	(Million yen)	FY2023	YoY change	(Million yen)	FY2023	YoY change	(Million yen)	FY2023	YoY change
Gross income	3,745	279	Gross income	272	88	Gross income	1,208	175	Gross income	412	182
Ordinary profit	1,862	101	Ordinary profit	64	42	Ordinary profit	401	131	Ordinary profit	85	66
Interim net income	1,219	56	Interim net income	41	28	Interim net income	263	84	Interim net income	58	45

* On April 1, 2023, Hirogin Guarantee absorbed and merged with Hirogin Card Service, changing its trade name to Hirogin Credit Service. YoY figures are comparisons to totals calculated for Hirogin Guarantee and Hirogin Card Service.

Review of Mid-Term Plan 2020 (previous mid-term plan)

- ▶ Mid-Term Plan 2020, launched together with the migration to a holding company structure, focused on enhancing solutions through joint efforts among Group companies, expanding the Group's lines of business, and reshaping employee awareness.

Three pillars of Mid-Term Plan 2020

Framing continuing regional progress as a Group growth opportunity



1

Enhancing efforts to find solutions to community issues, thereby revitalizing the region

Framing growth among regional customers as a Group growth opportunity



2

Intensifying the core businesses of Group companies and expanding Groupwide business domains to contribute to customer growth (establishing new revenue-generating fields)

Renewing our commitment to supporting the community and customers



3

Establishing stable management foundations to support the continuing growth of the community and customers

Review of Mid-Term Plan 2020 (previous mid-term plan)

- ▶ Progress remained steady on Mid-Term Plan 2020, the first stage following the migration to a holding company structure

1 Efforts to find solutions to community issues

- Hirogin Area Design** Consulting subsidiary established to contribute to solutions to structural issues in the community (April 2021)
- Hiroshima Bank** Launched Hiromalab coworking space to support startups and other opportunities in cooperation with local firms (December 2022)

2 Efforts to contribute to customer growth

- Hiroshima Bank** Provided consulting on business succession and M&As through business potential evaluation (213 consulting transactions in FY2021-2023)
In addition to three investment funds targeting revitalization of existing businesses, business succession, and VC, launched a new fund for businesses that will contribute to regional revitalization (April 2024)
- Hirogin Capital Partners** Developed approaches capable of providing equity funding to companies at each stage (cumulative investment through end of March 2024: 20 investments, 3.6 billion yen)
- Hirogin IT Solutions** IT-related firm made a subsidiary to deliver solutions to management challenges by providing optimal solutions through IT consulting (January 2021)
- Hirogin Human Resources** Established a subsidiary to deploy consulting services related to personnel and labor, in order to offer optimal solutions to management challenges faced by managers of SMEs in the region, including those related to securing human resources and labor management (consulting contracts concluded with 110 companies from April 2021 to end of March 2024)
- Hiroshima Bank and Hirogin Securities** Deployed goal-based asset management business to provide total support for clients' varied needs in line with their life plans

3 Efforts to enhance the management foundations

- All Group companies** Continuing increases in base pay, to improve employee engagement (2% in 2023, 3% in 2024)
- All Group companies** ESOP trust plan introduced to improve employee financial wellness (August 2023)
- Hiroshima Bank** Structural reforms using digital technologies, such as expanding contactless procedures using smartphones and adopting a Web-based branch appointment system

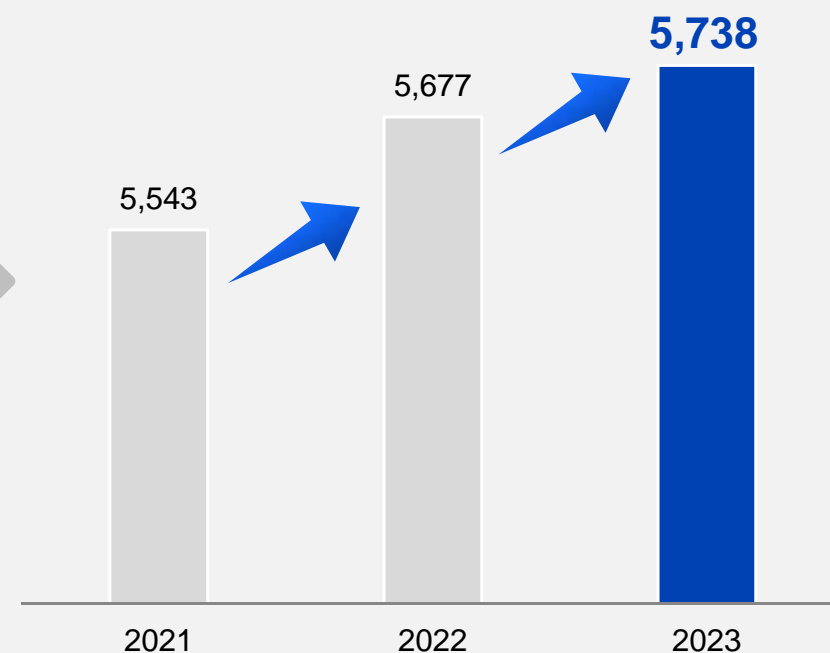
Review of Mid-Term Plan 2020 (previous mid-term plan)

– Results of Group joint efforts

- ▶ The customer bases of our subsidiaries have grown steadily over the three and a half years since the migration to a holding company structure.
- ▶ Enhancements achieved in solutions have led to steady growth in numbers of customers with net sales of 100 million yen or more for whom Hiroshima Bank is their main bank.

Group companies		Results since the migration to a holding company structure (October 2020)	
Financial consolidated subsidiaries	Hirogin Securities	Number of financial instruments brokerage accounts	vs. September 30, 2020 +7,171 accounts
	Hirogin Lease	Number of customers	vs. September 30, 2020 +285 customers
	Hirogin Capital Partners	Amount invested (* total of fund and principal investment)	vs. September 30, 2020 +4.0 billion yen
	Hirogin Credit Service	Credit card balance	Since April 2021 +5.0 billion yen
Nonfinancial consolidated subsidiaries	Hirogin Human Resources (Established in April 2021)	Number of companies with whom consulting contracts concluded	Since April 2021 110 companies
	Hirogin IT Solutions (Made subsidiary in January 2021)	Number of contracts concluded	Since January 2021 535 contracts
	Hirogin Area Design (Established in April 2021)	Number of orders received during period	Since April 2021 70 contracts

Customers with net sales of 100 million yen or more for whom Hiroshima Bank is their main bank



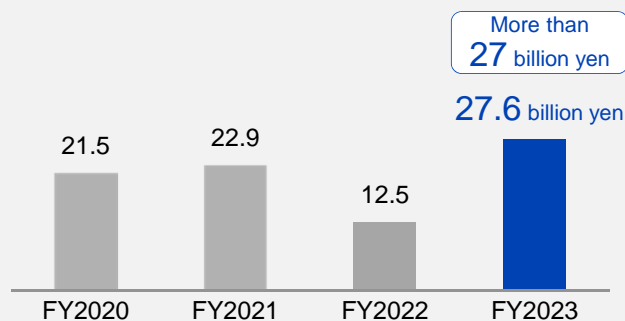
Source: Teikoku Databank survey

Review of Mid-Term Plan 2020 (previous mid-term plan)

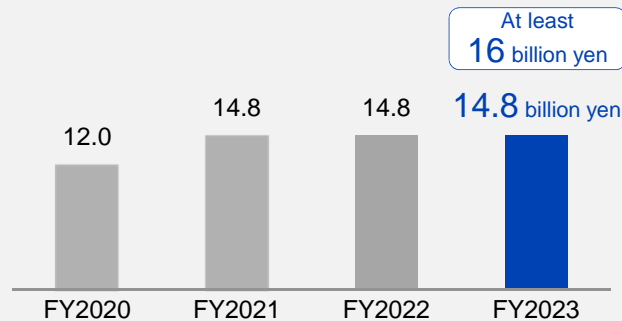
– Achievement of management targets

- ▶ Targets were achieved on net income attributable to owners of the parent, consolidated capital adequacy ratio, and consolidated ROE.
- ▶ Targets were not achieved on total of revenues from consulting businesses for corporate and individual customers and Group company net income or contributions of Group companies to consolidated performance.

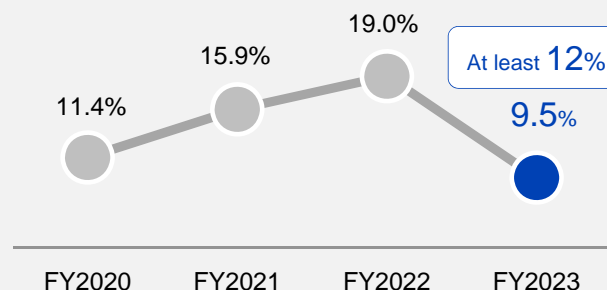
Net income attributable to owners of the parent



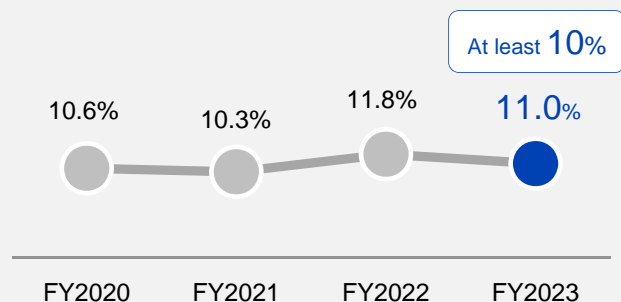
Total of revenues from consulting businesses for corporate and individual customers*¹ and Group company net income*²



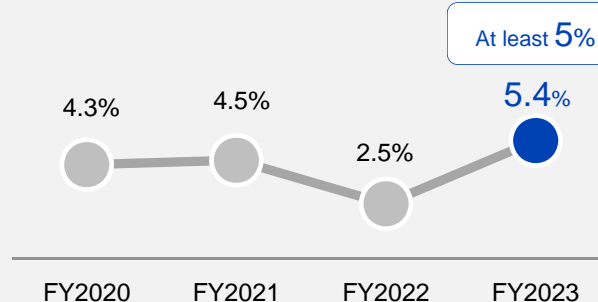
Contributions of Group companies to consolidated performance*³



Consolidated capital adequacy ratio



Consolidated ROE



 : Target for the final fiscal year of the Mid-Term Plan

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

*2 Group company net income
= Total of net income of Group companies other than the Bank multiplied by the investment ratio in those companies

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

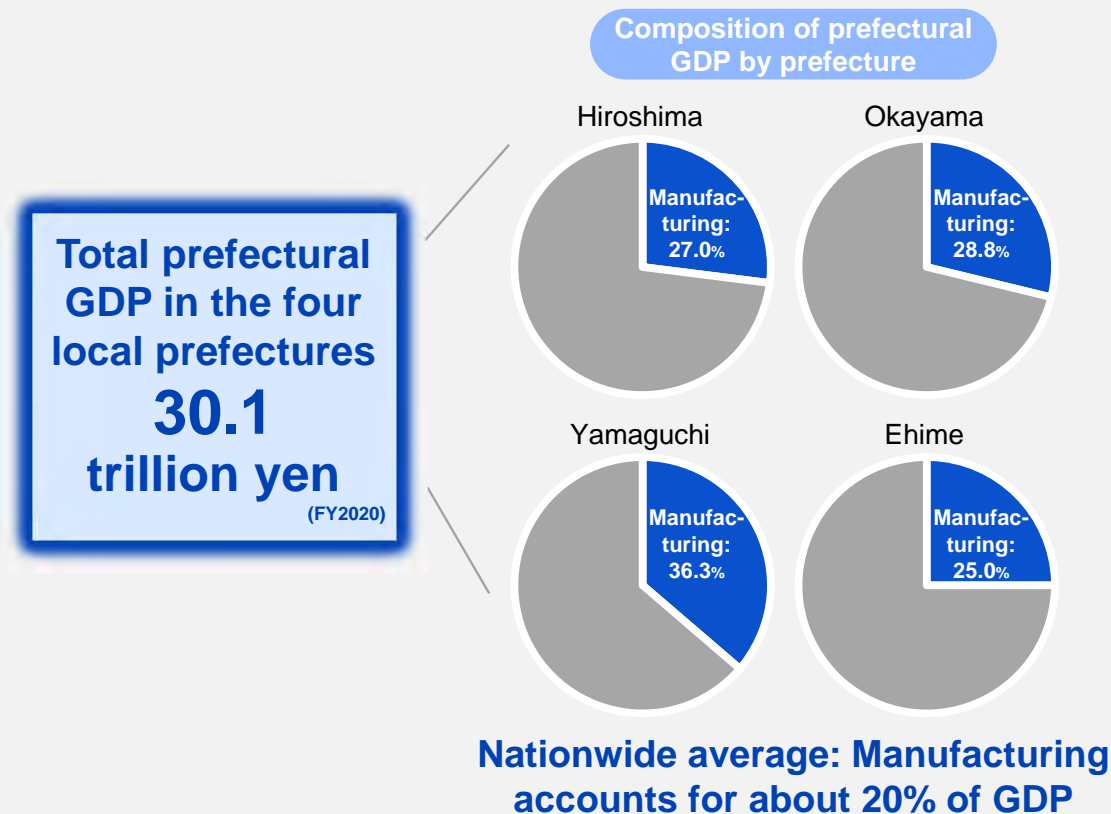


II. Increasing corporate value

Underlying economic conditions in the region – Potential –

- ▶ In the four local prefectures that make up the Group's main business territory, manufacturing accounts for a higher share of prefectural GDP than the nationwide average. As such, they can be expected to have steady demand for funds as well as demand for capital investment in decarbonization.
- ▶ Tourism consumption is growing steadily in Hiroshima Prefecture (excluding COVID effects) and is projected to grow further in the future.

Trend and industrial composition of prefectural GDP in the four local prefectures

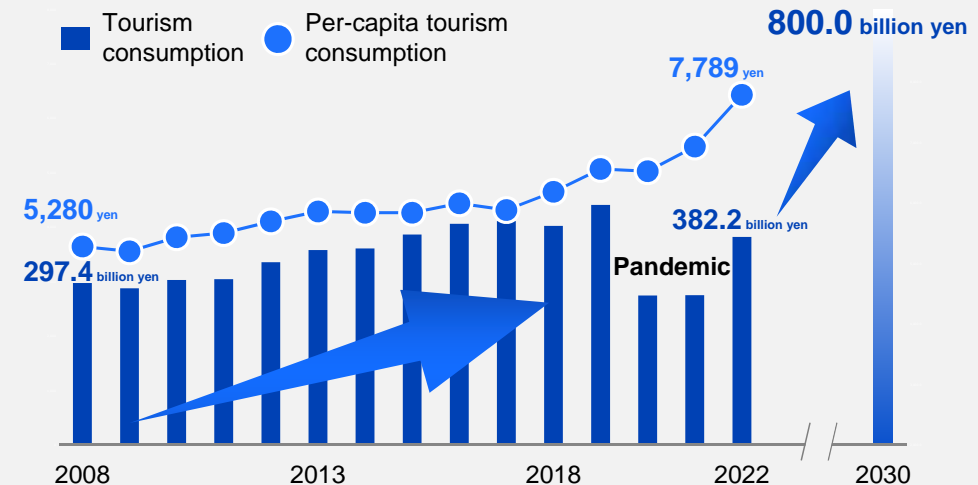


Source: Prepared by the Company based on Prefectural Economic Prediction for Hiroshima, Okayama, Yamaguchi, and Ehime prefectures

Tourism consumption in Hiroshima Prefecture

Ranking of tourism consumption by Japanese travelers	Ranking of tourism consumption by foreign travelers	Ranking of per-capita consumption by Japanese travelers	Ranking of per-capita consumption by foreign travelers
13th nationwide	13th nationwide	38th nationwide	23rd nationwide

Source: Domestic: Prepared by the Company based on Japan Tourism Agency, "Consumption During Travel"; Foreign: Prepared based on Japan Tourism Agency, "International Visitor Survey" (Rankings based on 2019 results.)



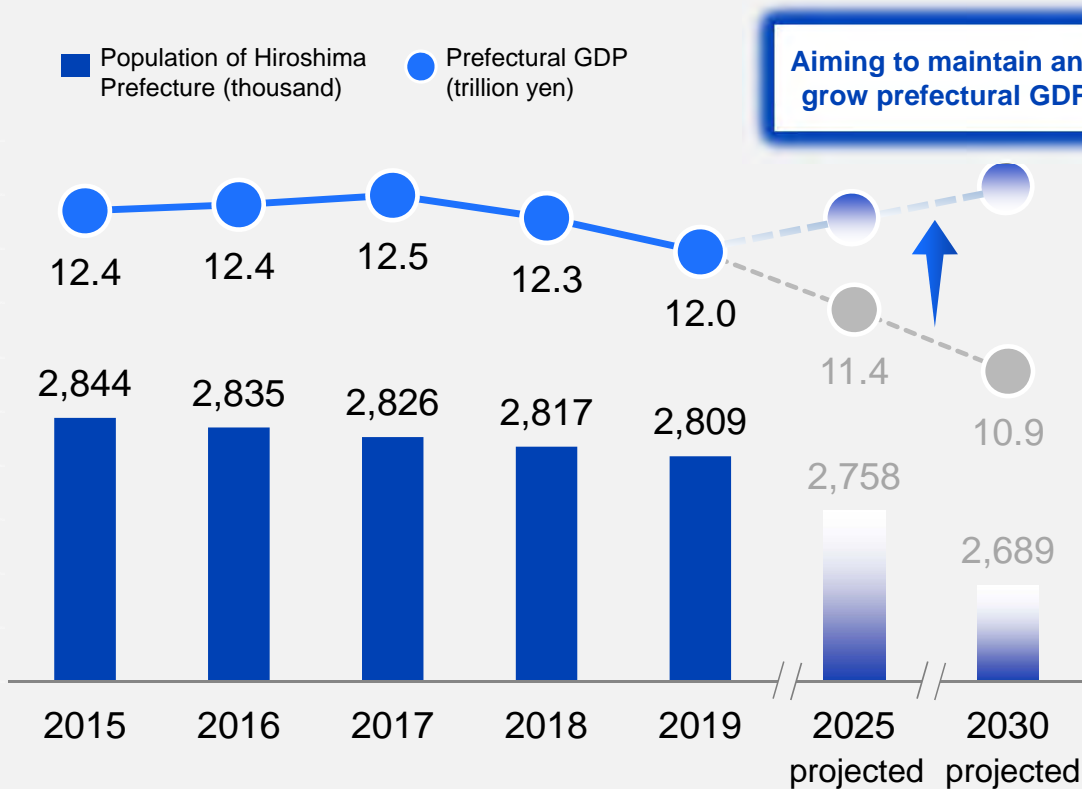
Source: Prepared by the Company based on Hiroshima Tourism Association, "Hiroshima Prefecture Traveler Trends"

* Target tourism consumption for 2030 is from Hiroshima Prefecture, "Hiroshima Tourism Promotion Basic Plan (FY2023-2027)"

Underlying economic conditions in the region – Community issues –

- ▶ Prefectural GDP in Hiroshima Prefecture is projected to fall as the population decreases.
- ▶ Contraction in prefectural GDP (the prefecture's economy) is the greatest threat to a regional financial institution, thus the Group needs to take active and direct efforts to increase population and productivity in order to maintain and grow prefectural GDP.

Trends in the population of Hiroshima Prefecture and prefectural GDP (projected)



Contraction in the regional economy is the greatest threat to regional financial institutions.



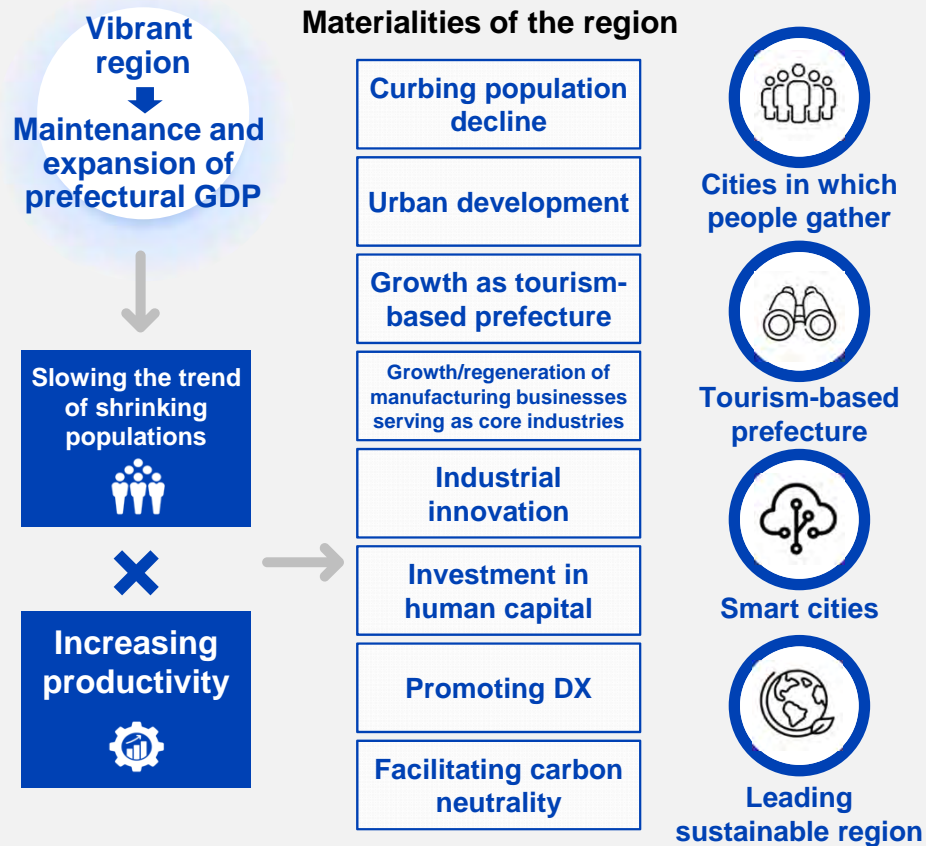
Efforts to achieve regional revitalization (increasing prefectural GDP) are vital.

Company estimates based on National Census, National Institute of Population and Social Security Research population estimates, and "Prefectural Economic Statistics" by Cabinet Office

Overview of Mid-Term Plan 2024 – Regional and Group vision –

- ▶ Mid-Term Plan 2024 identifies clear regional materialities for realizing vibrant region (maintenance and expansion of prefectural GDP). The Group will demonstrate an overwhelming presence in the region through efforts to identify solutions to these issues.
- ▶ The Group will strengthen its corporate value by deepening and expanding its business axes and maximizing the human capital, thereby achieving its ideal form and ultimate purpose.

Regional vision



The Group's vision

To demonstrate an overwhelming presence in the region



Deepening and expanding the business axes

- ❑ Offering advanced financial and nonfinancial solutions
- ❑ Offering a wide range of services that leverage alliances
- ❑ Further enhancing Group joint efforts



Maximizing human capital

- ❑ Systematic support for autonomous career building by each and every employee (enhancing investments in human capital through reskilling and other measures)
- ❑ Maintaining strong engagement among individual employees
- ❑ Continual review of remuneration levels, including base-pay increases



Increasing corporate value

PBR
(Corporate value)

=

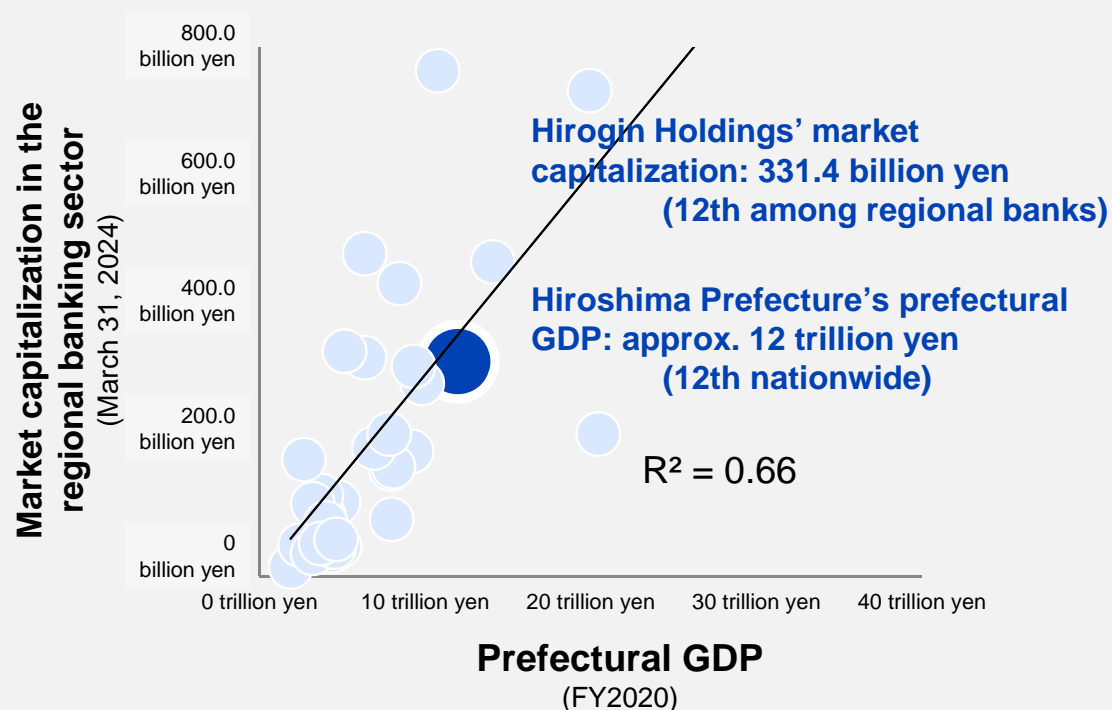
ROE

×

PER

(Reference) Relationship between PBR in the regional banking sector and the economy

Relationship between market capitalization in the regional banking sector and prefectural GDP



**Growth of regional banks
= Maintenance and growth of prefectural GDP**

* Comparison of total assets of regional banks and the prefectures in which they are headquartered
Excludes regional banks in Tokyo and Osaka, Aichi, Saitama, and Hyogo prefectures, the main business territories of megabanks, and those ranked second and lower in their prefectures by market capitalization

Relationship between PBR in the regional banking sector and ROE, prefectural GDP, and capital policies

Estimated PBR model

$$(4.74 \times \text{ROE}) + (0.07 \times \text{prefectural GDP}) + (0.12 \times \text{capital policies}) + 0.02$$

PBR component		Coefficient	t Value
ROE (%)	×	4.74	10.76
Prefectural GDP (ln, trillion yen)	×	0.07	4.01
Capital policies (total return ratio, %)	×	0.12	2.77
Intercept		0.02	0.55

The t value indicates the impact of each component on PBR. The larger the value, the stronger the impact.

Coefficient of determination:
69.6%

Roughly 70% of PBR can be explained by three factors: ROE, prefectural GDP, and capital policies.

To increase PBR (corporate value), it is vital to enhance efforts targeting ROE, prefectural GDP, and capital policies.

* Based on results of multiple regression analysis of regional banks' PBR ratios (as of March 31, 2024; excludes regional banks in Tokyo, Osaka, Aichi, Saitama, and Hyogo prefectures), ROE (projected for the period ending March 2024), prefectural GDP in the prefectures in which banks are headquartered (FY2020), and total return ratio (projected for period ending March 2024)

Overview of Mid-Term Plan 2024 – KPIs for regional revitalization and business performance –

KPIs for regional revitalization and Group initiatives

KPIs for regional revitalization

Trends in Hiroshima Prefecture's population

Reducing the rate of decline
(2028)

Tourism consumption in Hiroshima Prefecture

Targeting continual growth*
(2028)

Hiroshima Prefecture's greenhouse gas emissions

Targeting continual reductions
(FY2028)

The Group's initiatives (in Hiroshima Prefecture)

Cases of startup and VC support

61 → 800
(FY2023 result) (FY2024-2028 cumulative)

HR referrals

11 → 350
(FY2023 result) (FY2024-2028 cumulative)

Involvements in community/regional development projects

82 projects → 200 projects
(Cumulative through FY2023) (Cumulative through FY2028)

Amount invested in tourism

75.8 billion yen → 200.0 billion yen
(FY2023 balance) (FY2028 balance)

Execution amount of environmental finance

125.0 billion yen → 300.0 billion yen
(FY2023 balance) (FY2028 balance)

Group business performance KPIs (FY2028)

Increasing returns on consolidated net assets

Consolidated ROE

Approx. 7.5%

FY2023 result: 5.4%

Soundness

Consolidated capital adequacy ratio

Approx. 11%

FY2023 result: 11.0%

Increasing net assets/share

Consolidated BPS

2,000 yen or more

FY2023 result: 1,760 yen

* Increasing unit amount through shift from tourism by travelers passing through to excursion and long-term stay tourism consumption

Improving corporate value


Improving RORA

Controlling financial leverage

Nonfinancial strategies

- The Group will improve RORA, control financial leverage, and enhance efforts toward nonfinancial strategies, thereby increasing PBR (corporate value).

Targets for FY2028, the final fiscal year of Mid-Term Plan 2024

Now					Targets for FY2028, the final fiscal year of Mid-Term Plan 2024
PBR (corporate value)	0.61 times	$\frac{\text{Market capitalization}}{\text{Net assets}} = \frac{331.4 \text{ billion yen}}{535.2 \text{ billion yen}}$			Approx. 1 time
ROE	5.4%	$\frac{\text{Net income}}{\text{Net assets (balance)}} = \frac{27.6 \text{ billion yen}}{516.6 \text{ billion yen}}$			Approx. 7.5%
RORA	0.7%	$\frac{\text{Net income}}{\text{Risk assets}} = \frac{27.6 \text{ billion yen}}{3.9842 \text{ trillion yen}}$	Improving RORA p. 17-36		Approx. 1%
Financial leverage	7.4 times	$\frac{\text{Risk assets}}{\text{Net assets}} = \frac{3.9842 \text{ trillion yen}}{535.2 \text{ billion yen}}$	Controlling financial leverage p. 37-39		Approx. 8 times
PER	12.1 times	$\frac{\text{Market capitalization}}{\text{Net income}} = \frac{331.4 \text{ billion yen}}{27.6 \text{ billion yen}}$	Nonfinancial strategies p. 40-41		Approx. 13 times

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Note: Figures under “Now” above represent results for the period ended March 2024

Hirogin Holdings | Overview of financial results for FY2023

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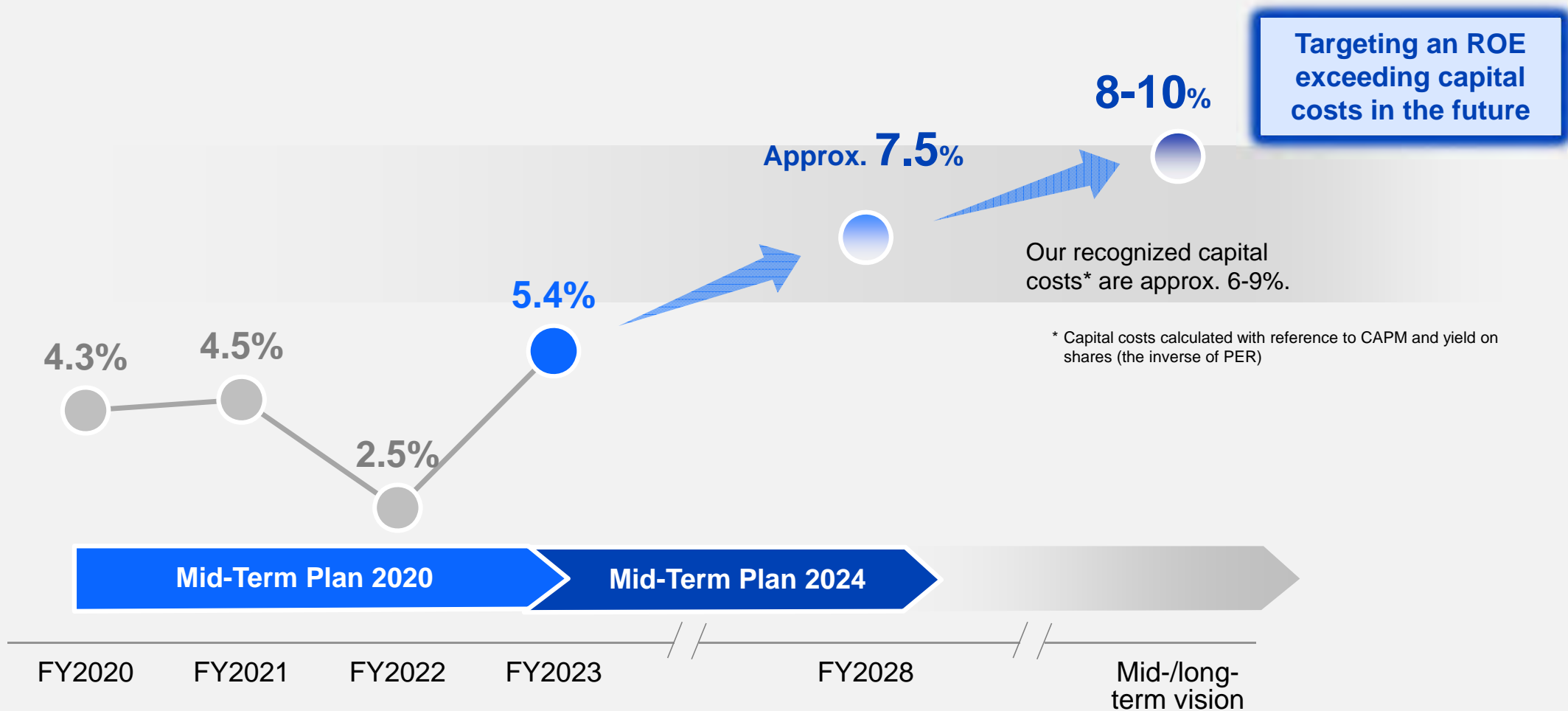
Mid-/long-term ROE targets

Improving RORA

Controlling financial leverage

Nonfinancial strategies

- ▶ We will target an ROE of 7.5% in the final fiscal year of Mid-Term Plan 2024 and the range of 8-10%, exceeding capital costs, in the future.



Priority areas for improving RORA

Improving RORA

Controlling financial leverage

Nonfinancial strategies

► We will strive to improve RORA by deploying businesses that draw on the Group's strengths; we will also undertake structural reforms.

	Priority area	FY2023	FY2028 (vs. FY2023)	
Deploying businesses that draw on the Group's strengths	Regional development business	Related revenues 2.0 billion yen	→ Approx. 3.5 billion yen + approx. 1.5 billion yen	p. 19-21
	Ship finance	Related revenues 10.3 billion yen	→ Approx. 12.0 billion yen + approx. 2.0 billion yen	p. 22-24
	Corporate solutions	5.8 billion yen	→ Approx. 8.5 billion yen + approx. 3.0 billion yen	p. 25-27
Business domains in which we will pursue structural reforms	Wealth management	10.5 billion yen	→ Approx. 11.5 billion yen + approx. 1.0 billion yen	p. 28-30
	Securities asset management, ALM	Interest income 7.6 billion yen	→ Approx. 22.0 billion yen + approx. 14.5 billion yen	p. 31-33

Regional development business initiatives

Improving RORA

Controlling financial leverage

Nonfinancial strategies

- ▶ Numerous large-scale redevelopment projects and large-scale capital investments, centered on major firms, are planned in Hiroshima Prefecture.

Real estate redevelopment projects in Hiroshima Prefecture

Hiroshima (Hiroshima Station area, Kamiya-cho)	<input type="checkbox"/> 10 or more large-scale redevelopment projects planned for completion through 2030
Fukuyama (In front of JR Fukuyama Station)	<input type="checkbox"/> Large-scale multi use building (retail, offices, condominiums) <input type="checkbox"/> Planned to open September 2024 (retail facility)
Hatsukaichi (Hera district)	<input type="checkbox"/> Large-scale resort complex (hotel, hot springs, restaurants and bars, etc.) <input type="checkbox"/> Planned to open in 2029
Kure (In front of JR Kure Station)	<input type="checkbox"/> Multi use building (retail, condominiums) <input type="checkbox"/> Planned to open FY2027

Corporate capital investment in Hiroshima Prefecture

Semiconductors	New plant by Disco (Kure)	<input type="checkbox"/> New plant planned to produce grindstones for cutting and polishing semiconductor materials <input type="checkbox"/> Investment of more than 40.0 billion yen <input type="checkbox"/> Construction planned to begin in 2025
	Capital investment by Micron technology (Higashihiroshima)	<input type="checkbox"/> Development and production of state-of-the-art memory <input type="checkbox"/> Investment of approx. 500.0 billion yen <input type="checkbox"/> Mass production planned to begin in 2026
IT	Data center by Google affiliated company (Mihara)	<input type="checkbox"/> Investment of approx. 100.0 billion yen <input type="checkbox"/> Operation planned to begin in 2028

Numerous large-scale real estate redevelopment projects and corporate capital investments are planned in Hiroshima Prefecture

Regional development business initiatives

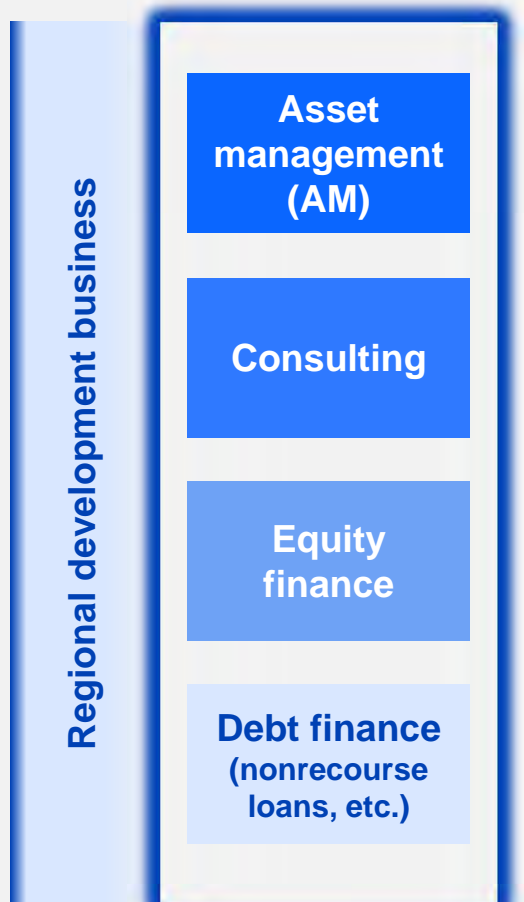
Improving RORA

Controlling financial leverage

Nonfinancial strategies

- ▶ Centered on Hirogin Area Design and Hiroshima Bank's Structured Finance Office (established in April 2024), while continuing to enhance alliances with public agencies and other partners, the regional development business will advance into new business domains in addition to its existing finance businesses.

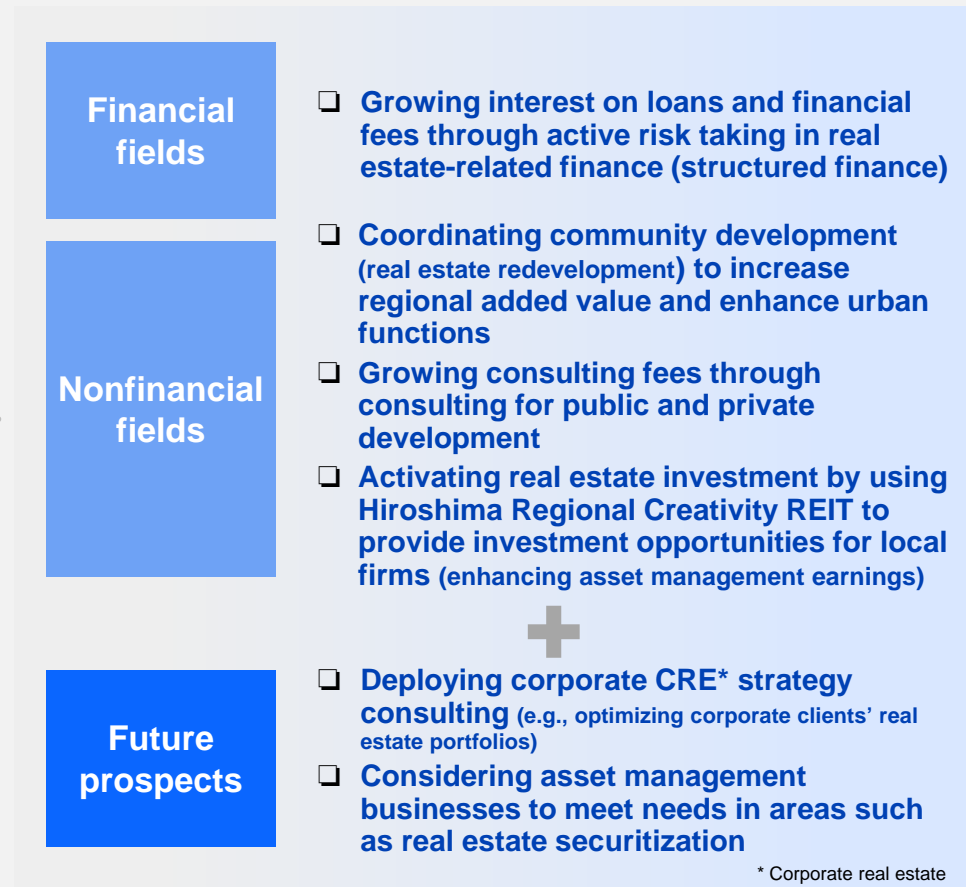
Business domains



Investments of management resources



Strategies



Regional development business initiatives

Improving RORA

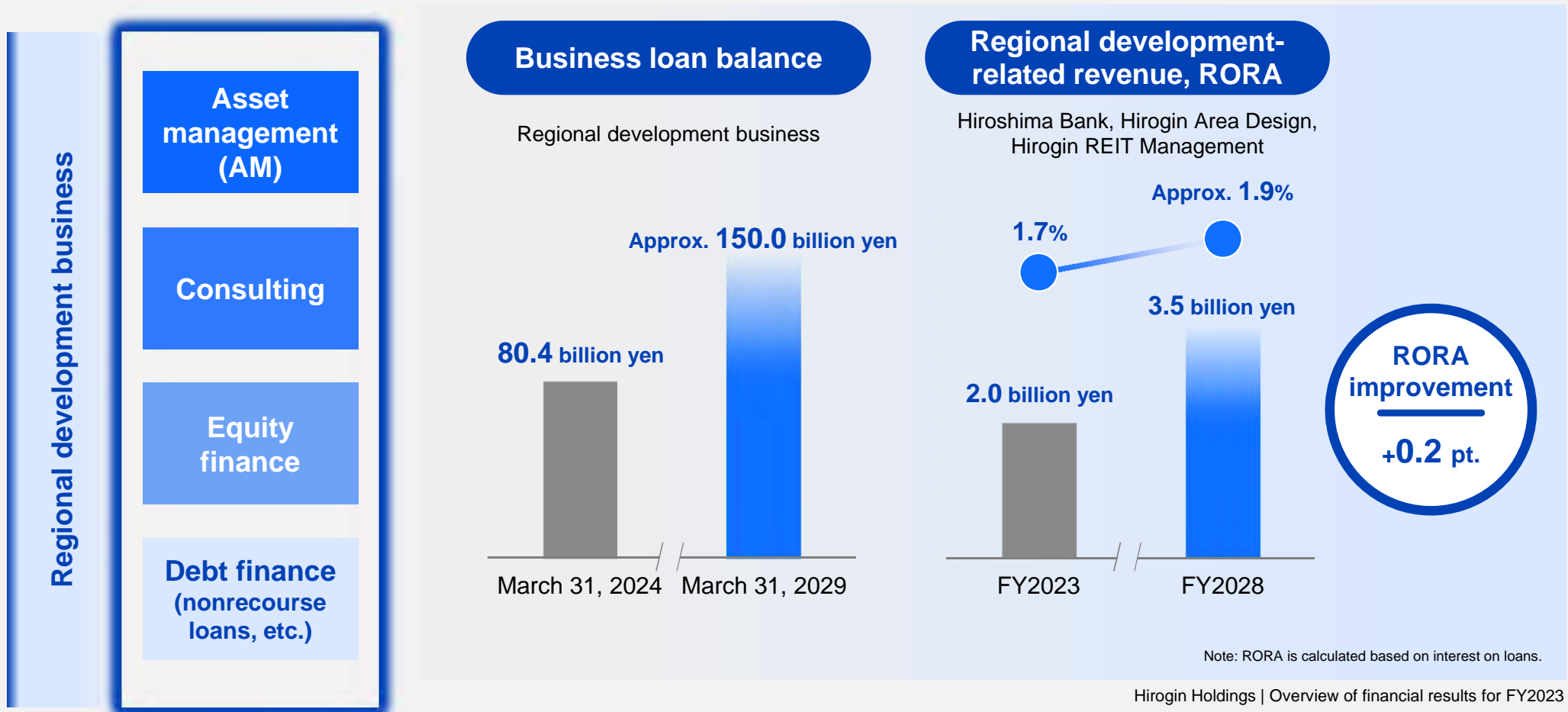
Controlling financial leverage

Nonfinancial strategies

- ▶ The regional development business will strive to achieve a business loan balance of 150.0 billion yen, related revenue of 3.5 billion yen, and RORA of 1.9% in FY2028.

Business domains

Numerical plans



Ship finance initiatives

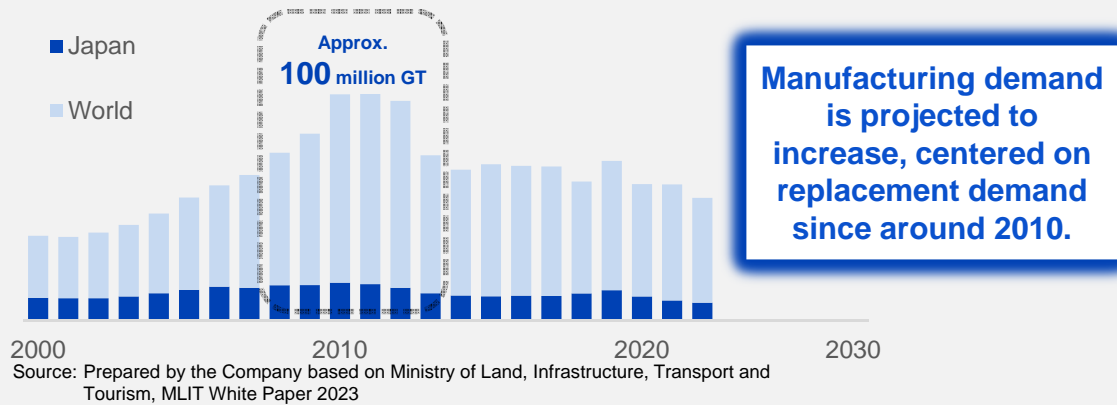
Improving RORA

Controlling financial leverage

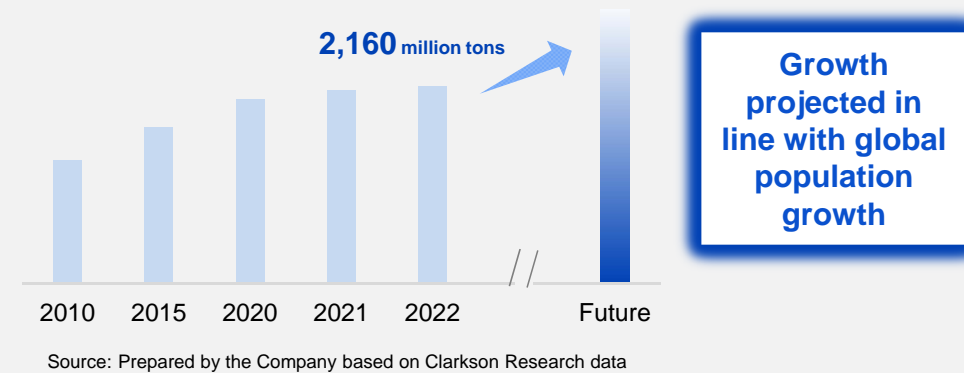
Nonfinancial strategies

- ▶ Demand for shipbuilding is projected to remain steady, backed by replacement demand for international ships, growing numbers of ships that run on next-generation fuels, and growing ocean transport volumes.

Trend in shipbuilding for international shipping



Global ocean freight volume



Spread of ships that run on next-generation fuels

GHG emissions reduction targets (vs. 2008)

By 2030

-20-30%

By 2040

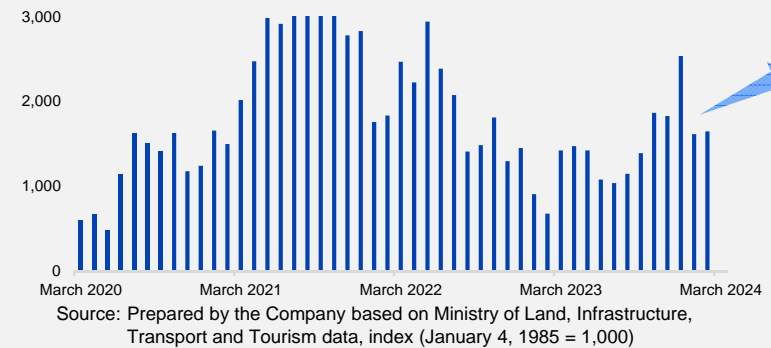
-70-80%

By 2050

Net zero

Source: Prepared by the Company based on Ministry of Land, Infrastructure, Transport and Tourism data

Baltic Index



Ship finance initiatives

Improving RORA

Controlling financial leverage

Nonfinancial strategies

- ▶ In the area of ship financing, one of our strengths, we will strengthen our approach to risk management while growing the balance of loans by investing in management resources.
- ▶ We will also focus on supporting customer forays into overseas markets in cooperation with Hirogin Global Consulting (a subsidiary in Singapore), established in January 2024.

Business domains

Investments of management resources

Strategies



Ship finance initiatives

Improving RORA

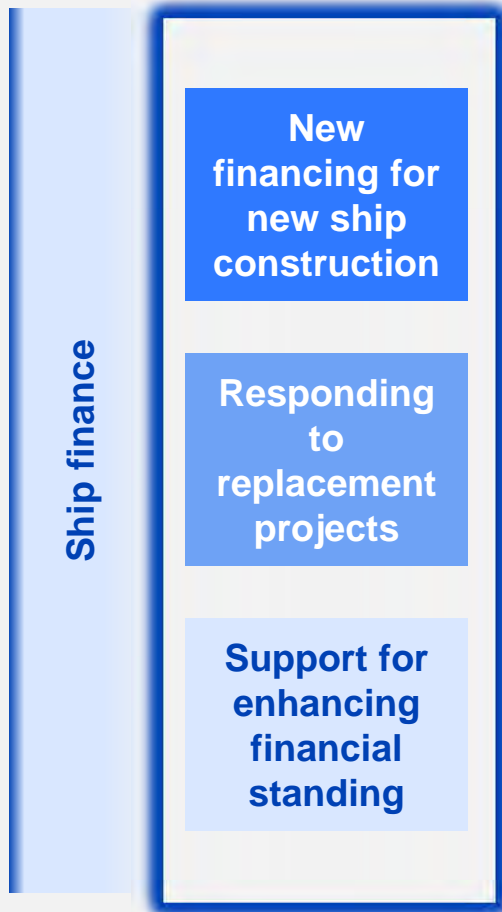
Controlling financial leverage

Nonfinancial strategies

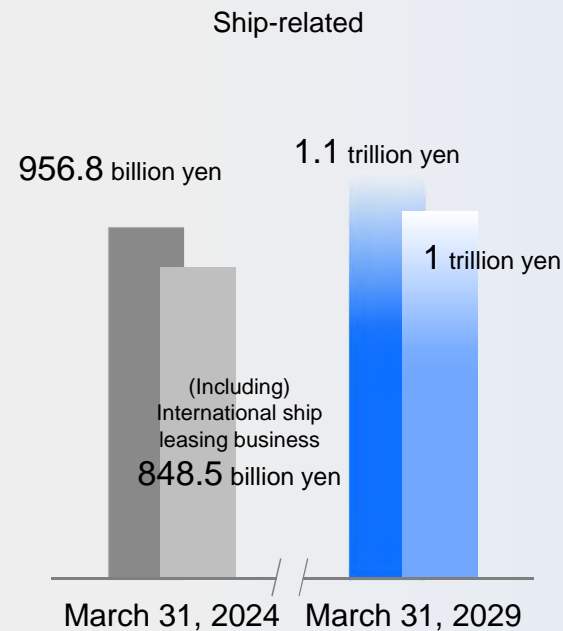
- ▶ In ship financing, we will strive to achieve a business loan balance of 1.1 trillion yen, related revenue of 12.0 billion yen, and RORA of 1.7% in FY2028.

Business domains

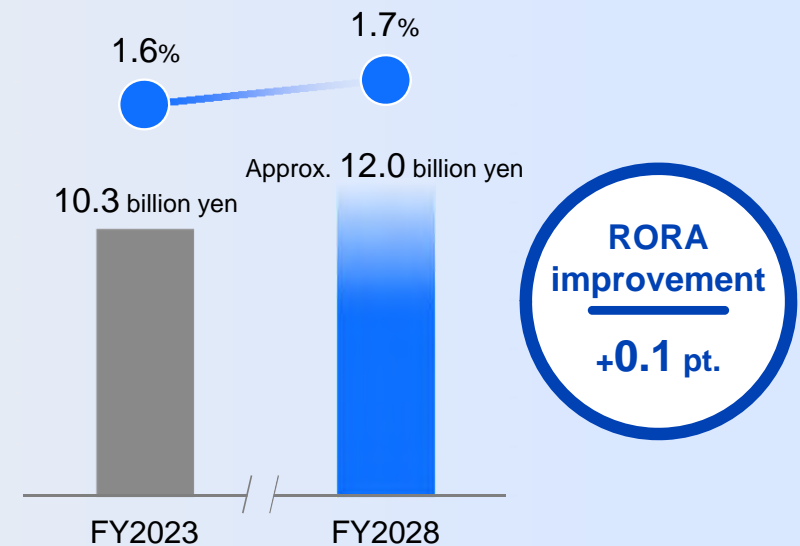
Numerical plans



Business loan balance



Related revenue, RORA

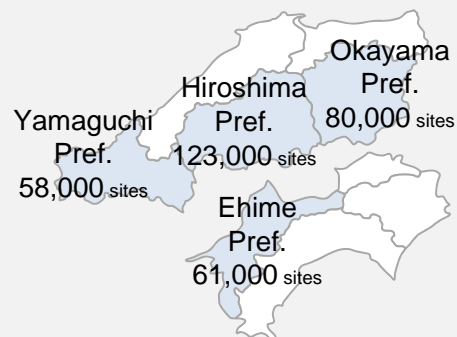


Note: RORA is calculated based on interest on loans (on a spread basis for foreign currency)

Corporate solutions initiatives

- ▶ In light of the market potential in the four local prefectures, there is plenty of room for growth in Group transactions.
- ▶ There is also high demand for startup and VC support and business succession and M&A solutions among customers, and this demand is expected to remain steady.

Market potential of the four local prefectures



Businesses in the four local prefectures
323,000 sites

Group customers

35,477

Borrowers

(with net sales of 200 million yen or more)

7,900

Lending share (in Hiroshima Prefecture)

33.7%

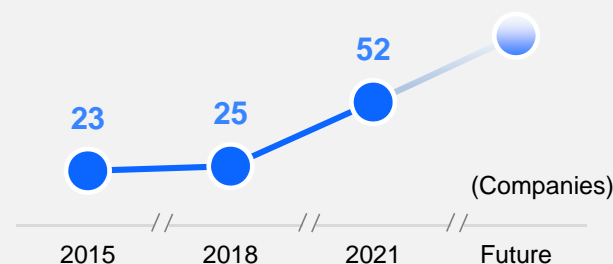
Potential for growing Group transactions

Improving RORA

Controlling financial leverage

Nonfinancial strategies

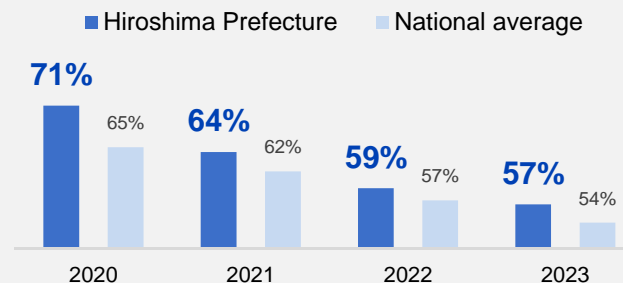
Number of firms raising VC funds in the four local prefectures (startup trend)



Source: INITIAL, Japan Startup Finance 2023

VC investment is increasing in the four local prefectures.

Percentage of businesses lacking successors in Hiroshima Prefecture



Source: Hiroshima Branch, Teikoku Databank, "Fact-Finding Survey of Businesses Lacking Successors (2023)"

The percentage of businesses lacking successors in Hiroshima Prefecture exceeds the national average.

Notes:

1. Numbers of business sites are taken from the 2021 Economic Census.
2. Group customers and borrowers are taken from results at the end of March 2024.
3. Lending share is taken from results at the end of February 2024.

Corporate solutions initiatives

Improving RORA

Controlling financial leverage

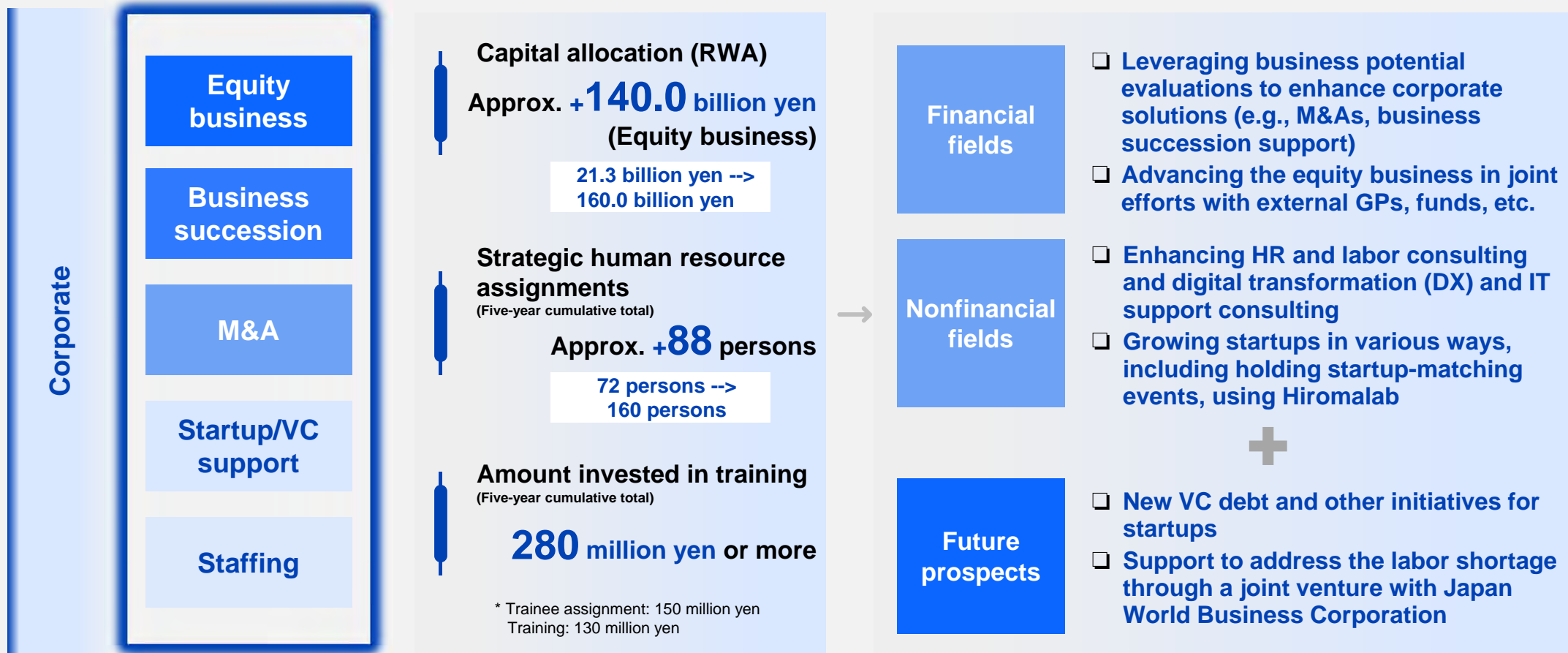
Nonfinancial strategies

- ▶ We will further enhance and expand business domains related to corporate solutions, another company strength.
- ▶ Additionally, we will strengthen efforts in new fields such as VC debt for startups and supporting clients' efforts to address the labor shortage, through alliances.

Business domains

Investing management resources

Strategies



Corporate solutions initiatives

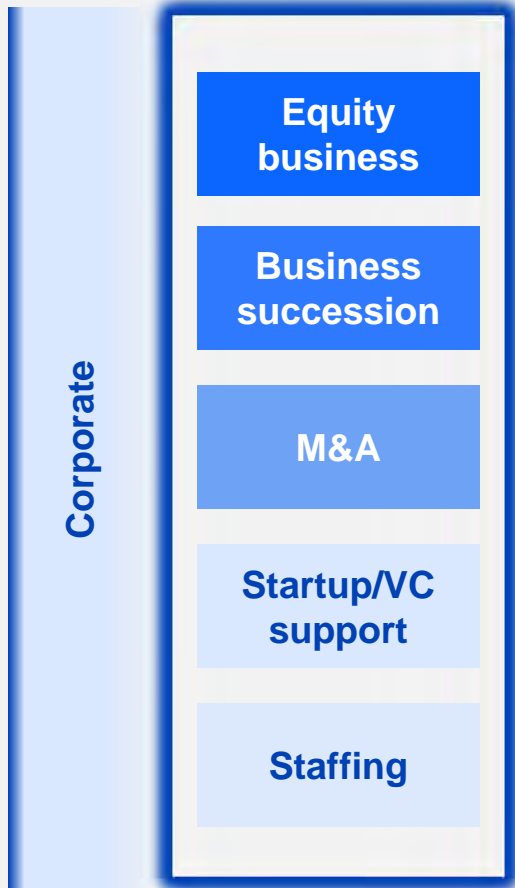
Improving RORA

Controlling financial leverage

Nonfinancial strategies

- ▶ The target for the corporate solutions field is associated profit of 8.5 billion yen in FY2028.
- ▶ The targets for the equity business are an investment balance of 100.0 billion yen and related profit of 3.5 billion yen.

Business domains



Numerical plans

Equity business investment balance

Hiroshima Bank, Hirogin Capital Partners
Approx. 100.0 billion yen

41.7 billion yen

FY2023

FY2028

Note: Balance of funds investments, etc.: Total of cumulative capital call amount on securities invested in by Hiroshima Bank and principal investment balance of Hirogin Capital Partners

Nonfinancial company sales

Hirogin Human Resources, Hirogin IT Solutions
Approx. 9.0 billion yen

5.0 billion yen

FY2023

FY2028

Associated profit

Corporate solutions profit (left bar) and profits from equity business (right bar)

5.8 billion yen

8.5 billion yen

1.5 billion yen

3.5 billion yen

FY2023

FY2028

Wealth management initiatives

Improving RORA

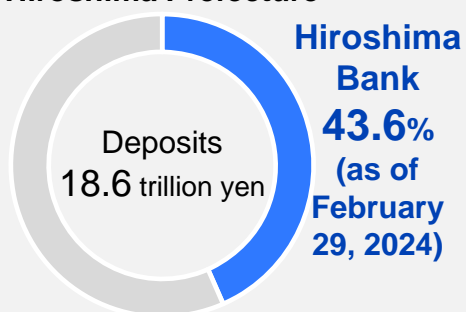
Controlling financial leverage

Nonfinancial strategies

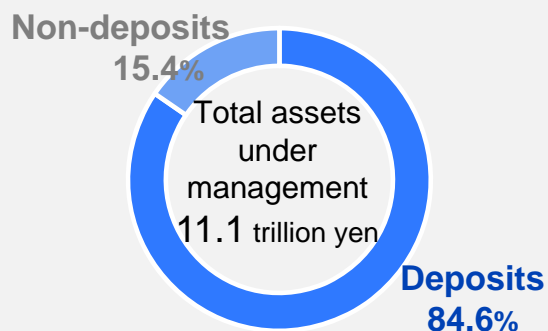
- ▶ Deposits account for about 85% of the Group's total balance of assets under management. We expect to be able to meet further demand for asset management.
- ▶ In addition, in Hiroshima Prefecture, people under 60 years of age account for more than 80% of alliance partner accounts. There is sufficient room to grow transactions with those in their asset-building years.
- ▶ Additionally, since those aged 60 and older account for a high share of individual deposit balances, we anticipate growing demand for inheritance and trust services.

Deposits, non-deposits

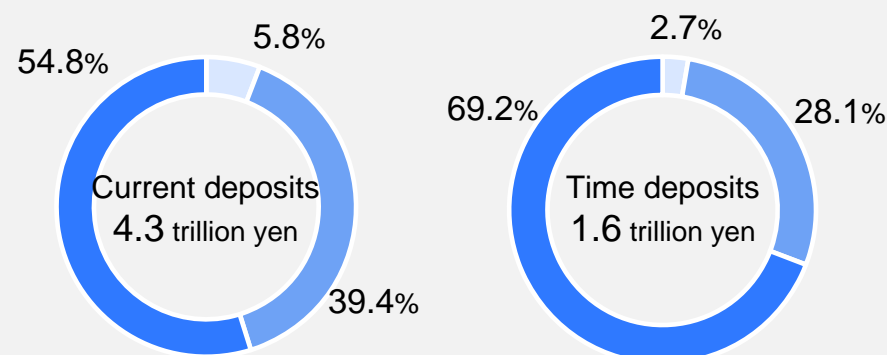
Share of deposits in Hiroshima Prefecture



Group portfolio



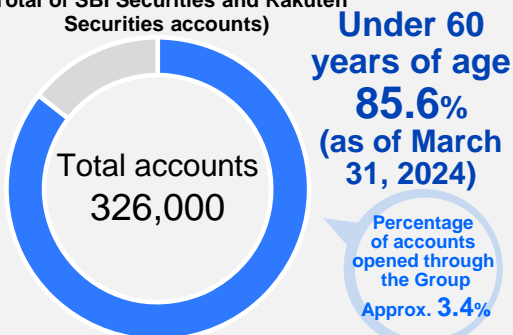
Individual deposit portfolio by age (as of March 31, 2024)



30 years and younger 31-60 years 60 years and older

Online securities accounts of alliance partners in Hiroshima Prefecture

(Total of SBI Securities and Rakuten Securities accounts)



Potential for growing Group transactions

We anticipate growing demand for inheritance services.

Note: The balance in Hiroshima Prefecture of the share of deposits in the prefecture is based on a study by the Bank of Japan's Hiroshima Branch.

Wealth management initiatives

Improving RORA

Controlling financial leverage

Nonfinancial strategies

- ▶ We will strive to enhance earnings capabilities by strengthening employee expertise in specific fields by bringing together consulting advisors and strengthening bank securities partnerships based on a goal-based approach.



Wealth management initiatives

Improving RORA

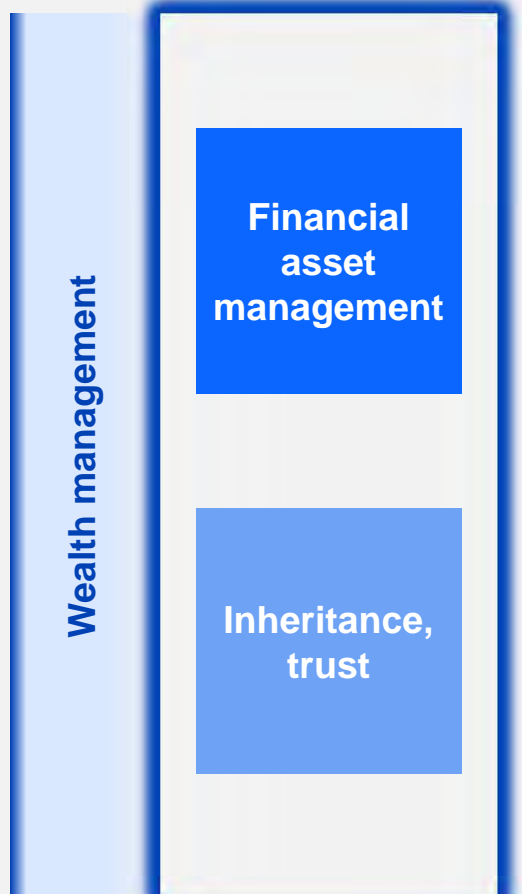
Controlling financial leverage

Nonfinancial strategies

- ▶ We will move forward with a shift toward asset management consulting based on a goal-based approach, thereby transitioning from the current revenue structure centered on upfront revenues to one centered on stock revenues unaffected by market conditions.

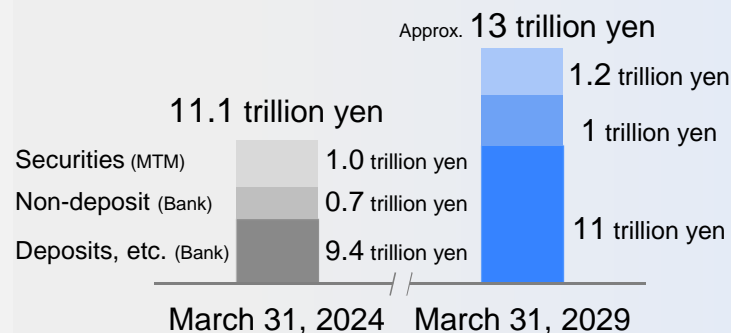
Business domains

Numerical plans

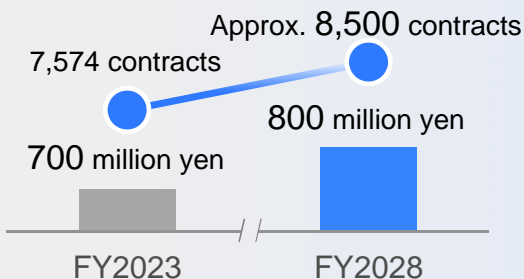


Total balance of assets under management

Hiroshima Bank, Hirogin Securities

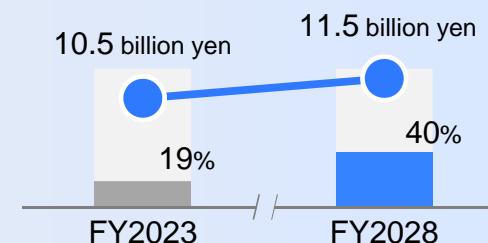


Inheritance- and trust-related revenues and contracts

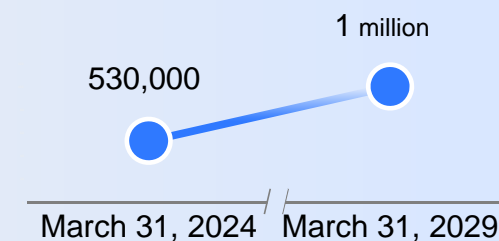


Shares of related revenues and stock revenues

Hiroshima Bank, Hirogin Securities



Hirogin App accounts opened



Securities asset management initiatives

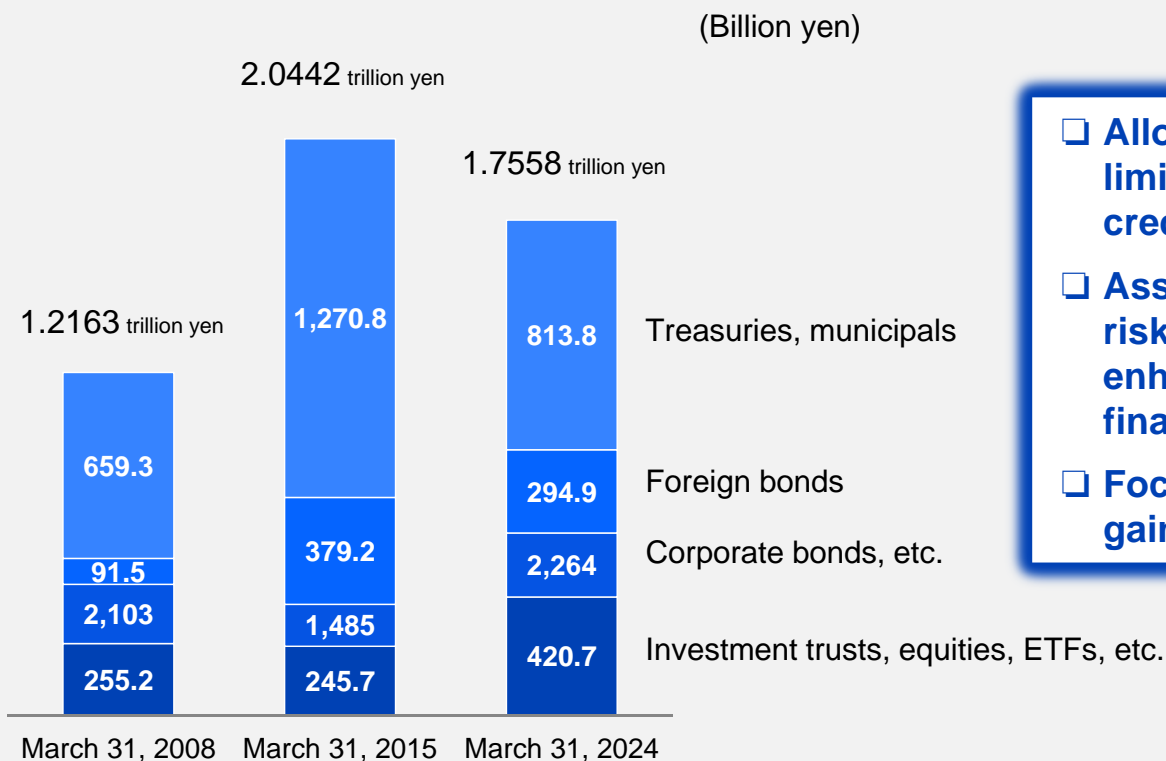
Improving RORA

Controlling financial leverage

Nonfinancial strategies

- ▶ In securities asset management to date, no active risk taking measures have been conducted. Short-term trading focused.

Securities portfolio



Securities portfolio topics

- ❑ Allocation of capital to securities (RWA) is limited due to the emphasis on assuming credit risks related to local loans.
- ❑ Asset management centered on interest risk emphasizing liquidity and security to enhance risk management since the 2008 financial crisis
- ❑ Focusing on short-term trading to secure gains

Securities asset management initiatives

Improving RORA

Controlling financial leverage

Nonfinancial strategies

- ▶ Striving to achieve a portfolio with a balance of 2 trillion yen and yield of 1% or more based on active risk-taking measures intended to rebuild the securities portfolio



Note: These figures are based on internal management figures. Balances are based on book values. Yield figures account for external fundraising costs; securities balances (total) include cross shareholdings; and investments, etc. include specified monetary trusts.

Impact of rising interest rates

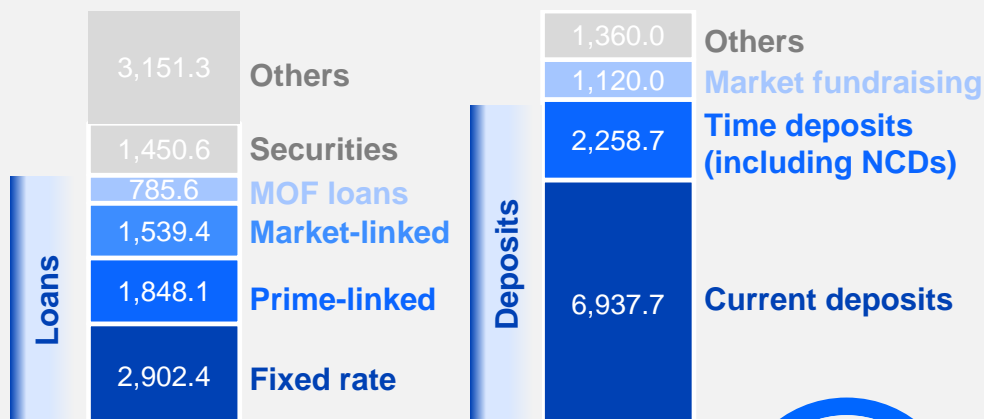
Improving RORA

Controlling financial leverage

Nonfinancial strategies

- As domestic interest rates begin to rise, we will strive to stabilize earnings through interest rate risk controls while considering the overall state of the balance sheet.

Yen balance sheet



Foreign currency balance sheet



Share of payment accounts
54%

(Billion yen)

Note: Payment accounts refer to accounts used for receipt/payment of salary, pension, and payment of utilities for individual customers and those with loan balances for corporate customers.

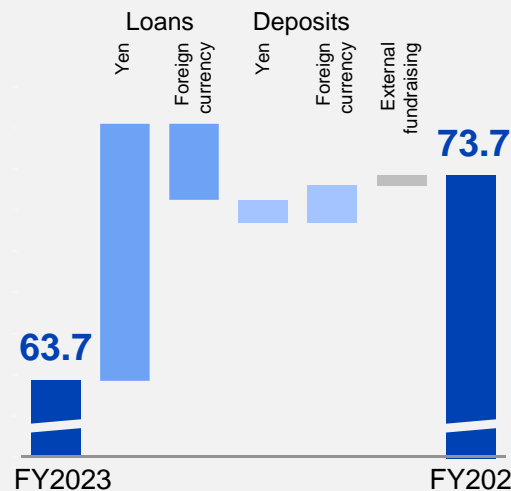
Effect of rising yen interest rates on returns on funds

Short-term interest rate increase of 0.1 pt. * Two-year projection	Approx. +2.8 billion yen	* Impact on-deposits, loans, and BOJ current account deposits
Long-term interest rate increase of 0.1 pt. * Five-year projection	Approx. +1.4 billion yen	* Impact on long-term fixed-rate loans

Assumptions of estimates:

- Balances remain unchanged from March 31, 2024 (redemption reloaned at same amount and interest rate).
- Deposit interest rates follow at 20-35%.
- Impact figures are comparisons to single-year earnings if rates remained unchanged, based on the March 31, 2024 balance sheet.

Reference: Returns on funds related to loans, deposits, etc. under Mid-Term Plan 2024 (billion yen)



	Change	Funds difference	Yield difference	Impact of revised policy interest rates (included at left)
Loans	8.8	9.2	-0.4	2.4
Yen	12.5	7.8	4.7	7.0
Foreign currency	-3.7	1.4	-5.1	-4.6
(Total asset management)	8.8	9.2	-0.4	2.4
Deposits, etc.	0.7	0.3	0.4	-0.3
Yen	-1.1	-0.1	-1.0	-1.0
Foreign currency	1.8	0.4	1.4	0.7
Market fundraising	0.5	-1.5	2.0	2.1
(Total fundraising)	1.2	-1.2	2.4	1.8

Contributions to increase earnings in priority areas

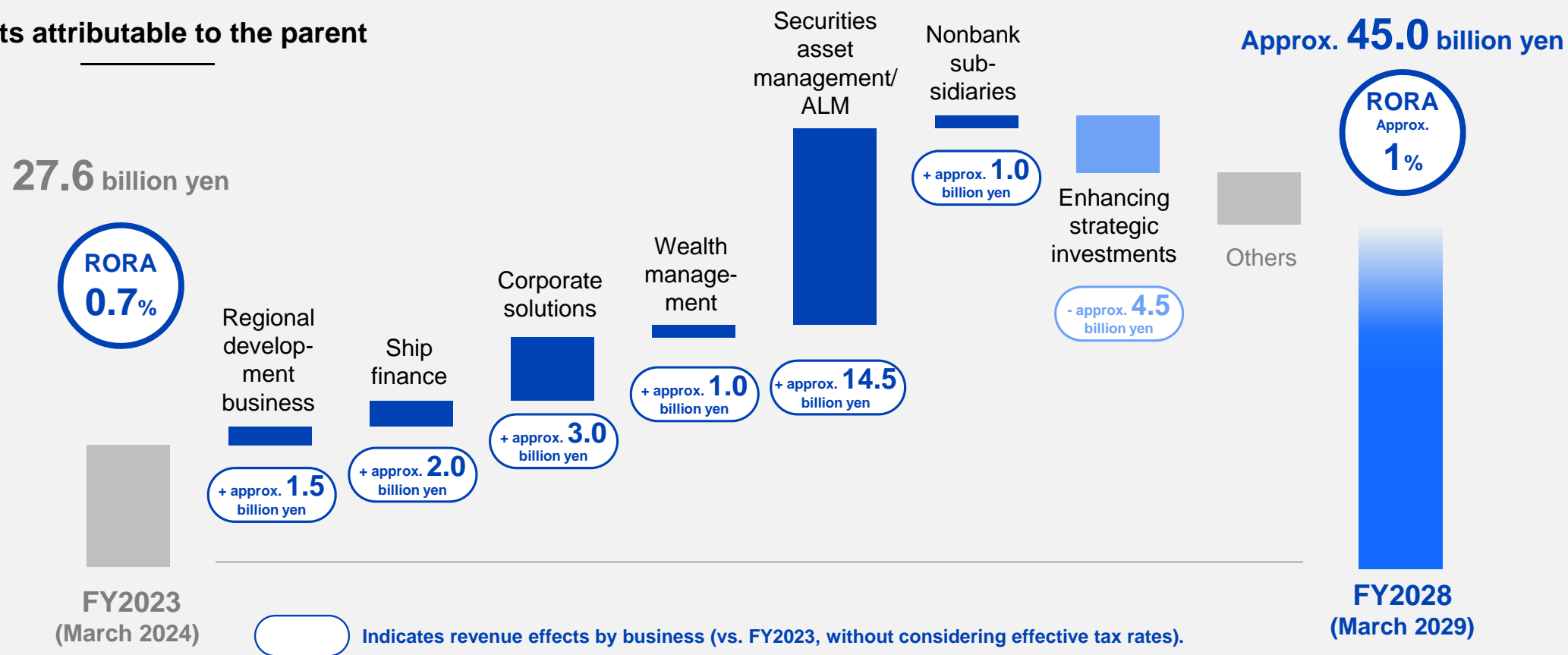
Improving RORA

Controlling financial leverage

Nonfinancial strategies

- By increasing earnings in priority areas, we will strive to achieve 45.0 billion yen in profits attributable to the parent in the final fiscal year of Mid-Term Plan 2024.

Profits attributable to the parent



Reference: Profit levels

Improving RORA

Controlling financial leverage

Nonfinancial strategies

FY2023

...

FY2028

(Change)

Effect of revision of policy interest rates included in change

Hiroshima Bank

Net interest income	74.1 billion yen	97.0 billion yen	22.9 billion yen	4.2 billion yen
(Included) Interest on loans, deposits, etc.	63.7 billion yen	73.7 billion yen	10.0 billion yen	4.2 billion yen
(Included) Securities profit and dividends	7.6 billion yen	20.0 billion yen	12.4 billion yen	-
Non-interest income	17.8 billion yen	21.5 billion yen	3.7 billion yen	-
(Included) Corporate solutions	5.8 billion yen	8.5 billion yen	2.7 billion yen	-
(Included) Asset management	4.9 billion yen	5.5 billion yen	0.6 billion yen	-
Core business gross profit	92.0 billion yen	118.5 billion yen	26.5 billion yen	4.2 billion yen
Expenses	53.0 billion yen	57.0 billion yen	4.0 billion yen	-
Core business net profit	38.9 billion yen	61.5 billion yen	22.6 billion yen	4.2 billion yen
Net profit	26.5 billion yen	41.0 billion yen	14.5 billion yen	2.9 billion yen
Net profit (total)	2.6 billion yen	4.0 billion yen	1.4 billion yen	-
Profits attributable to owners of the parent	27.6 billion yen	45.0 billion yen	17.4 billion yen	2.9 billion yen

Market scenario assumptions of the Mid-Term Plan (FY2028)

Yen interest rate	: BoJ policy rate	0.10%
	Rate on 10-year JGBs	1.50%
Foreign interest rates	: FF rate	3.00%
	Rate on 10-year US treasuries	3.75%
Exchange rate (USD/JPY)	:	135 yen
Nikkei average	:	41,000 yen

Nonbank

Note: Interest on loans and securities profits and dividends reflect deductions of external fundraising costs.

Reference: Capital allocation (amounts of risk assets)

Improving RORA

Controlling financial leverage

Nonfinancial strategies

FY2023
(March 2024)



Approx.
4 trillion yen (Consolidated capital adequacy ratio: **11%**)

Loans

+400.0
billion yen



RORA
increase

+0.1 pt.

$$\left[\begin{array}{c} \text{(FY2023)} \\ \text{Approx. } 2.3\% : \frac{63.0 \text{ billion yen}}{2.6 \text{ trillion yen}} \end{array} \rightarrow \begin{array}{c} \text{(FY2028)} \\ \text{Approx. } 2.4\% : \frac{75.0 \text{ billion yen}}{3.0 \text{ trillion yen}} \end{array} \right]$$

Net investment securities

+50.0
billion yen



RORA
increase

+0.5 pt.

$$\left[\begin{array}{c} \text{Approx. } 1.3\% : \frac{9.7 \text{ billion yen}}{850.0 \text{ billion yen}} \end{array} \rightarrow \begin{array}{c} \text{Approx. } 1.8\% : \frac{16.0 \text{ billion yen}}{900.0 \text{ billion yen}} \end{array} \right]$$

Equity investment

+140.0
billion yen



Increase in
returns

+2.0
billion yen

$$\left[\begin{array}{c} \text{Approx. } 1.5 \text{ billion yen} \end{array} \rightarrow \begin{array}{c} \text{Approx. } 3.5 \text{ billion yen} \end{array} \right]$$

New-business creation

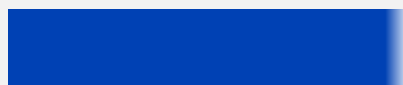
+40.0
billion yen



Enhancing alliances and new-business creation through investment

* RORA is based on returns on funds (after deducting fundraising costs)

FY2028
projected
(March 2029)



Approx.
4.8 trillion yen (Consolidated capital adequacy ratio: **approx. 11%**)

Financial leverage – Capital policies –

Improving RORA

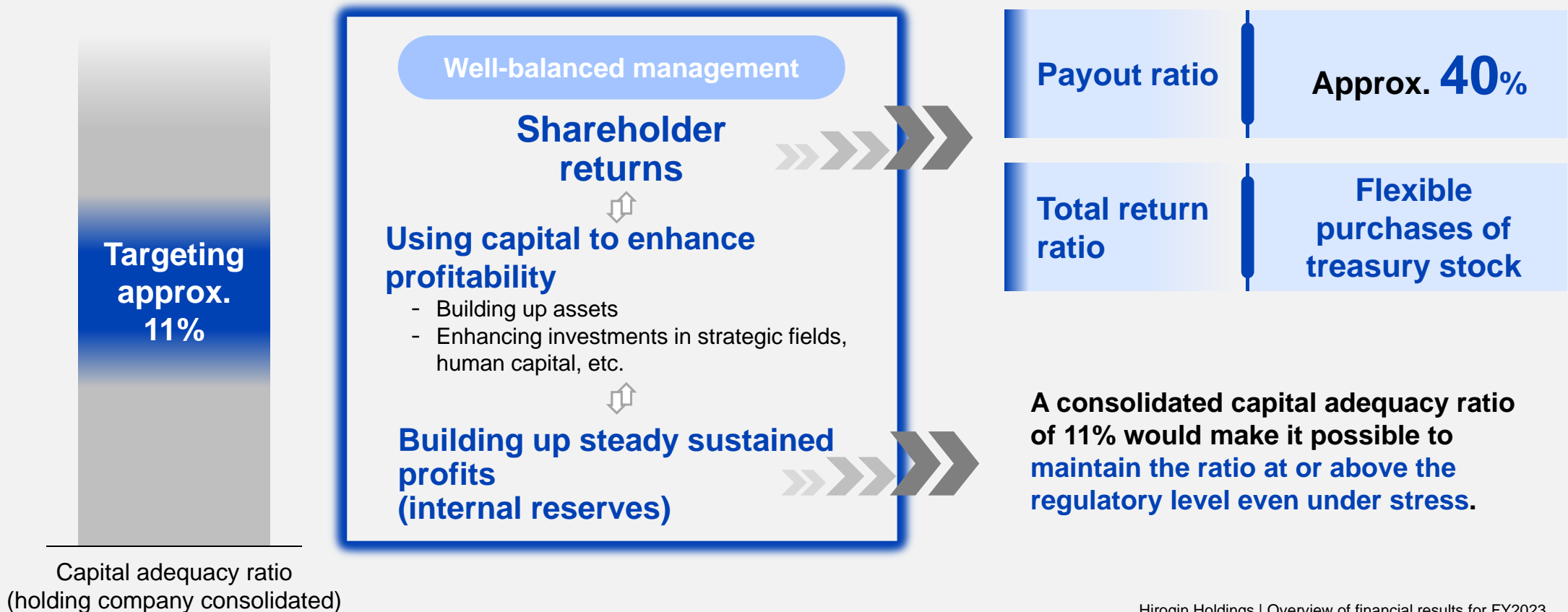
Controlling financial leverage

Nonfinancial strategies

- ▶ We will implement management reflecting capital adequacy levels, targeting a consolidated capital adequacy ratio of about 11% for the holding company.
- ▶ In addition to a dividend policy targeting a payout ratio of about 40%, we will implement flexible purchases of treasury stock.

Basic concept

Shareholder returns policy



Financial leverage – Capital policies –

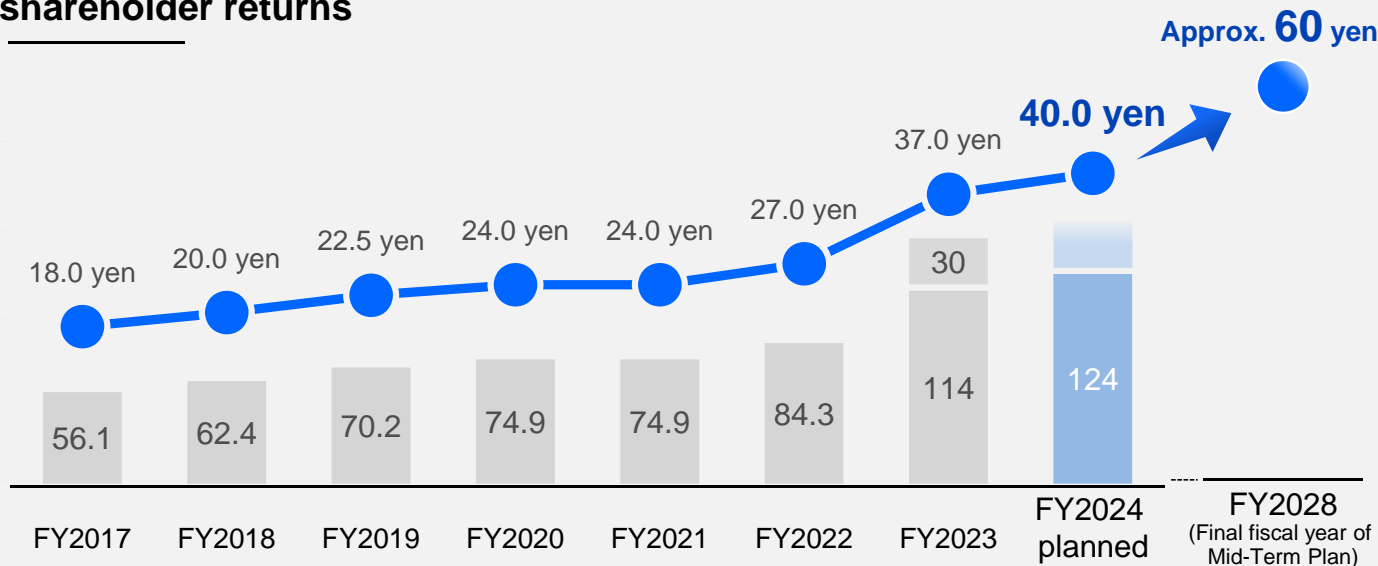
Improving RORA

Controlling financial leverage

Nonfinancial strategies

- ▶ In FY2024, we plan to pay annual dividends of 40.0 yen/share, up 3.0 yen YoY.
- ▶ We will strive to boost dividends/share in the final fiscal year of Mid-Term Plan 2024 by improving profits.
- ▶ Additionally, we will consider revising shareholder returns policies while monitoring progress toward KPIs.

Trend in shareholder returns



Dividends per share

Increasing trend

Total treasury stock acquired
(Including planned acquisitions)

Considering timing, scale, etc.

Total dividends
(Including planned dividends)

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024 planned	FY2028 (Final fiscal year of Mid-Term Plan)
Payout ratio	21.7%	24.3%	28.8%	34.6%	32.5%	67.1%	41.0%	40.5%	... Approx. 40%
Total return ratio	21.7%	24.3%	28.8%	34.6%	32.5%	67.1%	52.2%	–	–
Net income attributable to owners of the parent	25.8 billion yen	25.5 billion yen	24.2 billion yen	21.5 billion yen	22.9 billion yen	12.5 billion yen	27.6 billion yen	30.0 billion yen	45.0 billion yen

(Billion yen)

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 totals paid by Hiroshima Bank, including interim dividends of 12 yen per share (3,748 million yen in total).

Financial leverage – Reducing cross-shareholdings –

Improving RORA

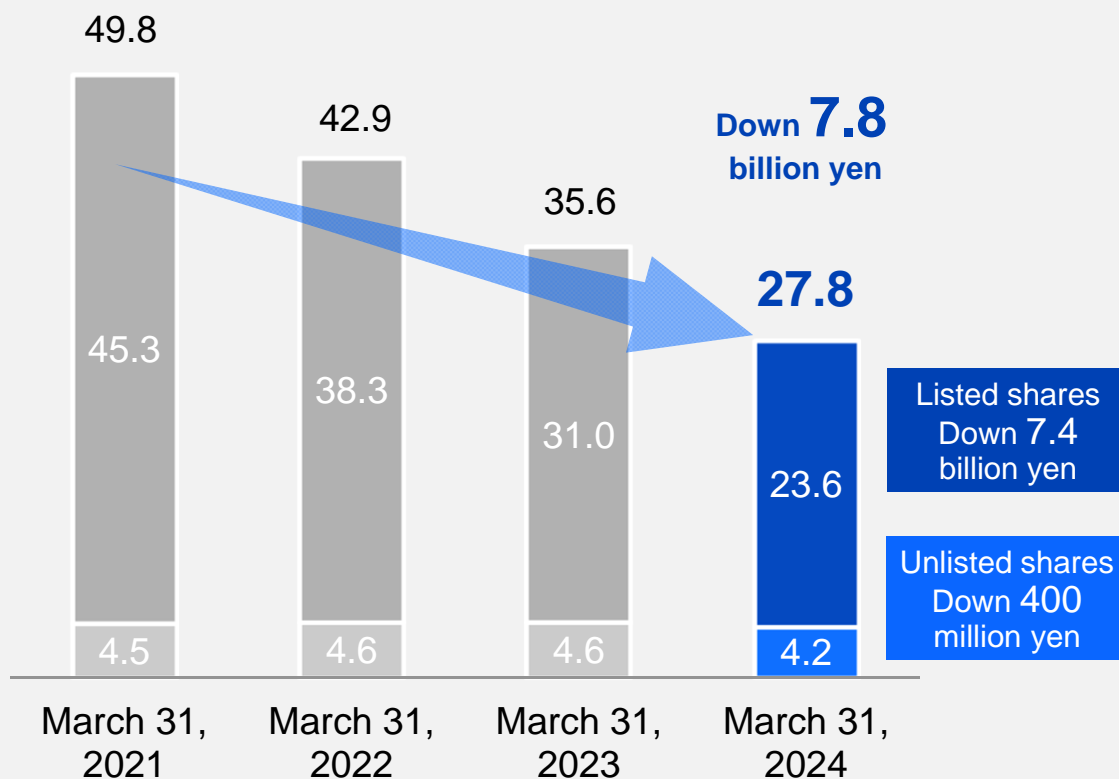
Controlling financial leverage

Nonfinancial strategies

- ▶ Cross-shareholdings declined by 7.8 billion yen from the end of March 2023 due to continuing progress on discussions with the issuers.
- ▶ We will continue to reduce cross-shareholdings (including imputed holdings), targeting a current value balance of less than 20% of consolidated equity capital by the end of March 2025.

Reductions in cross-shareholdings (book value balance)

(Billion yen)



Reduction target for cross-shareholdings (listed shares) and imputed holdings

Current level

Listed shares
+
deemed
share-holdings

Total market
capitalization

120.1 billion yen

Percentage of
consolidated
assets

Equivalent to 22%

Reduction target

(Policy on holding cross-shareholdings)

- ❑ Ongoing dialogue with issuers
- ❑ Continuing in principle to hold cross-shareholdings with customers in the four local prefectures to support and grow the local economy side by side
- ❑ Reducing cross-shareholdings in customers with relatively weak ties to local areas through ongoing dialogue

Target
for end
of March
2025

Less than 20% of consolidated equity capital
(market capitalization basis)

Reduction targets

Market-capitalization basis:	- approx. 25.0 billion yen
Book-value basis:	- approx. 13.0 billion yen

Nonfinancial strategies – Human resource management –

Improving RORA

Controlling financial leverage

Nonfinancial strategies

- ▶ While the total number of personnel for the most part remains unchanged, we will invest human capital in priority areas by revising sales structures and improving efficiency through branch closures, branch consolidation, and digital transformation (DX).
- ▶ Additionally, we will focus on developing and increasing specialized human capital to demonstrate high levels of expertise in specific fields in individual priority areas, through the trainee program and other training initiatives.

Total personnel (persons)



To date, labor costs have been controlled by reducing numbers of personnel.

While the total number of personnel for the most part remains unchanged, we will invest human capital in priority areas.

Point 1

Freeing up human resources through efficiency improvements and assigning them to priority areas

Freeing up human resources through sales structure revisions, branch closures, branch consolidation, and DX

Personal area	Approx. 150 persons
Business area	Approx. 140 persons
Head office	Approx. 40 persons
Human resources freed up	Approx. 330 persons

Assigning human resources to priority areas (Cumulative through FY2028)

Approx. 240 persons

Point 2

Specialized human capital portfolio management in priority areas

Specialists to deliver solutions

Specialized human resources in priority areas in FY2028
(Changes from FY2023 in parentheses)

Regional development
Approx. 30 persons
(+15 persons)

Corporate solutions
Approx. 70 persons
(+40 persons)

Ship finance
Approx. 30 persons
(+10 persons)

Wealth management
Approx. 320 persons
(+120 persons)

Securities asset management/ALM
Approx. 50 persons
(+8 persons)

IT/digital
Approx. 170 persons
(+100 persons)

Note: Specialized human capital refers to specialists who boost corporate value by demonstrating high expertise in specific fields and continually generating results. Numbers of personnel include duplications resulting from a single individual serving in multiple business domains.

Nonfinancial strategies – Human resource management –

Improving RORA

Controlling financial leverage

Nonfinancial strategies

- ▶ We will advance specialized human resource management to achieve KPIs in priority areas and to maximize the employee abilities.
- ▶ Additionally, we will focus on fostering awareness of the need to participate in management among employees, to realize various strategies and increase corporate value.

Specialized human resource management

Assignment

- ❑ Ascertaining personnel details (e.g., skills and experience) under the current structure
- ❑ Formulating overall policies to increase personnel in priority areas

Hiring

- ❑ Formulating hiring policies for each priority area
 - **Hiring by course**
 - Hiring specialized human resources using the IT / digital hiring course (established in April 2022) and the Tokyo Satellite Office (April 2023)
 - **Developing midcareer hiring routes**
 - Diversification of agents, etc.

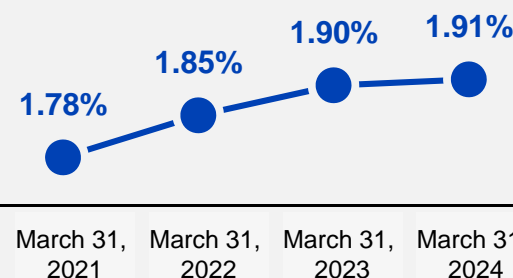
Development

- ❑ Formulating career path models and HR development policies in each priority area
- ❑ Adopting a new talent management system to manage a portfolio of specialized human resources
 - Adopting a Groupwide system
 - Comprehensively ascertaining employee skills, qualifications, work experience, and personal characteristics

Fostering awareness of the need to participate in management

Encouraging employees to join the employee stock ownership plan (ESOP)

The ESOP's share of total shares issued and outstanding (not including treasury stock)



Percentage joining the ESOP
78.7%
(Up 1.1 pt. YoY)

Average contribution/member
6,453 yen
(Up 1,790 yen YoY)

Management succession plan

Number of participants in the Hirogin Management Juku curriculum for prospective future managers

	FY2021	FY2022	FY2023
Practical	15	15	21
Upper	16	17	37
Middle	30	28	32

III. Performance projections

FY2024 business performance projections

- ▶ Net income attributable to owners of the parent is projected to rise by 2.4 billion yen year on year to 30.0 billion yen in FY2024.

FY2023 performance forecasts

(Billion yen)

	Interim performance projection	FY2024 performance projection	YoY change
Ordinary profit	20.0	44.0	9.9
Net income attributable to owners of the parent	13.5	30.0	2.4

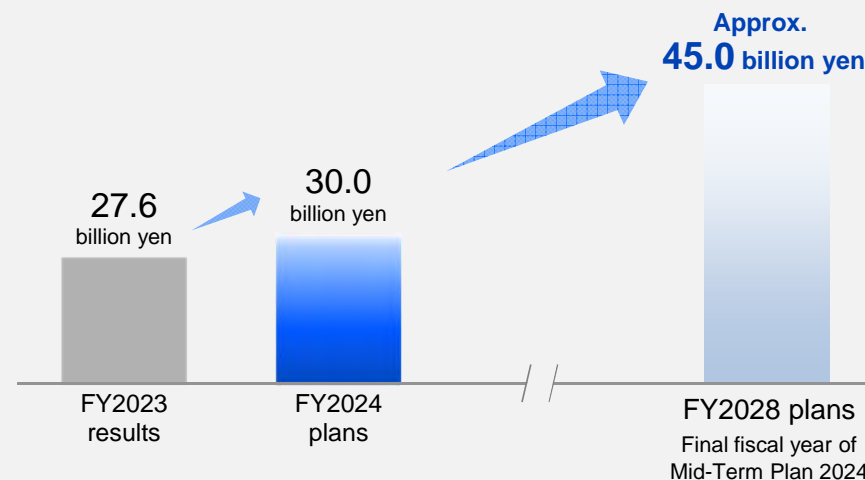
Reference: FY2024 nonconsolidated forecast for Hiroshima Bank
(Billion yen)

	Interim performance projection	FY2024 performance projection	YoY change
Net interest income		78.0	3.9
Net non-interest income		18.0	0.2
Core business gross profit		96.0	4.0
Expenses (-)		56.0	3.0
Net income from core business		40.0	1.1
Gains/losses related to securities, etc.		4.0	-1.8
Credit costs (-)		5.0	-9.4
Ordinary profit	18.0	40.0	8.6
Net income	12.5	27.5	1.0

Market scenario assumptions of performance forecasts

Yen interest rate	: (Short-term) BoJ policy rate	0.10%	(Long-term) Rate on 10-year JGBs	1.20%
Foreign interest rates	: (Short-term) FF rate	5.00%	(Long-term) Rate on 10-year US treasuries	4.00%
Exchange rate (USD/JPY)	: 140 yen			
Nikkei average	: 38,000 yen			

Plans for FY2028 (final fiscal year of Mid-Term Plan 2024)



KPIs of Mid-Term Plan 2024

	FY2023 results	FY2024 plans	Mid-Term Plan 2024 FY2028 plans
Consolidated ROE	5.4%	5.7%	7% or more
Consolidated capital adequacy ratio	11.0%	Approx. 11%	Approx. 11%
Consolidated BPS	1,760 yen	Approx. 1,800 yen	2,000 yen or more



IV. Conclusions

Why invest in Hirogin Holdings?

Regional economy with significant potential

- ❑ Expected demand for capital investment for decarbonization and other purposes in light of the region's nature as a manufacturing center
- ❑ Expectations for capturing booming inbound tourism demand, leveraging the region's wealth of tourism resources and efforts to boost tourism consumption by shifting toward excursion and long-term stay tourism

Deepening and expanding the business axes by migrating to a holding company structure

- ❑ Building a Group structure capable of delivering advanced solutions in financial and nonfinancial fields
(12 consolidated subsidiaries as of April 1, 2024)
- ❑ Further growth in transaction counterparties through Group joint efforts

Demonstrating strengths, identifying solutions

- ❑ Advancing Group strengths of the regional development business, ship finance, and corporate solutions by investing management resources in these areas
- ❑ Active risk taking in securities asset management, a topic of concern

Appendix (About Mid-Term Plan 2024)

Establishment of our purpose

Purpose: The Group's raison d'être

Expanding the horizons of the future alongside the regional community through wide-ranging services

Backdrop and reasons for requiring a purpose

- Era of high uncertainty
- Increased diversity in organizations and human resources
- Trend toward emphasizing social significance
- Transition from shareholder capitalism to stakeholder capitalism in corporate management

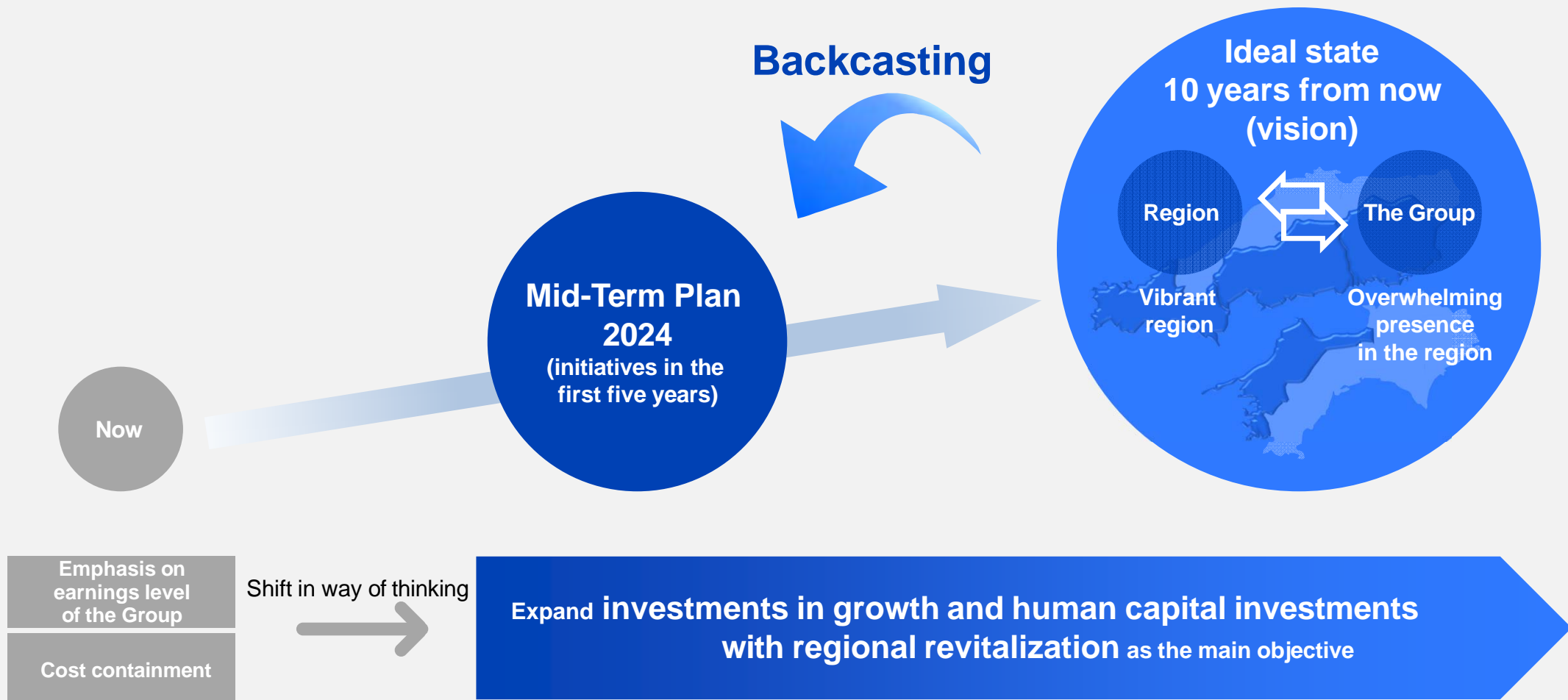
Significant changes from the past both within corporate organizations and in how society views companies

Clarification of the basis and objective of the Group's businesses and starting point to which the Group and its employees should return

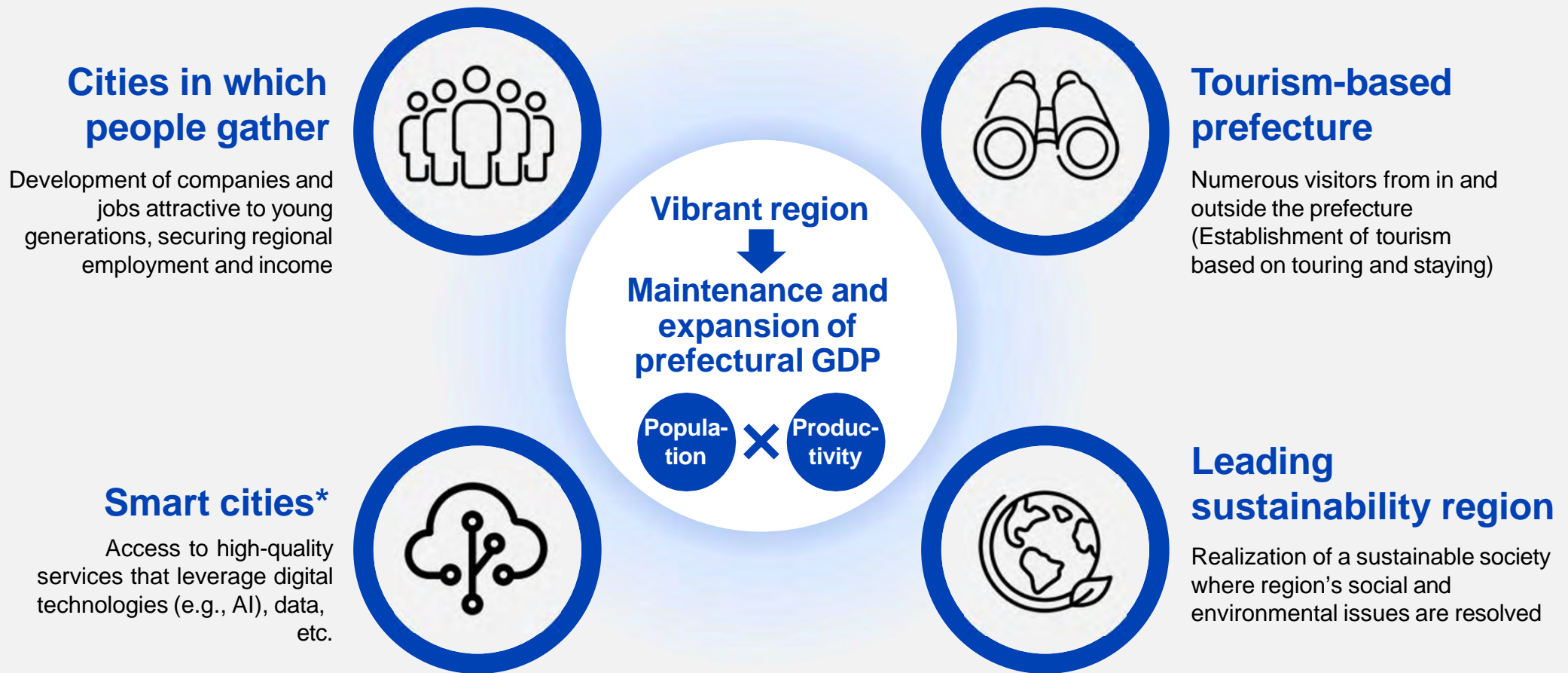
- Foster a sense of unity within the corporate organization
- Strengthen employee motivation (Clarify the social significance of the work of each employee)
- Clearly indicate that the objective of our business activities is to contribute to resolving social issues

Philosophy underpinning the Mid-Term Plan 2024

- ▶ Based on the shared ideal state of the region and the Group 10 years from now, we formulated Mid-Term Plan 2024, which covers the first five-year period by backcasting from the ideal state 10 years from now.



Ideal state of the region 10 years from now



* Smart cities: Sustainable cities and regions that continue to create new value by solving the issues faced by cities and regions by leveraging new information, communication, and other technologies and enhancing the level of management (planning, maintenance, administration, operation, etc.)

Ideal state of the Group 10 years from now



Hirogin Holdings

Demonstrating overwhelming presence in the region

**Deepening and expanding
the business axes**

Function



**Structure
(human
resources)**

Maximizing human capital

Providing advanced financial and nonfinancial solutions

Providing wide-ranging services that leverage alliances

Strengthening of Groupwide joint efforts

Human resources sought by the Group:
Generalists with both expertise and management capabilities
Specialists capable of generating solutions

Providing organizational support for the autonomous career
development of every employee
(Enhancing human capital investments, including reskilling)

Ensuring the active engagement of every employee

Reviewing compensation levels, including base salary hikes,
on a continual basis



Increasing corporate value

Continuous improvement in ROE
(8–10%, which exceeds
the cost of equity)

Increase in capital adequacy;
enhancement of returns to
shareholders and BPS

Continuous improvement in contribution
of nonbank Group companies to
consolidated performance

Continuous improvement
in PBR
(to ensure more than 1x)

Developing real strength in the Group in the first five years with eyes firmly on the state 10 years from now

Overview of the strategy

Materialities in the region

- Curbing population decline
- Urban development
- Growth as tourism-based prefecture
- Growth/regeneration of manufacturing businesses serving as core industries
- Industrial innovation
- Investment in human capital
- Promoting DX
- Facilitating carbon neutrality

Regional revitalization metrics set for materialities marked with

Materialities in the Group

- Increasing corporate value
 - Ensuring sustainable growth of the Group through contributions to the growth of the region and customers (Improving profitability, growth potential, soundness, and efficiency)
 - Improving engagement with employees, shareholders, and investors



Further enhancing Groupwide joint efforts, improving the quality of Group companies, and expanding the axes along which their businesses are based



Reallocating management resources through structural reforms

Value creation strategies

Initiatives targeting growth and development of the region and customers

Basis of strategies

Customer-centric business operation

Providing services carefully tailored to the problems and needs of individual customers to live up to their trust

Helping to create a vibrant region

Ensuring growth and development of corporate and individual customers



Strategy drivers

Initiatives targeting the transformation of the region, customers, and the Group

SX

Sustainability transformation

- Initiatives targeting climate change and environmental issues
- Creating workplace environments in which diverse human resources can flourish (Diversity and inclusion)

DX

Digital transformation

- Constantly providing new value with DX as the basis for all measures

AX

Alliance transformation

- Advancing value creation through external alliances



Management foundation reinforcement strategies

Initiatives targeting measures to strengthen the Group's own management foundation

Enhancing human capital investments

Strengthening structures in priority areas

Reviewing business operation using IT and DX

Strategic drivers – Sustainability transformation (SX) –

- ▶ To achieve carbon neutrality, in addition to advancing carbon neutrality within the Group, providing support for the carbon neutrality of the region and customers through joint efforts with government and core local firms.

SX

Carbon
neutrality

Hirogin Group

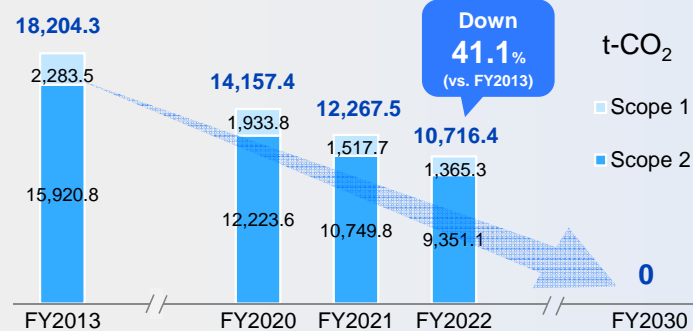
Advancing initiatives to address climate change based on TCFD recommendations

- ❑ Formulating and implementing a migration plan for the investment and lending portfolio
- ❑ Enhancing ESG dialogue with investors

Reducing Group CO2 emissions

- ❑ Diversification and advancement of means of using renewable energy
- ❑ Strategic use of carbon credits

Carbon-neutrality targets



Region, customers

Customer engagement

- ❑ Bringing solutions, core elements of engagement, in house (promoting transition finance)
- ❑ Advancement of business potential evaluation

Alliances with government and core local firms

- ❑ Forming renewable-energy and carbon-credit projects
- ❑ Building finance frameworks for public-sector cooperation

❑ Achieving carbon neutrality on Scopes 1 and 2 by FY2030

❑ Achieving carbon neutrality on Scopes 1, 2, and 3 by FY2050

Sustainable-finance results:

	Cumulative results through March 31, 2024	Cumulative targets through March 31, 2031
Sustainable finance	553.9 billion yen	2 trillion yen
(Included)		
Environmental finance	394.0 billion yen	1 trillion yen

Strategic drivers – Sustainability transformation (SX) –

- ▶ We will strive through DE&I initiatives to be an organization in which diverse human resources can continue to work with vitality while demonstrating their own abilities and expertise to the fullest and maintaining high levels of motivation and engagement.

SX

DE&I

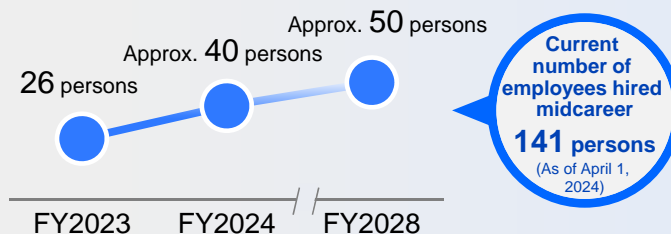
Hirogin Group

Providing fair and equitable opportunities to thrive

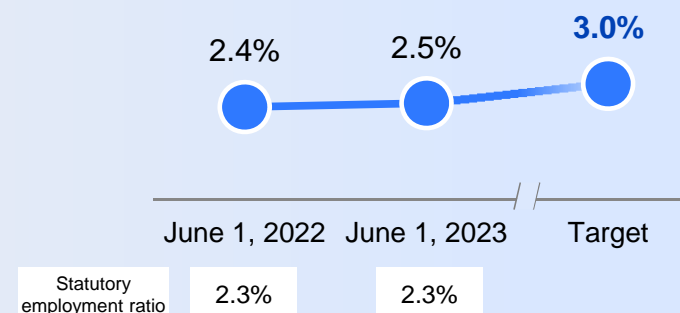
- Support for women's careers

	April 1, 2024 results	April 21, 2031 targets
Women as a percentage of Directors	10%	30% or more
Women as a percentage of managers	9%	Approx. 25%

- Hiring specialized midcareer hires



- Promoting hiring of people with disabilities

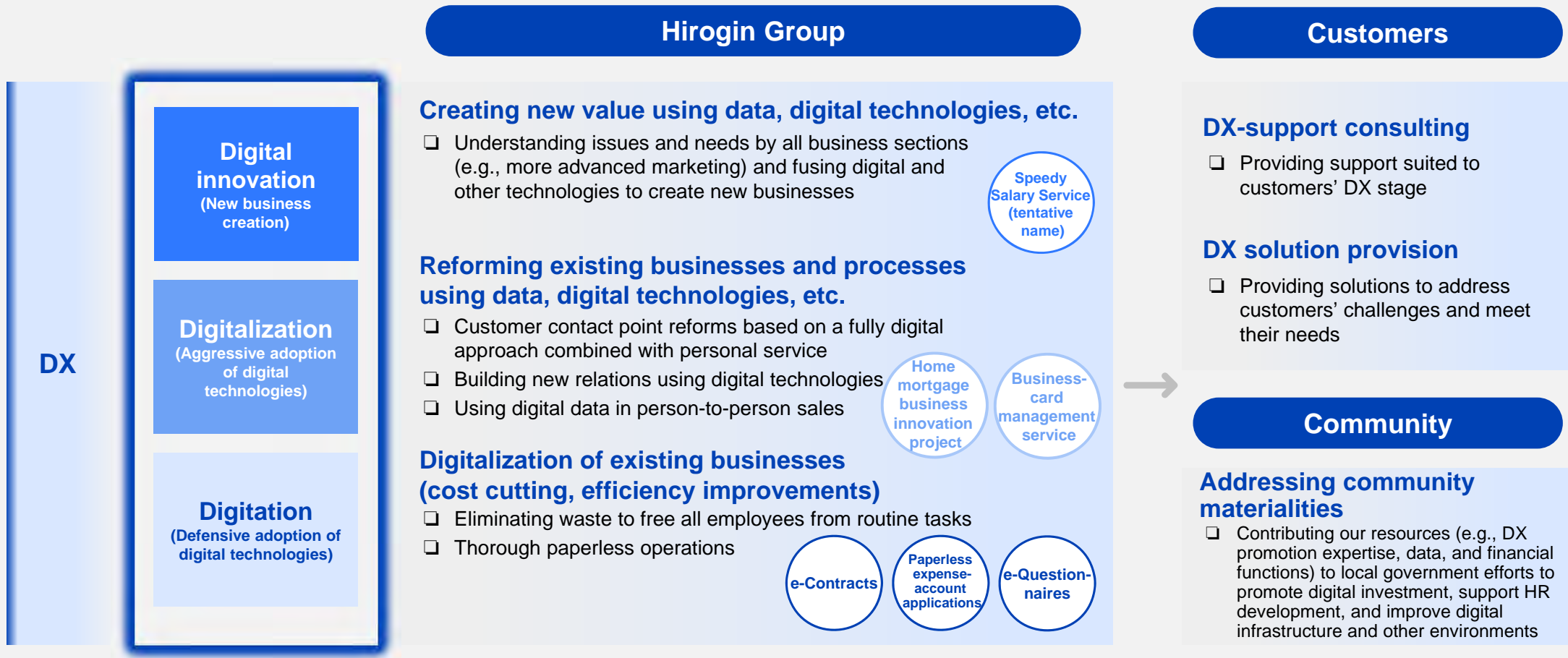


By deploying its own measures, the Group will support customer and community initiatives over the medium to long term.

* Figures on women as a percentage of directors, women as a percentage of managers, and midcareer hires are Hiroshima Bank results and targets.

Strategic drivers – Sustainability transformation (SX) –

- ▶ In addition to operating various businesses and measures on the premise of digital transformation (DX), promoting DX in the Group by reforming the outlook and awareness of all Group companies and employees and taking active initiatives, as well as leveraging the Group's DX initiatives among Group companies and with external alliance partners to support customer and community DX



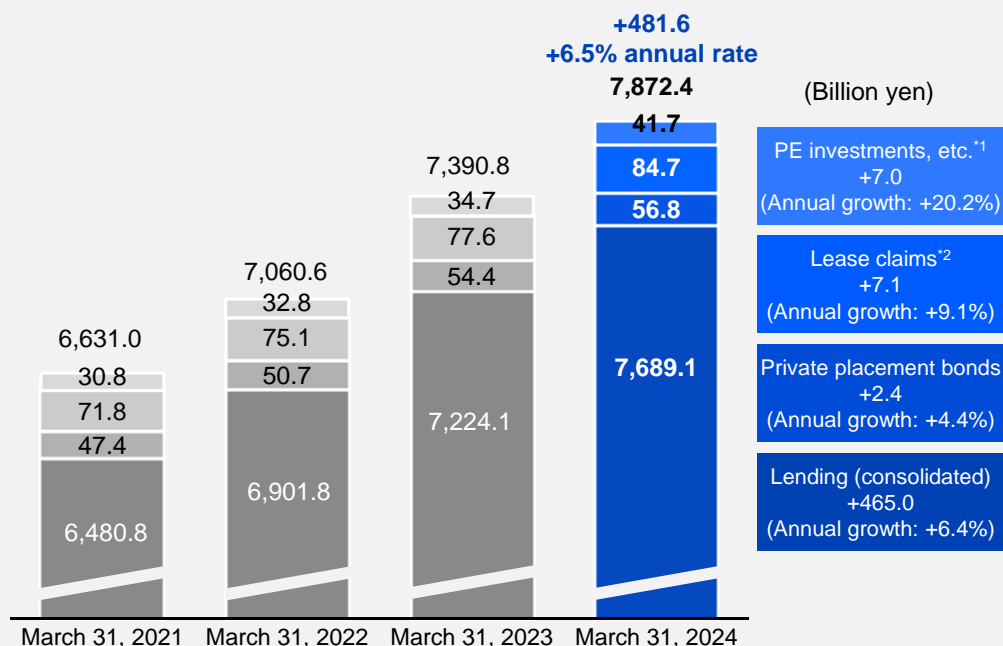
Appendix (Explanatory materials on financial results)

Group total credit, Group total assets under management (balances at end of March 2024)

Hirogin Holdings
consolidated

Hiroshima Bank
nonconsolidated

Trend in group total credit

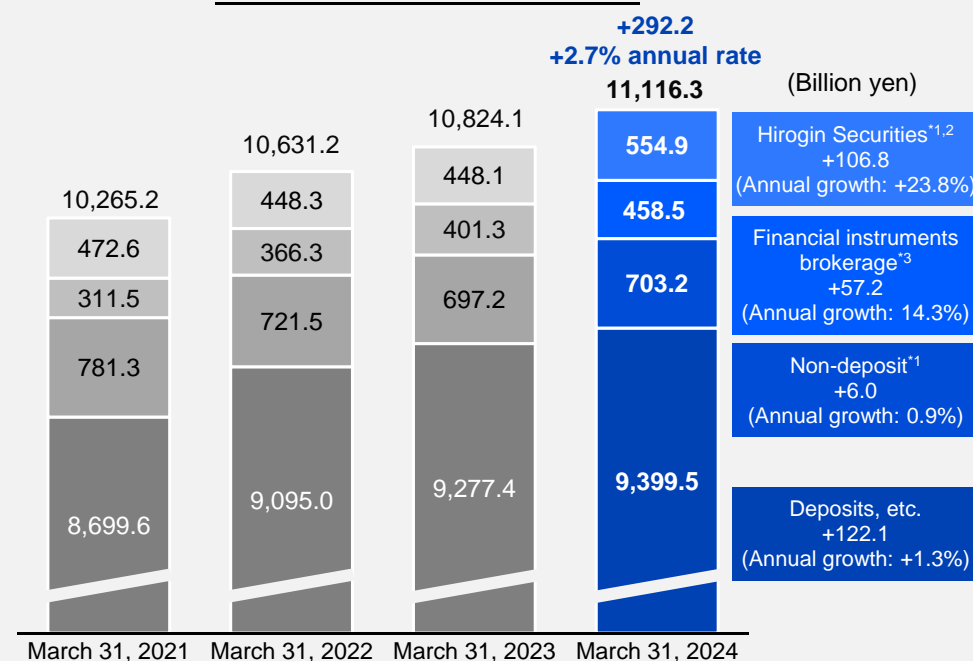


	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024	vs. March 31, 2023
PE investment (pledged investments), etc. *1	30.8	32.8	34.7	41.7	7.0
(Included) Lending balance	13.1	16.0	15.9	15.6	-0.3
Lease claims *2	71.8	75.1	77.6	84.7	7.1
Privately placed bonds	47.4	50.7	54.4	56.8	2.4

*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)



March 31, 2021 March 31, 2022 March 31, 2023 March 31, 2024

*1 Balances of Hirogin Securities and non-deposit balances are not included in financial instruments brokerage.

*2 Hirogin Securities balances are shown on a mark-to-market basis.

*3 Excluding financial instruments brokerage through the Hirogin App. (Rakuten Securities, SBI Securities)

	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024	vs. March 31, 2023
Hirogin Securities (including financial instruments brokerage) *	783.3	810.0	842.5	1,022.0	179.5

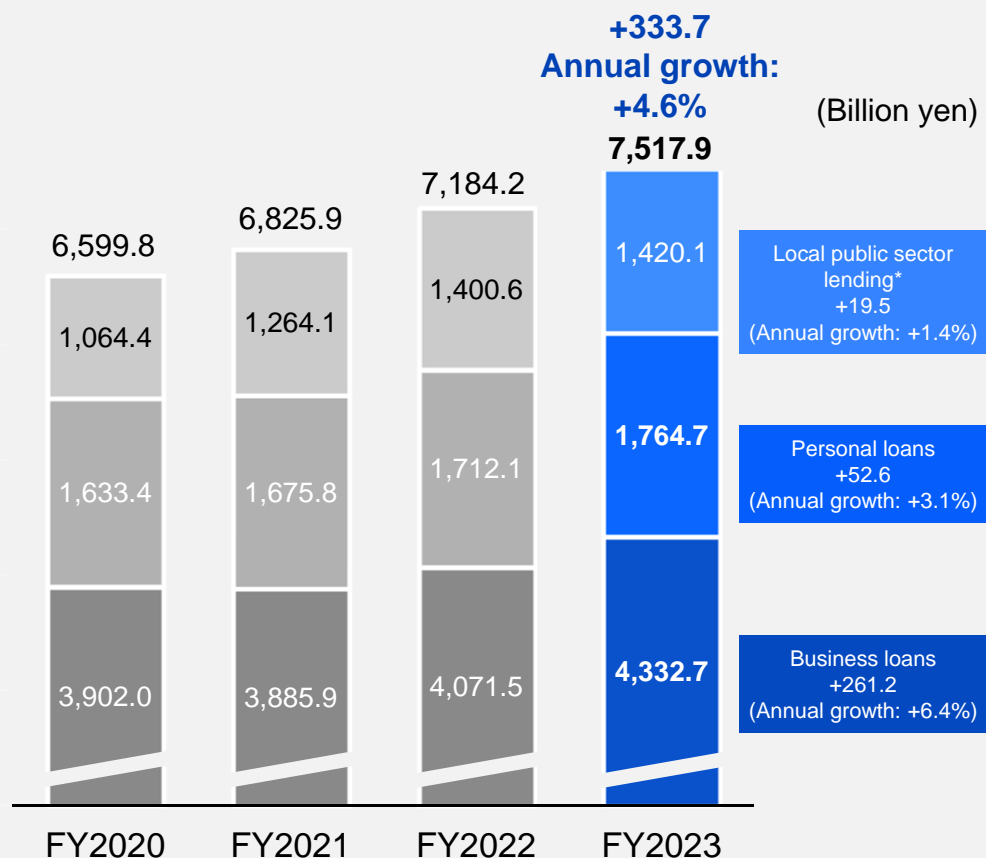
* Hirogin Securities balances (including financial instruments brokerage) are shown on a mark-to-market basis.

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

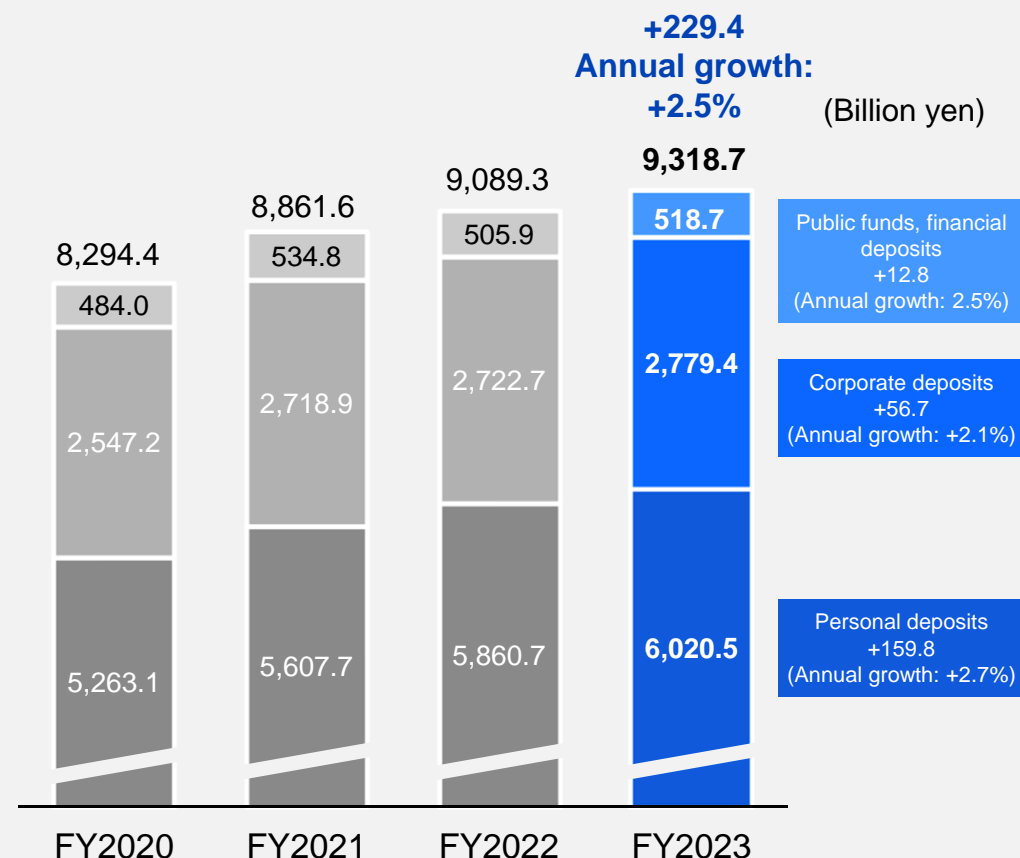
Hirogin Holdings
consolidated

Hiroshima Bank
nonconsolidated

Trends in (average) balances of loans



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



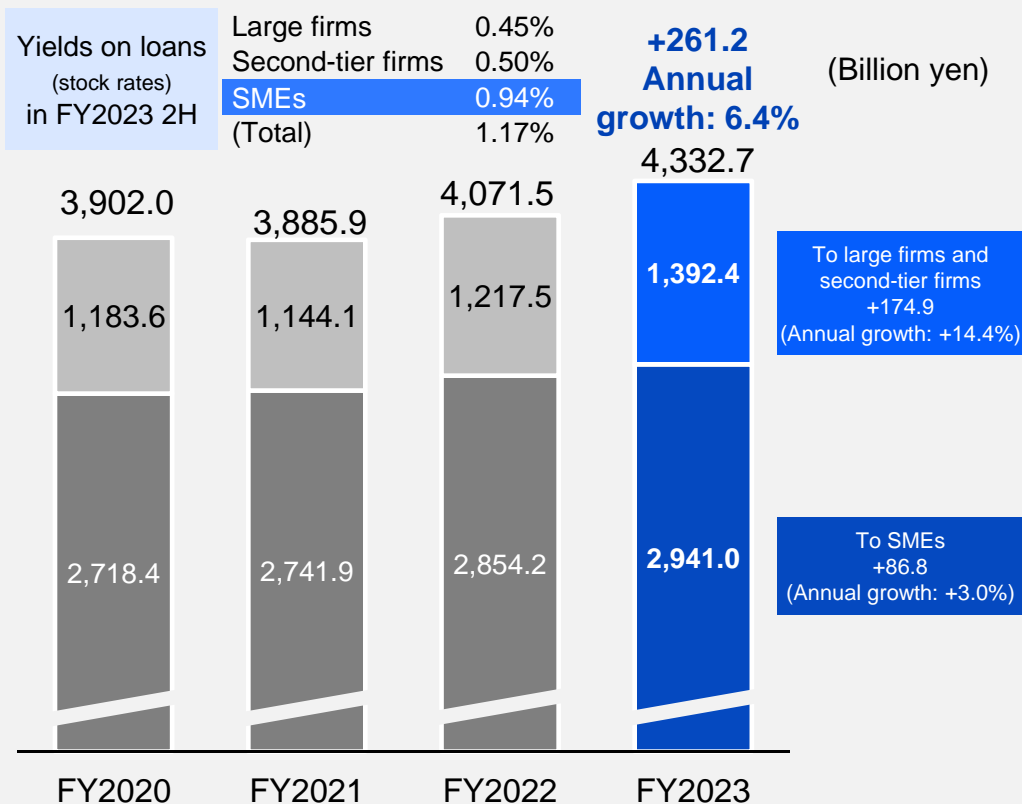
* Local public sector lending: Lending to local public agencies and public corporations

SME lending, personal loans

Hirogin Holdings
consolidated

Hiroshima Bank
nonconsolidated

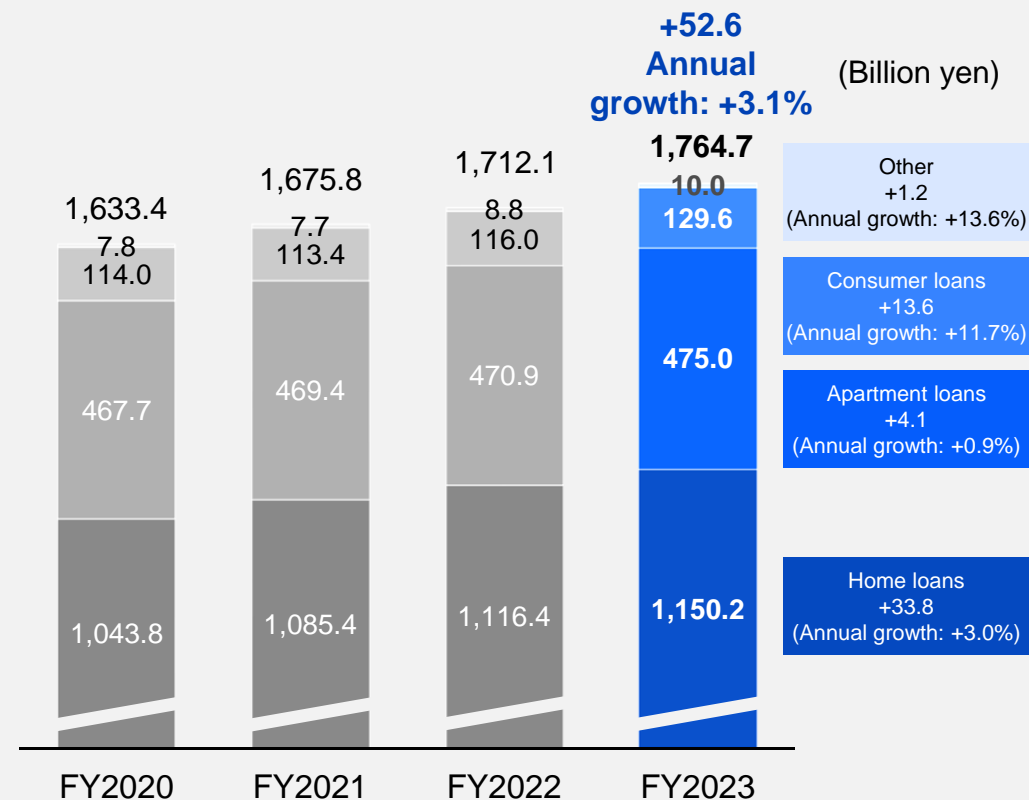
Trends in balances of business loans (average)



Loans to SMEs as a percentage of commercial lending

69.7%	70.6%	70.1%	67.9%
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Trends in balance of personal loans (average)



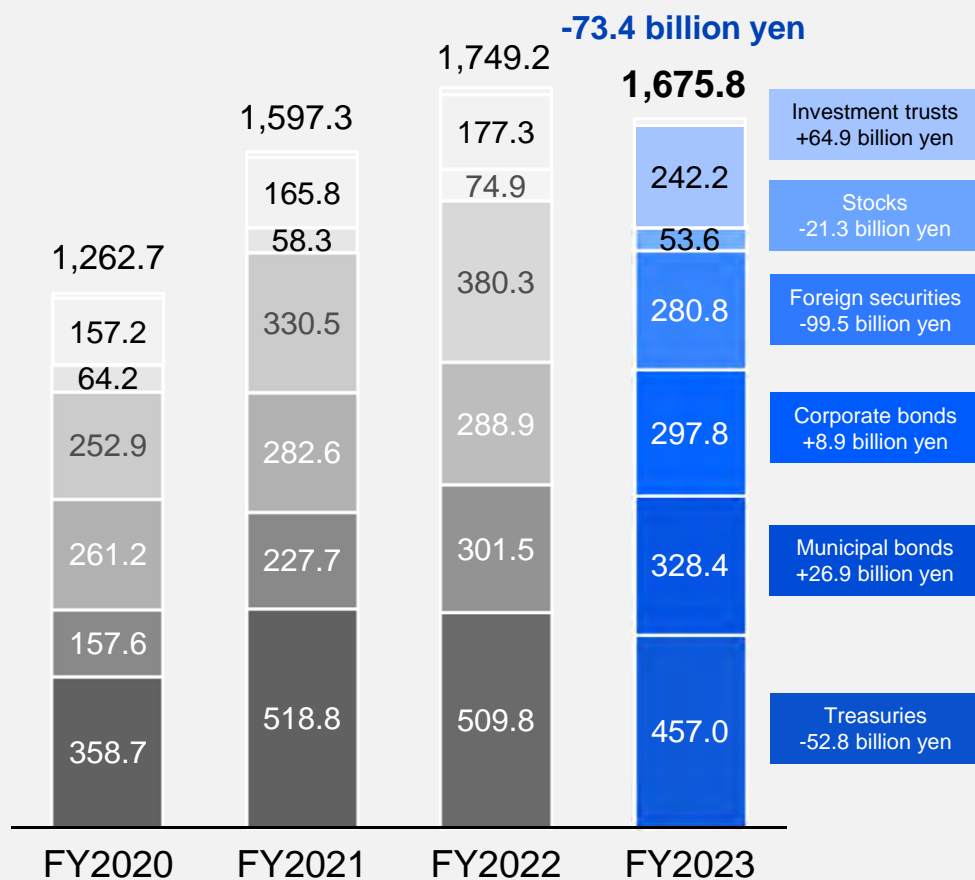
Securities balances, gain/loss

Hirogin Holdings
consolidated

Hiroshima Bank
nonconsolidated

Securities balances (averages)

(Billion yen)



Gain/loss on securities

(Billion yen)

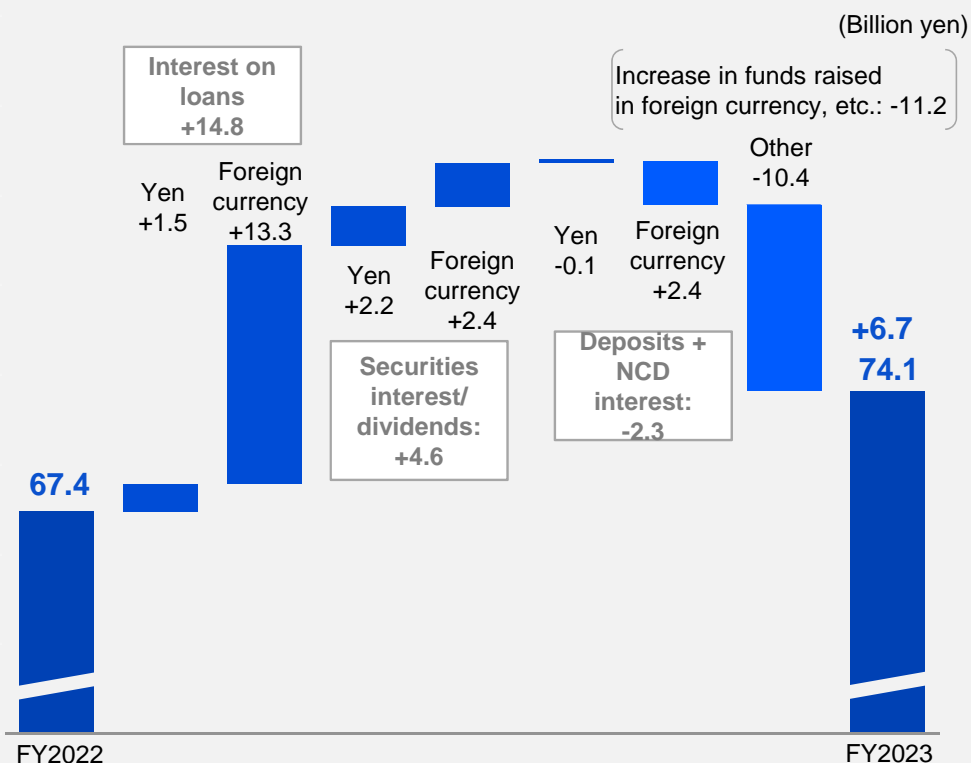
	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024	vs. March 31, 2023
Held to maturity	-	-	0	0	0
Bonds	-	-	0	0	0
Other	-	-	-	-	-
Available-for-sale securities	38.6	1.5	-12.5	33.4	45.9
Bonds	0.1	-11.2	-21.3	-28.7	-7.4
Treasuries	-1.8	- 8.4	-14.0	-16.9	-2.9
Municipal bonds	0.5	-1.7	-4.3	-6.0	-1.7
Corporate bonds	1.4	-1.0	-3.0	-5.7	-2.7
Stocks	43.1	31.6	40.6	61.0	20.4
Other	-4.6	-18.9	-31.8	1.2	33.0
(Included) Foreign bonds	-5.8	-16.0	-22.4	-20.6	1.8
(Included) Investment trusts	1.4	-2.9	-9.6	21.6	31.2
Total	38.6	1.5	-12.5	33.5	46.0

Net interest income, net non-interest income

Hirogin Holdings
consolidated

Hiroshima Bank
nonconsolidated

Factors contributing to changes in net interest income



(All branches) FY2023

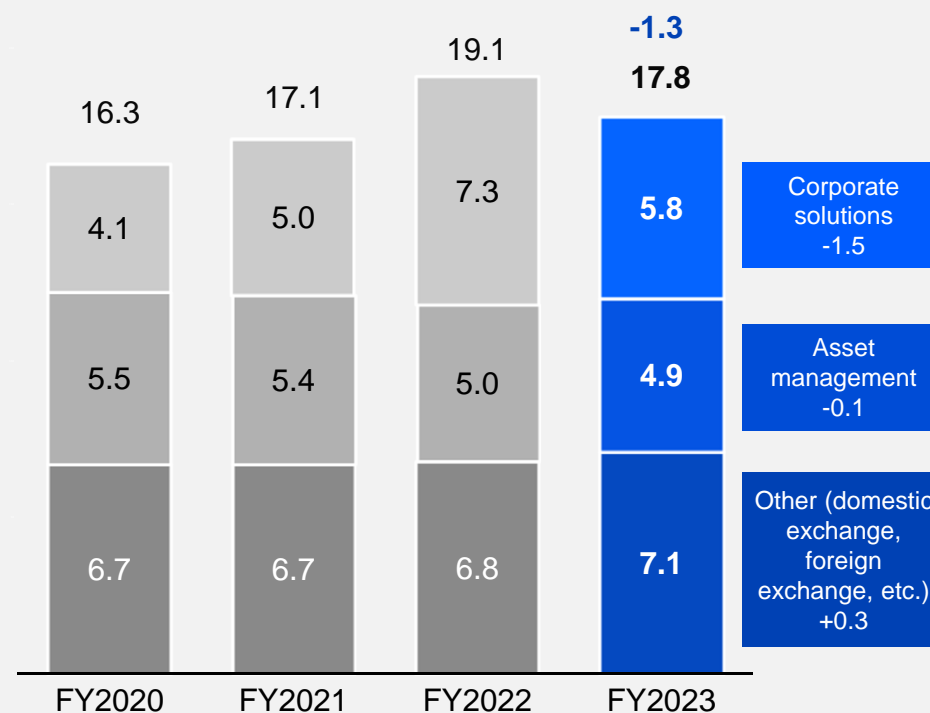
Yield on loans	1.09%	+0.15% YoY
Yield on-deposits, etc.	0.04%	+0.03% YoY
Difference from yield on-deposits	1.05%	+0.12% YoY

(Domestic business sections)

Yield on loans	0.74%	0.00% YoY
Yield on-deposits, etc.	0.00%	0.00% YoY
Difference from yield on-deposits	0.74%	0.00% YoY

Net non-interest income

(Billion yen)



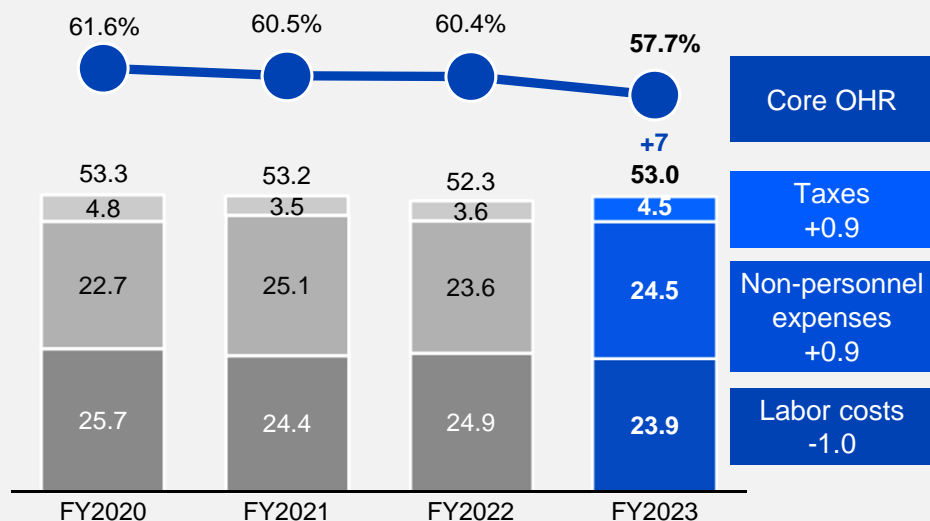
Expenses, core OHR, net income

Hirogin Holdings
consolidated

Hiroshima Bank
nonconsolidated

Expenses (excluding one-time disposal), core OHR

Core OHR = $\frac{\text{Expenses}}{\text{Gross profit on core businesses}}$ (Billion yen)



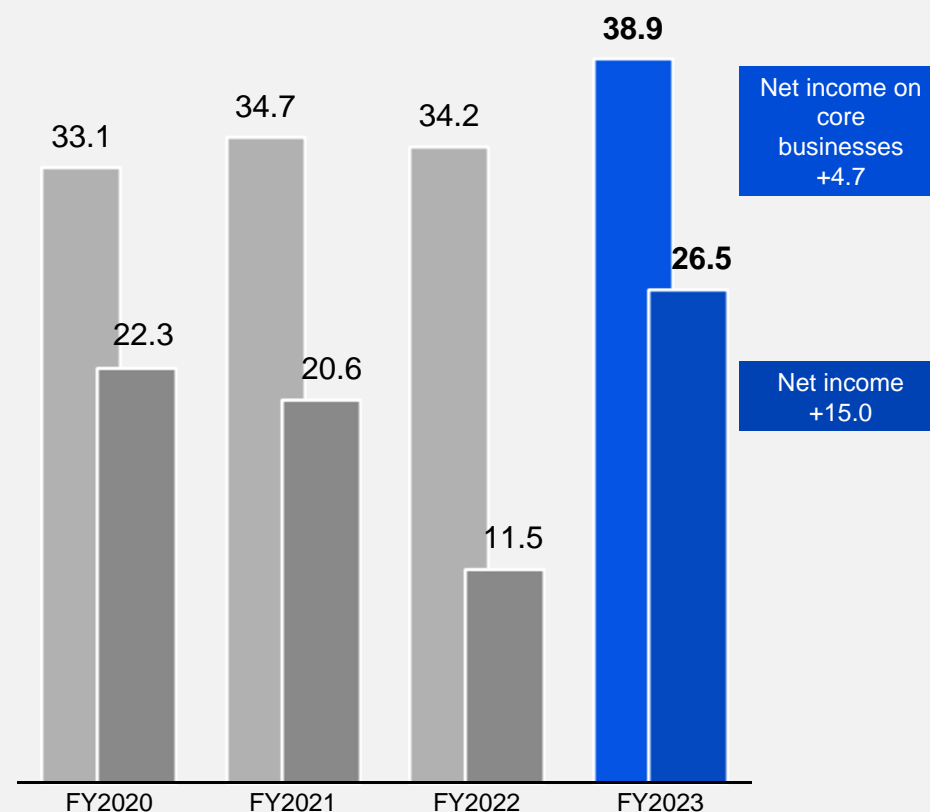
Reference: Main factors underlying changes in expenses

Labor costs	- approx. 1.0 billion yen	<ul style="list-style-type: none"> Retirement benefit expenses -0.6 Increase in the holding company's share of employee (seconded personnel) costs -0.2 Investment in growth (DX-related, HR development investments, etc.) +0.5 Administrative charges paid to the holding company +0.4 (offset in consolidation of accounts)
Non-personnel expenses	+ approx. 0.9 billion yen	<ul style="list-style-type: none"> Pro forma standard taxation +0.6 Consumption tax on capital investment +0.2
Taxes	+ approx. 0.9 billion yen	

Total +0.7 billion yen

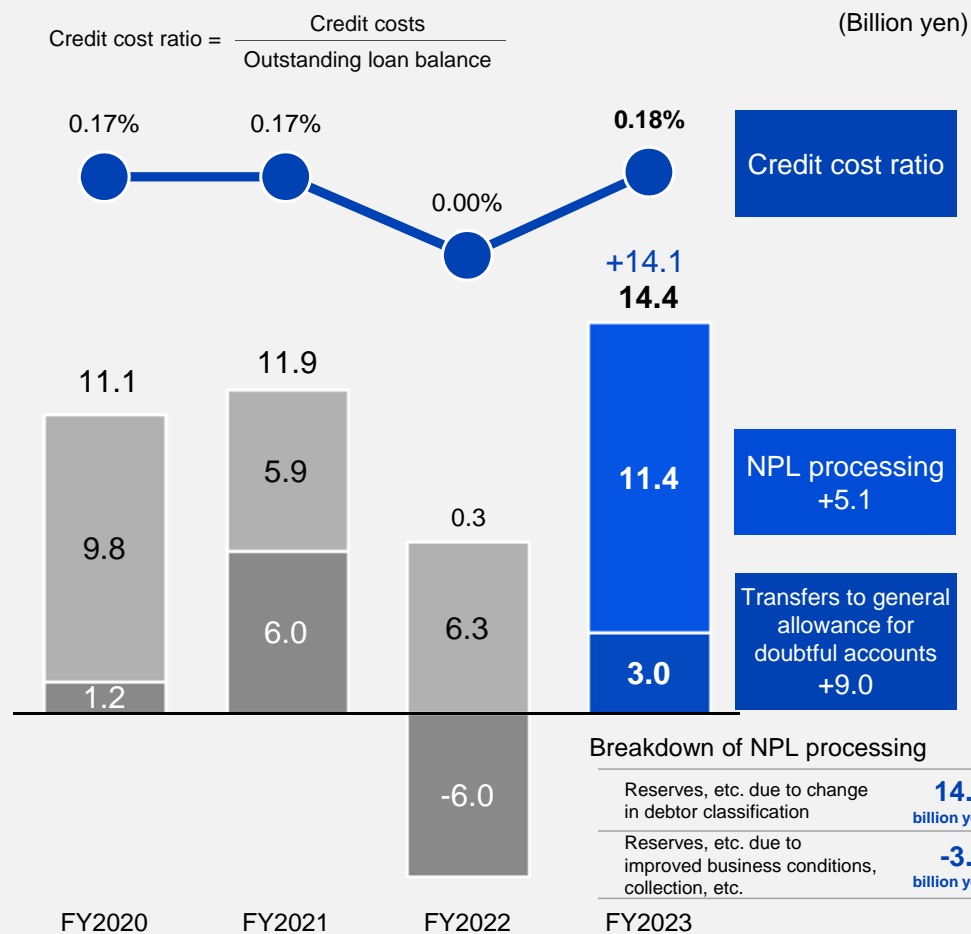
Net income on core businesses/net income

(Billion yen)

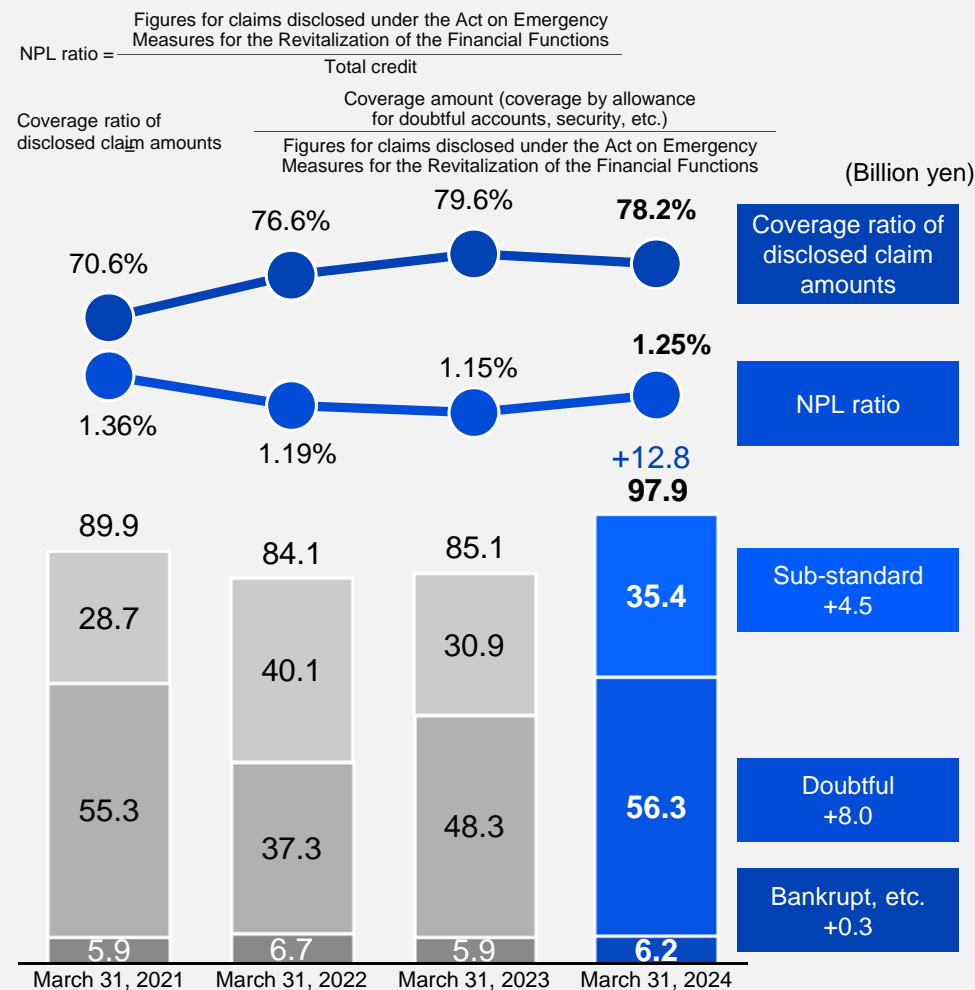


Credit costs, NPLs

Credit costs, credit cost ratio



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



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

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This material contains statements about future business performance. These statements do not guarantee future business performance and are subject to risks and uncertainties. Please note that actual future business performance may differ due to changes in the business environment and other factors.

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Overview of Financial Results for FY2023

- IR Presentation -

May 27, 2024



— Contents

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II. Increasing corporate value	... p.10
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I. Overview of financial results for FY2023

Overview of financial results for FY2023

- Profits attributable to owners of the parent came to 27.6 billion yen, an increase of 15.1 billion yen year on year (+0.1 billion yen over target).
- Profit targets for the final fiscal year of Mid-Term Plan 2020, launched at the same time as the migration to a holding company structure, were achieved (more than 27.0 billion yen).

Summary of consolidated business performance

(Billion yen)

	FY2023	YoY change	(Change rate)	vs. Announced
Consolidated gross profit (excluding gain/loss related to treasuries and other bonds)	100.7	21.4	(26.3%)	
	103.1	7.0		
Net interest income	72.9	6.7		
Income on service transactions and other fees	24.1	3.3		
Income from specific transactions and other businesses (including gain/loss related to treasuries and other bonds)	3.6	11.4		
	-2.4	14.3		(Previous year) Loss on sale of foreign bonds: -18.4
Operating expenses	(-) 57.9	-0.1		
Credit costs	(-) 15.0	14.4		
Gains/losses related to equities, etc.	7.6	9.9		(Previous year) Loss on sale of shares, etc.: -5.3
Equity earnings of affiliates	0	0		
Other	-1.1	-1.6		
Ordinary profit	34.1	15.4	(81.8%)	-5.4
Extraordinary gain/losses	6.7	6.3		
(Including gains on the reversal of retirement benefits trust)	6.4	6.4		
Total income tax, etc.	(-) 12.2	6.5		
Interim net income attributable to non-controlling interests	(-) 0	0		
Interim net income attributable to owners of the parent	27.6	15.1	(121.4%)	0.1
(Ref.) Operating overhead ratio (*)	56.2%	-4.2%		

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

Key points of FY2023 financial results

1 Consolidated gross profit (excluding gain/loss related to treasuries and other bonds)

- Net interest income grew due to steady revenue growth in the major business areas, including revenue from interest on loans and dividends on securities.
- Income on service transactions and other fees demonstrated strong performance thanks to the handling of instruments such as stock shares and investment trusts by Hirogin Securities, driven by favorable market conditions in addition to increases in fees related to ships and syndicate loans.

2 Credit costs

- Posted allowance for doubtful accounts based on factors such as reduced business performance of customers due to the impact of steep price hikes in raw materials and rehabilitation support for major customers.

3 Gains/losses related to equities, etc.

- Grew sharply YoY. In addition to gain on sales of cross-shareholdings, etc., the effects of the loss posted last fiscal year (5.3 billion yen in amortization of shares, etc.), which stemmed from increased revaluation losses of stock holdings, were extinguished.

4 Interim net income attributable to owners of the parent

- Grew by 15.1 billion yen YoY to 27.6 billion yen (+0.1 billion yen over target).
- Achieved profit targets for the final fiscal year of Mid-Term Plan 2020.

Hirogin Holdings | Overview of financial results for FY2023 3

- Profits attributable to owners of the parent came to 27.6 billion yen, an increase of 15.1 billion yen year on year (+0.1 billion yen over target).
- Profit targets for the final fiscal year of Mid-Term Plan 2020, launched at the same time as the migration to a holding company structure, were achieved (more than 27.0 billion yen).
- Key points of FY2023 financial results
 - (i) Consolidated gross profit excluding gain/loss related to treasuries and other bonds
 - Net interest income grew by 6.7 billion yen YoY due to steady revenue growth in main business areas, including revenue from interest on loans and dividends on securities.
 - Income on service transactions and other fees demonstrated strong performance, an increase of 0.3 billion yen YoY, thanks to handling of instruments such as stock shares and investment trusts by Hirogin Securities, driven by favorable market conditions in addition to increases in fees related to ships and syndicate loans.
 - (ii) Credit costs
 - Credit costs grew by 14.4 billion yen YoY. The Group posted an allowance for doubtful accounts based on lower business performance of customers due to the impact of steep price hikes in raw materials, rehabilitation support for major customers, and other factors.
 - (iii) Gains/losses related to equities, etc.
 - These grew by 9.9 billion yen YoY due to the extinguishment of the effects of the loss posted last fiscal year (e.g., 5.3 billion yen in amortization of shares), which stemmed from increased revaluation losses of stock holdings, in addition to gains on sales of cross-shareholdings, etc.

Results for major Group companies - Bank -

- Net income from our core businesses grew by 4.7 billion yen YoY to 38.9 billion yen, thanks to increases in the lending revenue-expenditure balance and the securities revenue-expenditure balance.
- Despite a sharp increase in credit costs, higher securities-related gains and gains recorded on the reversal of the retirement benefits trust resulted in an increase of 15.0 billion yen YoY to 26.5 billion yen in net income.

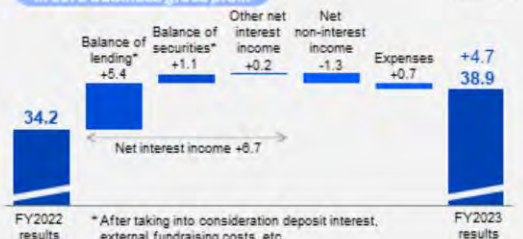
Hiroshima Bank summary results

(Billion yen)

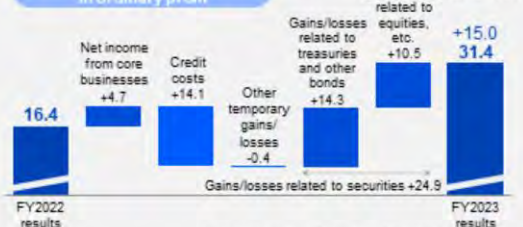
	FY2023	YoY change	(Change rate)
Core business gross profit	92.0	5.5	(6.3%)
Net interest income	74.1	6.7	
Net non-interest income	17.8	-1.3	
Corporate solutions	5.8	-1.5	
Customer derivatives	1.5	-2.0	
Asset management	4.9	-0.1	
Other (domestic exchange, foreign exchange, etc.)	7.1	0.3	
Expenses (excluding extraordinary disposal)	53.0	0.7	
Net income from core businesses	38.9	4.7	(13.7%)
Net income from core businesses (excluding gains/losses from cancellation of investment trusts)	38.9	4.7	(13.7%)
Gains/losses related to treasuries and other bonds	-2.4	14.3	(Previous year) Loss on sale of foreign bonds: -18.4
Effective net income from businesses	36.5	19.1	(109.0%)
Credit costs	14.4	14.1	
Gains/losses related to equities, etc.	8.2	10.5	(Previous year) Loss on sale of shares, etc.: -5.3
Other temporary gains/losses	1.1	-0.4	
Ordinary profit	31.4	15.0	(91.5%)
Extraordinary gains/losses	5.8	6.3	
(Including gains on the reversal of retirement benefits trust)	6.4	6.4	
Total income tax, etc.	10.7	6.4	
Interim net income	26.5	15.0	(129.9%)

Factors underlying changes in core business gross profit and ordinary profit

Factors underlying changes in core business gross profit



Factors underlying changes in ordinary profit



Hirogin Holdings | Overview of financial results for FY2023 4

- Net interest income rose by 6.7 billion yen YoY thanks to increases in the lending revenue-expenditure balance after subtracting external fundraising costs and interest on deposits, etc., and the securities revenue-expenditure balance.
- In contrast, net non-interest income fell by 1.3 billion yen YoY in response to the recording of strong gains on dividends to customers in the previous year.
- Net income from our core businesses grew by 4.7 billion yen YoY to 38.9 billion yen.
- Despite a sharp increase in credit costs (up 14.1 billion yen YoY), factors such as higher securities-related gains from treasuries and other bonds, stock shares, etc. (up 24.9 billion yen), and recording of gains on the reversal of the retirement benefits trust (6.4 billion yen) led to an increase of 15.0 billion yen YoY to 26.5 billion yen in net income.

Results for major Group companies - Excluding Hiroshima Bank -

► Gross income grew YoY at each Group company. Progress to expand lines of business and enhance solutions remained steady.

Summary results for major Group companies

Financial consolidated subsidiary

Nonfinancial consolidated subsidiary

Hirogin Securities			Hirogin Lease			Shimanami Servicer			Hirogin Capital Partners		
(Million yen)	FY2023	YoY change	(Million yen)	FY2023	YoY change	(Million yen)	FY2023	YoY change	(Million yen)	FY2023	YoY change
Gross income	5,031	801	Gross income	2,539	156	Gross income	691	12	Gross income	153	16
Ordinary profit	993	724	Ordinary profit	1,042	114	Ordinary profit	76	-200	Ordinary profit	-571	-612
Interim net income	652	526	Interim net income	712	135	Interim net income	41	-169	Interim net income	-397	-425

Hirogin Credit Service*			Hirogin Human Resources			Hirogin IT Solutions			Hirogin Area Design		
(Million yen)	FY2023	YoY change	(Million yen)	FY2023	YoY change	(Million yen)	FY2023	YoY change	(Million yen)	FY2023	YoY change
Gross income	3,745	279	Gross income	272	88	Gross income	1,208	175	Gross income	412	182
Ordinary profit	1,862	101	Ordinary profit	64	42	Ordinary profit	401	131	Ordinary profit	85	66
Interim net income	1,219	56	Interim net income	41	28	Interim net income	263	84	Interim net income	58	45

* On April 1, 2023, Hirogin Guarantee absorbed and merged with Hirogin Card Service, changing its trade name to Hirogin Credit Service.
YoY figures are comparisons to totals calculated for Hirogin Guarantee and Hirogin Card Service.

Hirogin Holdings | Overview of financial results for FY2023 5

- Progress on expanding Group company lines of business and enhancing solutions remained steady.
- Gross income at each company was up YoY.
- Profits were down YoY at Hirogin Capital Partners, which recorded losses associated with a revaluation of stocks held, and at Shimanami Servicer, whose credit costs rose due to increased reserves resulting from revision of valuations of security and other factors.
- Recent results trended steadily positive at each other company, including Hirogin Securities, where stocks and investment trusts handled showed favorable performance.

Review of Mid-Term Plan 2020 (previous mid-term plan)

Mid-Term Plan 2020, launched together with the migration to a holding company structure, focused on enhancing solutions through joint efforts among Group companies, expanding the Group's lines of business, and reshaping employee awareness.

Three pillars of Mid-Term Plan 2020

Framing continuing regional progress as a Group growth opportunity

1

Enhancing efforts to find solutions to community issues, thereby revitalizing the region

Framing growth among regional customers as a Group growth opportunity

2

Intensifying the core businesses of Group companies and expanding Groupwide business domains to contribute to customer growth (establishing new revenue-generating fields)

Renewing our commitment to supporting the community and customers

3

Establishing stable management foundations to support the continuing growth of the community and customers

Hirogin Holdings | Overview of financial results for FY20236

- Next we review the Mid-Term Plan 2020, the previous mid-term plan.
- Mid-Term Plan 2020 focused on the three pillars: reshaping employee awareness; enhancing solutions through joint efforts among Group companies; and expanding the Group’s lines of business.

6

Review of Mid-Term Plan 2020 (previous mid-term plan)

► Progress remained steady on Mid-Term Plan 2020, the first stage following the migration to a holding company structure

1 Efforts to find solutions to community issues

- Hirogin Area Design** Consulting subsidiary established to contribute to solutions to structural issues in the community (April 2021)
- Hiroshima Bank** Launched Hiromalab coworking space to support startups and other opportunities in cooperation with local firms (December 2022)

2 Efforts to contribute to customer growth

- Hiroshima Bank** Provided consulting on business succession and M&As through business potential evaluation (213 consulting transactions in FY2021-2023)
In addition to three investment funds targeting revitalization of existing businesses, business succession, and VC, launched a new fund for businesses that will contribute to regional revitalization (April 2024)
- Hirogin Capital Partners** Developed approaches capable of providing equity funding to companies at each stage (cumulative investment through end of March 2024: 20 investments, 3.6 billion yen)
- Hirogin IT Solutions** IT-related firm made a subsidiary to deliver solutions to management challenges by providing optimal solutions through IT consulting (January 2021)
- Hirogin Human Resources** Established a subsidiary to deploy consulting services related to personnel and labor, in order to offer optimal solutions to management challenges faced by managers of SMEs in the region, including those related to securing human resources and labor management (consulting contracts concluded with 110 companies from April 2021 to end of March 2024)
- Hiroshima Bank and Hirogin Securities** Deployed goal-based asset management business to provide total support for clients' varied needs in line with their life plans

3 Efforts to enhance the management foundations

- All Group companies** Continuing increases in base pay, to improve employee engagement (2% in 2023, 3% in 2024)
- All Group companies** ESOP trust plan introduced to improve employee financial wellness (August 2023)
- Hiroshima Bank** Structural reforms using digital technologies, such as expanding contactless procedures using smartphones and adopting a Web-based branch appointment system

Hirogin Holdings | Overview of financial results for FY2023 7

► Progress remained steady on Mid-Term Plan 2020, the first stage following the migration to a holding company structure.

(i) Efforts to find solutions to community issues

- Establishing Hirogin Area Design (April 2021)
- Launching Hiromalab (December 2022)

(ii) Efforts to contribute to customer growth

- Hirogin IT Solutions made a subsidiary (January 2021)
- Hirogin Human Resources established (April 2021)

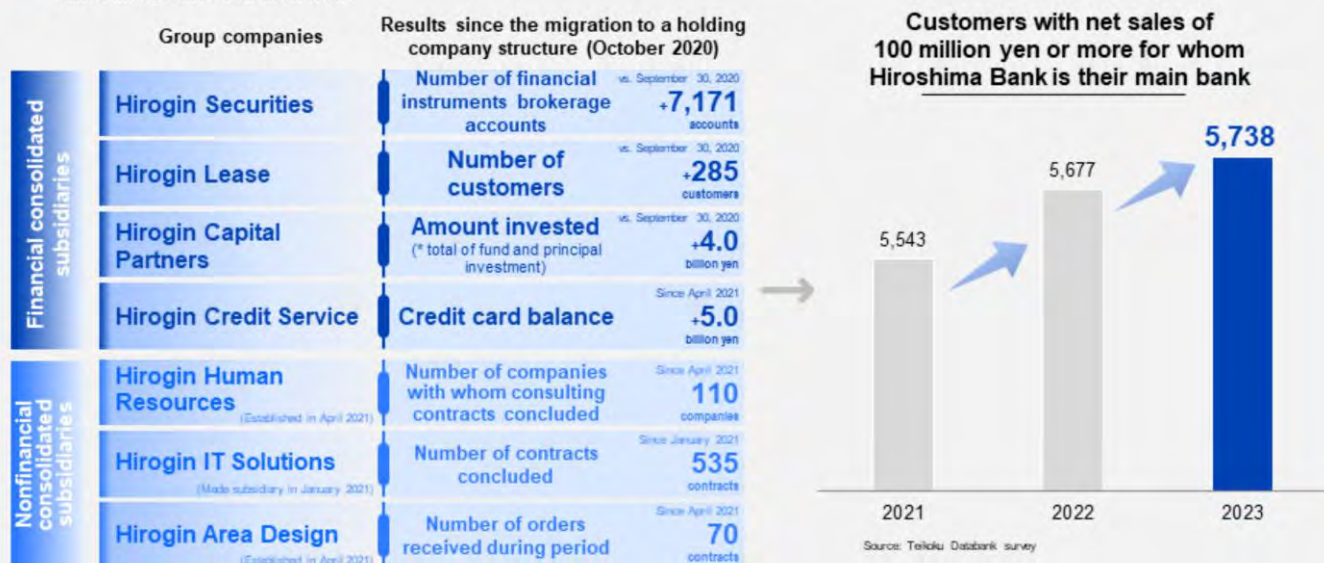
(iii) Efforts to enhance the management foundations

- Increases in base pay (2% in 2023, 3% in 2024)
- ESOP trust plan introduced (August 2023)
- Structural reforms via digital transformation achieved at Hiroshima Bank include the expansion of contactless smartphone-based procedures and the adoption of a Web-based branch appointment system.

Review of Mid-Term Plan 2020 (previous mid-term plan)

– Results of Group joint efforts

- ▶ The customer bases of our subsidiaries have grown steadily over the three and a half years since the migration to a holding company structure.
- ▶ Enhancements achieved in solutions have led to steady growth in numbers of customers with net sales of 100 million yen or more for whom Hiroshima Bank is their main bank.



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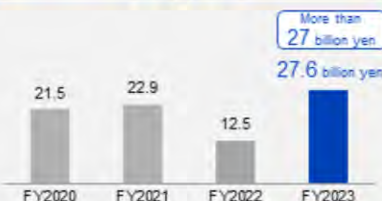
- ▶ The customer bases of our subsidiaries have grown steadily over the three and a half years since the migration to a holding company structure.
- ▶ Enhancements achieved in the functions of subsidiaries specializing in solutions have led to steady growth in numbers of customers with net sales of 100 million yen or more for whom Hiroshima Bank is their main bank.

Review of Mid-Term Plan 2020 (previous mid-term plan)

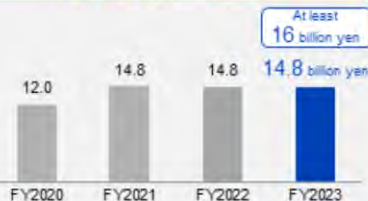
– Achievement of management targets

- ▶ Targets were achieved on net income attributable to owners of the parent, consolidated capital adequacy ratio, and consolidated ROE.
- ▶ Targets were not achieved on total of revenues from consulting businesses for corporate and individual customers and Group company net income or contributions of Group companies to consolidated performance.

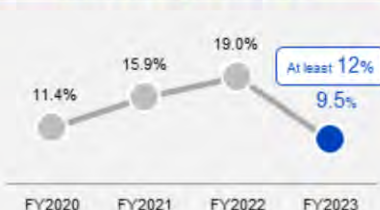
Net income attributable to owners of the parent



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



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



Consolidated capital adequacy ratio



Consolidated ROE



 Target for the final fiscal year of the Mid-Term Plan

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

^{*2} Group company net income
= Total of net income of Group companies other than the Bank multiplied by the investment ratio in those companies

^{*3} Contributions of Group companies to consolidated performance
= Net income of Group companies¹⁾

¹⁾ Net income attributable to owners of the parent

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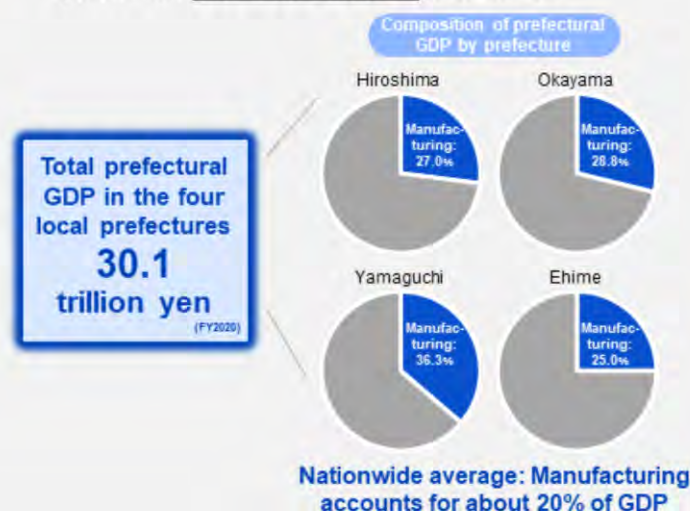
- Management targets were achieved on net income attributable to owners of the parent, consolidated capital adequacy ratio, and consolidated ROE.
- Targets were not achieved on total of revenues from consulting businesses for corporate and individual customers and Group company net income or contributions of Group companies to consolidated performance.
- In addition to sudden changes in market conditions, this was due mainly to lower asset management earnings at Hiroshima Bank and Hirogin Securities as a result of substantial deviation of the business environment from the initial assumptions of Mid-Term Plan 2020. Examples include lower sales of structured bonds as a result of strengthened regulations.

II. Increasing corporate value

Underlying economic conditions in the region – Potential –

- ▶ In the four local prefectures that make up the Group's main business territory, manufacturing accounts for a higher share of prefectural GDP than the nationwide average. As such, they can be expected to have steady demand for funds as well as demand for capital investment in decarbonization.
- ▶ Tourism consumption is growing steadily in Hiroshima Prefecture (excluding COVID effects) and is projected to grow further in the future.

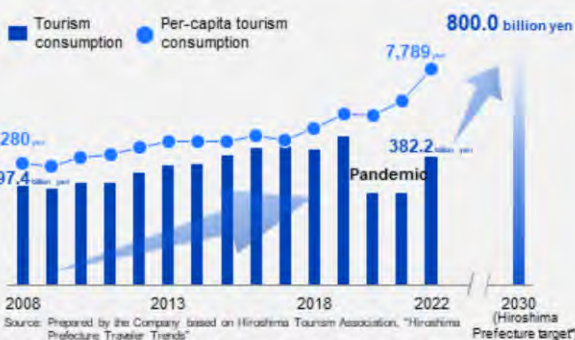
Trend and industrial composition of prefectural GDP in the four local prefectures



Tourism consumption in Hiroshima Prefecture

Ranking of tourism consumption by Japanese travelers	Ranking of tourism consumption by foreign travelers	Ranking of per-capita consumption by Japanese travelers	Ranking of per-capita consumption by foreign travelers
13th nationwide	13th nationwide	38th nationwide	23rd nationwide

Source: Domestic: Prepared by the Company based on Japan Tourism Agency, "Consumption During Travel"; Foreign: Prepared based on Japan Tourism Agency, "International Visitor Survey" (Rankings based on 2019 results.)



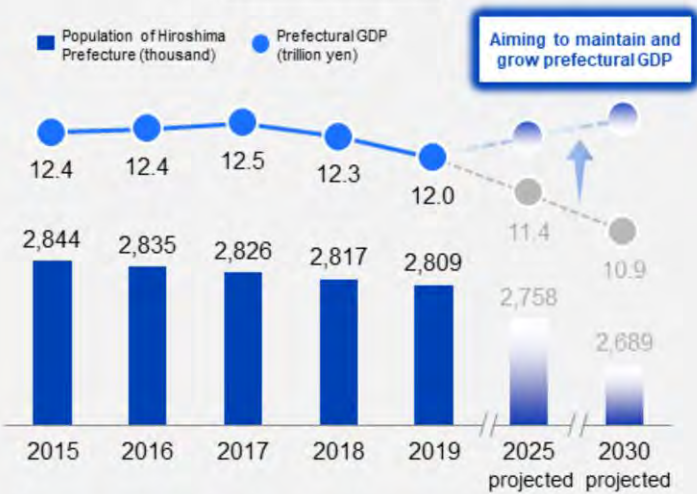
Hirogin Holdings | Overview of financial results for FY2023 11

- In the four local prefectures that make up the Group's main business territory, manufacturing accounts for a higher share of prefectural GDP than the nationwide average.
- In addition to steady demand for funds, demand for capital investment in decarbonization is also anticipated.
- Tourism consumption is growing steadily in Hiroshima Prefecture.
- However, its nationwide ranking in this area is low. Future initiatives targeting a shift toward tourism by travelers on excursions and staying in the region will be vital.

Underlying economic conditions in the region – Community issues –

- ▶ Prefectural GDP in Hiroshima Prefecture is projected to fall as the population decreases.
- ▶ Contraction in prefectural GDP (the prefecture's economy) is the greatest threat to a regional financial institution, thus the Group needs to take active and direct efforts to increase population and productivity in order to maintain and grow prefectural GDP.

Trends in the population of Hiroshima Prefecture and prefectural GDP (projected)



Contraction in the regional economy is the greatest threat to regional financial institutions.



Efforts to achieve regional revitalization (increasing prefectural GDP) are vital.

Company estimates based on National Census, National Institute of Population and Social Security Research population estimates, and "Prefectural Economic Statistics" by Cabinet Office

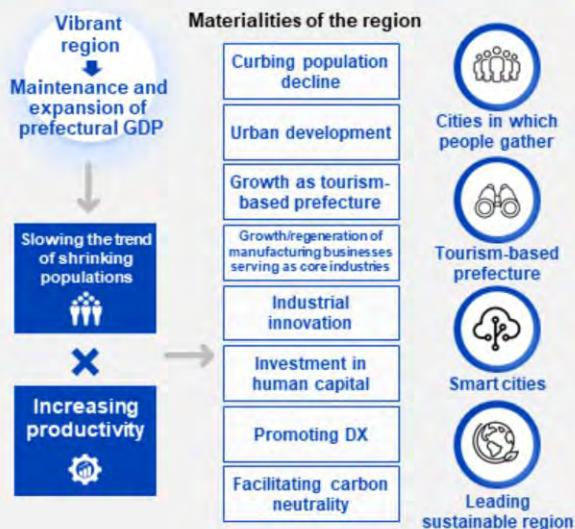
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- Prefectural GDP in Hiroshima Prefecture is declining dramatically due to the prefecture's shrinking population.
- Since the contraction of the prefectural economy threatens regional financial institutions, efforts to achieve regional revitalization are vital, i.e., to maintain and grow prefectural GDP.

Overview of Mid-Term Plan 2024 – Regional and Group vision –

- ▶ Mid-Term Plan 2024 identifies clear regional materialities for realizing vibrant region (maintenance and expansion of prefectural GDP). The Group will demonstrate an overwhelming presence in the region through efforts to identify solutions to these issues.
- ▶ The Group will strengthen its corporate value by deepening and expanding its business axes and maximizing the human capital, thereby achieving its ideal form and ultimate purpose.

Regional vision



The Group's vision

To demonstrate an overwhelming presence in the region



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- Mid-Term Plan 2024 identifies clear regional materialities for realizing vibrant region (maintenance and expansion of prefectural GDP).
- The Group will demonstrate an overwhelming presence in the region through efforts to find solutions for these materialities.
- The Group will aim to strengthen its corporate value by deepening and expanding its business axes and maximizing its human capital, thereby achieving its ideal form and ultimate purpose.

(Reference) Relationship between PBR in the regional banking sector and the economy

Relationship between market capitalization in the regional banking sector and prefectural GDP

**Growth of regional banks
= Maintenance and growth of prefectural GDP**

* Comparison of total assets of regional banks and the prefectures in which they are headquartered
Excludes regional banks in Tokyo and Osaka, Aichi, Saitama, and Hyogo prefectures, the main business territories of megabanks, and those ranked second and lower in their prefectures by market capitalization

Relationship between PBR in the regional banking sector and ROE, prefectural GDP, and capital policies

Estimated PBR model: $(4.74 \times \text{ROE}) + (0.07 \times \text{prefectural GDP}) + (0.12 \times \text{capital policies}) + 0.02$

PBR component	Coefficient	t Value
ROE (%)	4.74	10.76
Prefectural GDP (in trillion yen)	0.07	4.01
Capital policies (total return ratio, %)	0.12	2.77
Intercept	0.02	0.55

The t value indicates the impact of each component on PBR. The larger the value, the stronger the impact.

Coefficient of determination: **69.6%**

Roughly 70% of PBR can be explained by three factors: ROE, prefectural GDP, and capital policies.

To increase PBR (corporate value), it is vital to enhance efforts targeting ROE, prefectural GDP, and capital policies.

* Based on results of multiple regression analysis of regional banks' PBR ratios (as of March 31, 2024; excludes regional banks in Tokyo, Osaka, Aichi, Saitama, and Hyogo prefectures), ROE (projected for the period ending March 2024), prefectural GDP in the prefectures in which banks are headquartered (FY2020), and total return ratio (projected for period ending March 2024)

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Overview of Mid-Term Plan 2024 – KPIs for regional revitalization and business performance –

KPIs for regional revitalization and Group initiatives

KPIs for regional revitalization

Trends in Hiroshima Prefecture's population

Reducing the rate of decline
(2028)

Tourism consumption in Hiroshima Prefecture

Targeting continual growth*
(2028)

Hiroshima Prefecture's greenhouse gas emissions

Targeting continual reductions
(FY2028)

The Group's initiatives (in Hiroshima Prefecture)

Cases of startup and VC support

61 → 800
(FY2023 result) (FY2024-2028 cumulative)

HR referrals

11 → 350
(FY2023 result) (FY2024-2028 cumulative)

Involvements in community/regional development projects

82 projects → 200 projects
(Cumulative through FY2023) (Cumulative through FY2028)

Amount invested in tourism

75.8 billion yen → 200.0 billion yen
(FY2023 balance) (FY2028 balance)

Execution amount of environmental finance

125.0 billion yen → 300.0 billion yen
(FY2023 balance) (FY2028 balance)

* Increasing unit amount through shift from tourism by travelers passing through to excursion and long-term stay tourism consumption

Group business performance KPIs (FY2028)

Increasing returns on consolidated net assets

Consolidated ROE

Approx. 7.5%

FY2023 result: 5.4%

Soundness

Consolidated capital adequacy ratio

Approx. 11%

FY2023 result: 11.0%

Increasing net assets/share

Consolidated BPS

2,000 yen or more

FY2023 result: 1,760 yen

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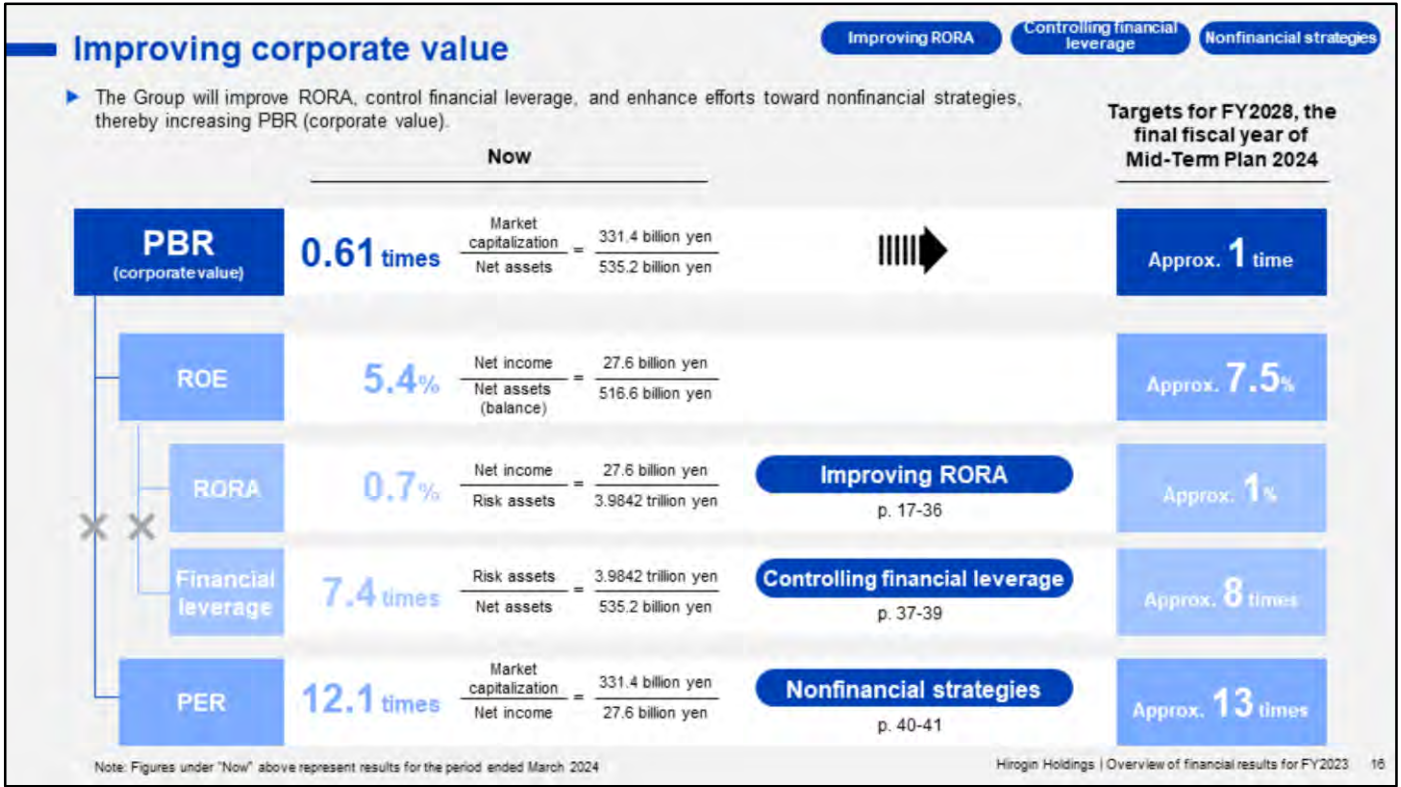
- Mid-Term Plan 2024 sets KPIs for regional revitalization and Company business performance.

KPIs for regional revitalization:

- Trends in Hiroshima Prefecture's population: Reducing the rate of decline
- Tourism consumption in Hiroshima Prefecture: Targeting continual growth
- Hiroshima Prefecture's greenhouse gas emissions: Targeting continual reductions

KPIs for Group business performance:

- Consolidated ROE: approx. 7.5%
- Consolidated capital adequacy ratio: approx. 11%
- Net assets/share (BPS): 2,000 yen or more



- We will strive to increase ROE from 5.4% to 7.5% to grow the PBR ratio (corporate value).
- To do so, we will enhance efforts to improve RORA and to control financial leverage.
- We will also enhance nonfinancial strategies to improve ROE.

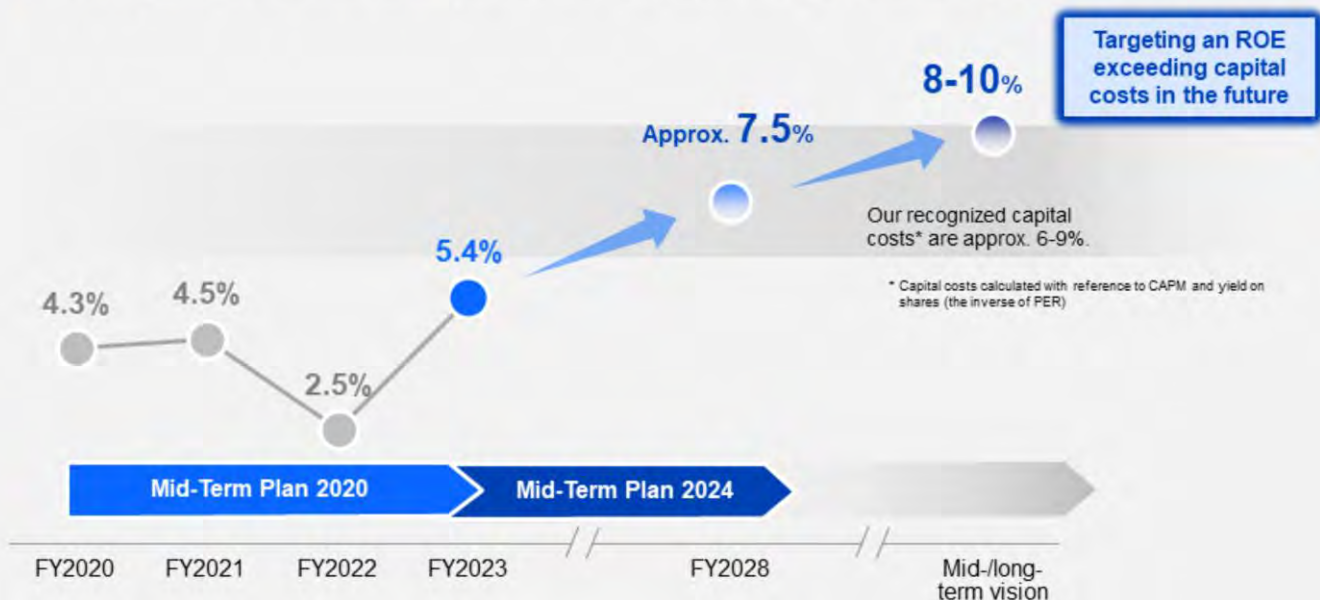
Mid-/long-term ROE targets

Improving RORA

Controlling financial leverage

Reinforcing financial strategy

- ▶ We will target an ROE of 7.5% in the final fiscal year of Mid-Term Plan 2024 and the range of 8-10%, exceeding capital costs, in the future.



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- ▶ We will target an ROE of 7.5% in the final fiscal year of Mid-Term Plan 2024 and the range of 8-10%, exceeding capital costs, in the future.

Our recognized capital costs:

- About 6-9%

Priority areas for improving RORA

Improving RORA

Controlling financial leverage

Nonfinancial strategies

- ▶ We will strive to improve RORA by deploying businesses that draw on the Group's strengths; we will also undertake structural reforms.

	Priority area	FY2023	FY2028 (vs. FY2023)	
Deploying businesses that draw on the Group's strengths	Regional development business	Related revenues 2.0 billion yen	→ Approx. 3.5 billion yen + approx. 1.5 billion yen	p. 19-21
	Ship finance	Related revenues 10.3 billion yen	→ Approx. 12.0 billion yen + approx. 2.0 billion yen	p. 22-24
	Corporate solutions	5.8 billion yen	→ Approx. 8.5 billion yen + approx. 3.0 billion yen	p. 25-27
Business domains in which we will pursue structural reforms	Wealth management	10.5 billion yen	→ Approx. 11.5 billion yen + approx. 1.0 billion yen	p. 28-30
	Securities asset management, ALM	Interest income 7.6 billion yen	→ Approx. 22.0 billion yen + approx. 14.5 billion yen	p. 31-33

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- To improve RORA, we will strengthen earnings in priority fields.
- In deploying businesses that draw on the Group's strengths, we will strive to achieve a total increase of 6.5 billion yen in earnings: 1.5 billion yen in the regional development business, 2.0 billion yen in ship finance, and 3.0 billion yen in corporate solutions.
- We will strive to achieve a total increase of 16.5 billion yen in earnings in the business domains in which we promote structural reforms to address the issues facing the Group in specific areas: 1.0 billion yen in wealth management and 15.5 billion yen in securities asset management and ALM.
- We will strive to achieve a total increase of 23.0 billion yen in earnings in these priority fields.

Regional development business initiatives

Improving RORA

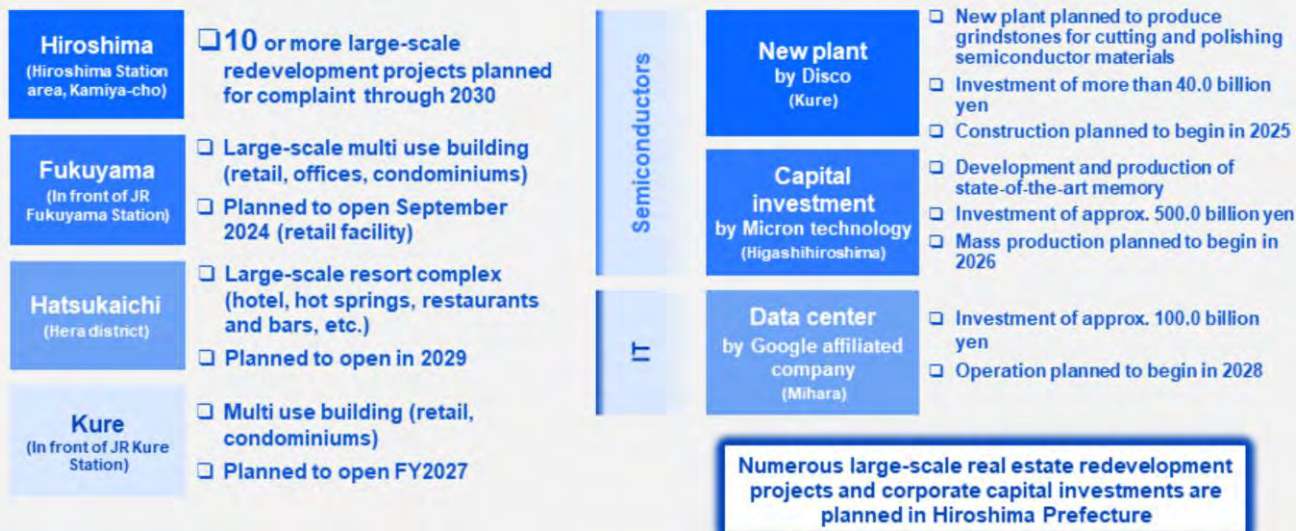
Controlling financial leverage

Nonfinancial strategies

- ▶ Numerous large-scale redevelopment projects and large-scale capital investments, centered on major firms, are planned in Hiroshima Prefecture.

Real estate redevelopment projects in Hiroshima Prefecture

Corporate capital investment in Hiroshima Prefecture



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- Numerous large-scale real estate redevelopment projects are planned in major cities of Hiroshima Prefecture.
- Major firms plan numerous capital investments in the area in fields such as semiconductors and IT. As such, the regional development business has strong market potential.

Regional development business initiatives

Improving RORA

Controlling financial leverage

Nonfinancial strategies

- Centered on Hirogin Area Design and Hiroshima Bank's Structured Finance Office (established in April 2024), while continuing to enhance alliances with public agencies and other partners, the regional development business will advance into new business domains in addition to its existing finance businesses.



- We will invest 37.0 billion yen in risk assets and 15 personnel as management resources in the regional development business.
- Centered on Hirogin Area Design and Hiroshima Bank's Structured Finance Office, the business will enhance alliances with public and private partners.
- In addition to debt-equity finance in financial fields and community development coordination and consulting for public agencies in nonfinancial fields, the business will grow its business domains in areas including optimizing customer real estate portfolios and asset management businesses.

Regional development business initiatives

Improving RORA

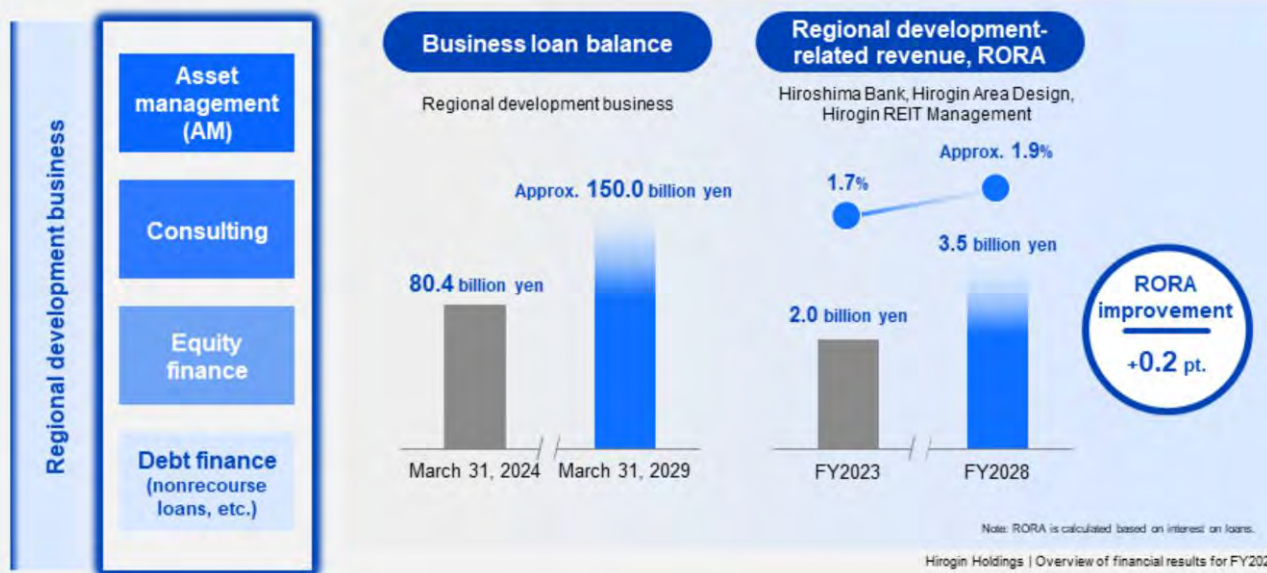
Controlling financial leverage

Nonfinancial strategies

- ▶ The regional development business will strive to achieve a business loan balance of 150.0 billion yen, related revenue of 3.5 billion yen, and RORA of 1.9% in FY2028.

Business domains

Numerical plans



Business loan balance:

From 80.4 billion yen at the end of March 2024 to approx. 150.0 billion yen at the end of March 2029 (+70.0 billion yen)

Related revenue (Hiroshima Bank, Hirogin Area Design, Hirogin REIT Management):

From results of 2.0 billion yen in FY2023 to a planned 3.5 billion yen in FY2028 (+1.5 billion yen)

RORA:

From results of 1.7% in FY2023 to a planned approx. 1.9% in FY2028 (+0.2 pt.)

Ship finance initiatives

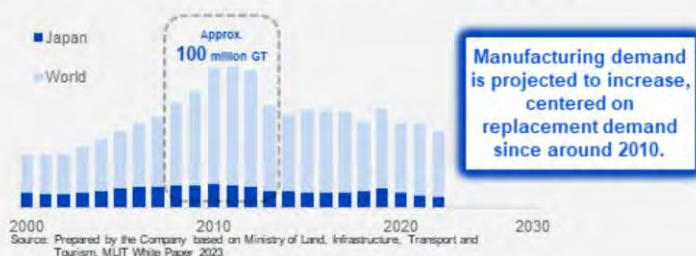
Improving RORA

Controlling financial leverage

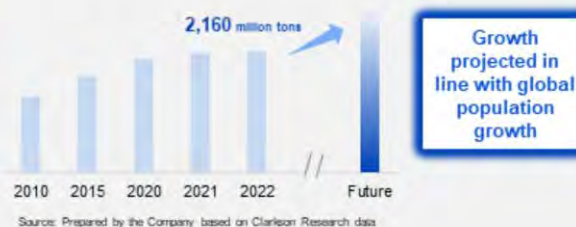
Reform financial strategy

- Demand for shipbuilding is projected to remain steady, backed by replacement demand for international ships, growing numbers of ships that run on next-generation fuels, and growing ocean transport volumes.

Trend in shipbuilding for international shipping



Global ocean freight volume



Spread of ships that run on next-generation fuels

GHG emissions reduction targets (vs. 2008)

By 2030

-20-30%

By 2040

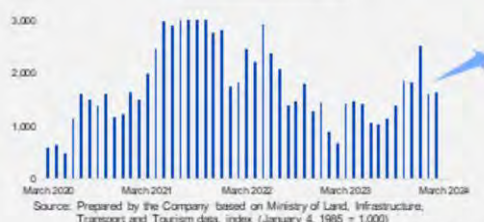
-70-80%

By 2050

Net zero

Source: Prepared by the Company based on Ministry of Land, Infrastructure, Transport and Tourism data

Baltic Index



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- Demand for shipbuilding is projected to remain steady, backed by replacement demand for international ships, growing numbers of ships that run on next-generation fuels, and growing ocean transport volumes.

Ship finance initiatives

Improving RORA

Controlling financial leverage

Nonfinancial strategies

- ▶ In the area of ship financing, one of our strengths, we will strengthen our approach to risk management while growing the balance of loans by investing in management resources.
- ▶ We will also focus on supporting customer forays into overseas markets in cooperation with Hirogin Global Consulting (a subsidiary in Singapore), established in January 2024.



- We will invest 100.0 billion yen in risk assets and 12 personnel as management resources in ship-related fields.
- In addition to offering various financing schemes to meet customer needs, we will also enhance our approach to risk management.
- We will also support customer forays into overseas markets in cooperation with Hirogin Global Consulting, established in January 2024.

Ship finance initiatives

Improving RORA

Controlling financial leverage

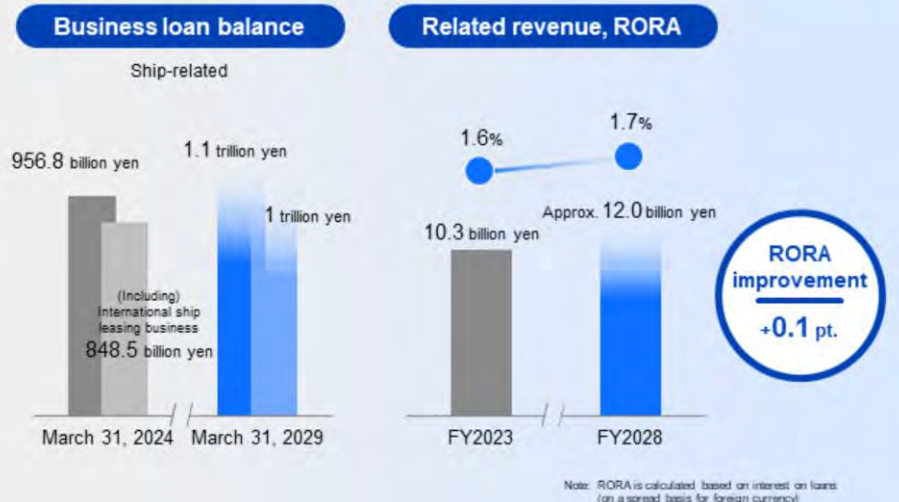
Reinforcing financial strategy

- ▶ In ship financing, we will strive to achieve a business loan balance of 1.1 trillion yen, related revenue of 12.0 billion yen, and RORA of 1.7% in FY2028.

Business domains



Numerical plans



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Business loan balance:

From 956.8 billion yen at the end of March 2024 to 1.1 trillion yen at the end of March 2029 (+ approx. 150.0 billion yen)

Related revenue:

From results of 10.3 billion yen in FY2023 to a planned approx. 12.0 billion yen in FY2028 (+ approx. 2.0 billion yen)

RORA:

From results of 1.6% in FY2023 to a planned 1.7% in FY2028 (+0.1 pt.)

Corporate solutions initiatives

Improving RORA

Controlling financial leverage

Reform financial structure

- ▶ In light of the market potential in the four local prefectures, there is plenty of room for growth in Group transactions.
- ▶ There is also high demand for startup and VC support and business succession and M&A solutions among customers, and this demand is expected to remain steady.

Market potential of the four local prefectures



Businesses in the four local prefectures 323,000 sites

Number of firms raising VC funds in the four local prefectures (startup trend)



Source: INITIAL Japan Startup Finance 2023

VC investment is increasing in the four local prefectures.

Group customers

35,477

Borrowers (with net sales of 200 million yen or more)

7,900

Potential for growing Group transactions

Lending share (in Hiroshima Prefecture)

33.7%

Percentage of businesses lacking successors in Hiroshima Prefecture



Source: Hiroshima Branch, Teikoku Databank, "Fact-Finding Survey of Businesses Lacking Successors (2023)"

The percentage of businesses lacking successors in Hiroshima Prefecture exceeds the national average.

- Notes:
1. Numbers of business sites are taken from the 2021 Economic Census.
 2. Group customers and borrowers are taken from results at the end of March 2024.
 3. Lending share is taken from results at the end of February 2024.

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- Of the 320,000 businesses in the four local prefectures, 35,000 are Group customers. This and the lending share of 33.7% in Hiroshima Prefecture show the Group's high growth potential.
- Demand for startup and VC support is expected to grow with growing VC investment in the four local prefectures.
- There is also high demand for business succession and M&A solutions among customers. The percentage of businesses lacking successors in Hiroshima Prefecture exceeds the national average.

Corporate solutions initiatives

Improving RORA

Controlling financial leverage

Nonfinancial strategies

- ▶ We will further enhance and expand business domains related to corporate solutions, another company strength.
- ▶ Additionally, we will strengthen efforts in new fields such as VC debt for startups and supporting clients' efforts to address the labor shortage, through alliances.



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- We will invest management resources of 140.0 billion yen in risk assets and 88 personnel in the area of corporate solutions, another company strength.
- In addition to enhancing the equity business in financial fields and providing specialized solutions in nonfinancial fields, we will strengthen efforts in areas such as VC debt for startups and referrals of foreign workers through a joint venture with Japan World Business Corporation.

Corporate solutions initiatives

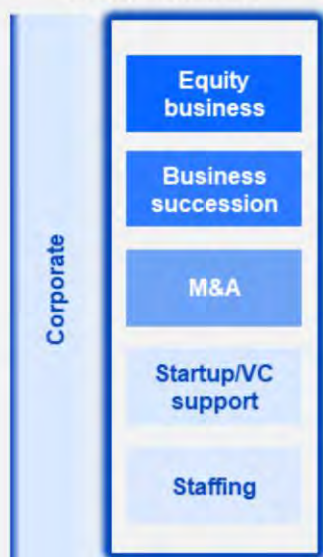
Improving RORA

Controlling financial leverage

Nonfinancial strategies

- ▶ The target for the corporate solutions field is associated profit of 8.5 billion yen in FY2028.
- ▶ The targets for the equity business are an investment balance of 100.0 billion yen and related profit of 3.5 billion yen.

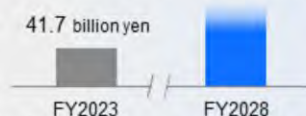
Business domains



Numerical plans

Equity business investment balance

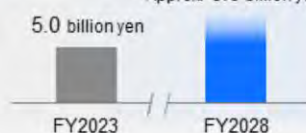
Hiroshima Bank, Hirogin Capital Partners
Approx. 100.0 billion yen



Note: Balance of funds investments, etc.: Total of cumulative capital call amount on securities invested in by Hiroshima Bank and principal investment balance of Hirogin Capital Partners

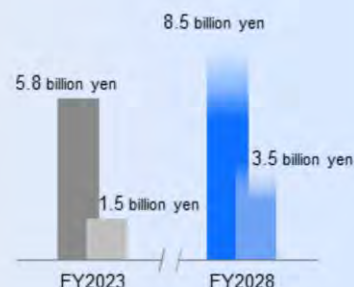
Nonfinancial company sales

Hirogin Human Resources, Hirogin IT Solutions
Approx. 9.0 billion yen



Associated profit

Corporate solutions profit (left bar) and profits from equity business (right bar)



Hirogin Holdings | Overview of financial results for FY2023 27

Equity business investment balance (Hiroshima Bank, Hirogin Capital Partners):
From 41.7 billion yen in FY2023 to a projected/targeted figure of approx. 100.0 billion yen in FY2028 (approx. +60.0 billion yen)

Nonfinancial company sales (Hirogin Human Resources, Hirogin IT Solutions):
From 5.0 billion yen in FY2023 to a projected/targeted figure of approx. 9.0 billion yen in FY2028 (approx. +4.0 billion yen)

Associated profit:

- Corporate solutions profit
From 5.8 billion yen in FY2023 to a projected/targeted 8.5 billion yen in FY2028 (approx. +3.0 billion yen)
- Profits from equity business
From 1.5 billion yen in FY2023 to a projected/targeted 3.5 billion yen in FY2028 (approx. +2.0 billion yen)

Wealth management initiatives

Improving RORA

Controlling financial leverage

Reform financial strategies

- ▶ Deposits account for about 85% of the Group's total balance of assets under management. We expect to be able to meet further demand for asset management.
- ▶ In addition, in Hiroshima Prefecture, people under 60 years of age account for more than 80% of alliance partner accounts. There is sufficient room to grow transactions with those in their asset-building years.
- ▶ Additionally, since those aged 60 and older account for a high share of individual deposit balances, we anticipate growing demand for inheritance and trust services.

Deposits, non-deposits

Share of deposits in Hiroshima Prefecture



Group portfolio



Individual deposit portfolio by age (as of March 31, 2024)



30 years and younger ■ 31-60 years ■ 60 years and older

Online securities accounts of alliance partners in Hiroshima Prefecture (Total of SBI Securities and Rakuten Securities accounts)



Potential for growing Group transactions

We anticipate growing demand for inheritance services.

Note: The balance in Hiroshima Prefecture of the share of deposits in the prefecture is based on a study by the Bank of Japan's Hiroshima Branch.

Hirogin Holdings | Overview of financial results for FY2023 28

- Our share of deposits in Hiroshima Prefecture exceeds 40%. The market offers room to grow such transactions.
- In addition, non-deposit balances account for about 15% of the Group's total assets under management. Younger and middle-aged people account for a high share of the 330,000 online securities accounts of our alliance partners in Hiroshima Prefecture. We expect to be able to capture demand for asset management.
- Additionally, since those aged 60 and older account for a high share of individual deposit balances, we anticipate growing demand for inheritance and trust services.

Wealth management initiatives

Improving RORA

Controlling interest
leverage

Nonfinancial strategies

- ▶ We will strive to enhance earnings capabilities by strengthening employee expertise in specific fields by bringing together consulting advisors and strengthening bank securities partnerships based on a goal-based approach.



Hirogin Holdings | Overview of financial results for FY2023 29

- In addition to improving current employee expertise in specific fields, we will invest management resources in various efforts, including establishing Hirogin Life Partners to participate in the IFA program.
- In addition to switching to stock businesses based on a goal-based approach, we will strive to enhance earnings capabilities by completing the app and through more advanced Web marketing.
- In addition, we expect to expand lines of business through means such as consideration of entry into the investment advisory business.

Wealth management initiatives

Improving RORA

Controlling financial leverage

Reform financial strategy

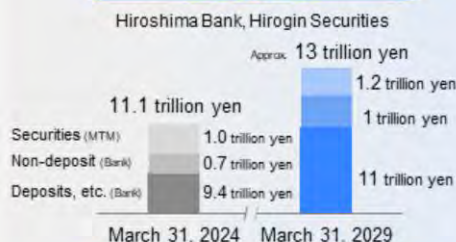
- ▶ We will move forward with a shift toward asset management consulting based on a goal-based approach, thereby transitioning from the current revenue structure centered on upfront revenues to one centered on stock revenues unaffected by market conditions.

Business domains

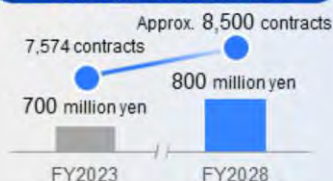


Numerical plans

Total balance of assets under management



Inheritance- and trust-related revenues and contracts



Shares of related revenues and stock revenues



Hirogin App accounts opened



Hirogin Holdings | Overview of financial results for FY2023 30

Total balance of assets under management:

From 11.1 trillion yen on March 31, 2024 to 13 trillion yen on March 31, 2029 (+ approx. 2 trillion yen)

Related revenues (Hiroshima Bank, Hirogin Securities):

From 10.5 billion yen in FY2023 to a projected/targeted 11.5 billion yen in FY2028 (+ approx. 1.0 billion yen)

Inheritance- and trust-related revenues and contracts:

- Revenues

From 700 million yen in FY2023 to a projected/targeted 800 million yen in FY2028 (+ 100 million yen)

- Contracts

From 7,574 contracts in FY2023 to a projected/targeted figure of approx. 8,500 contracts in FY2028 (+ 1,000 contracts)

Securities asset management initiatives

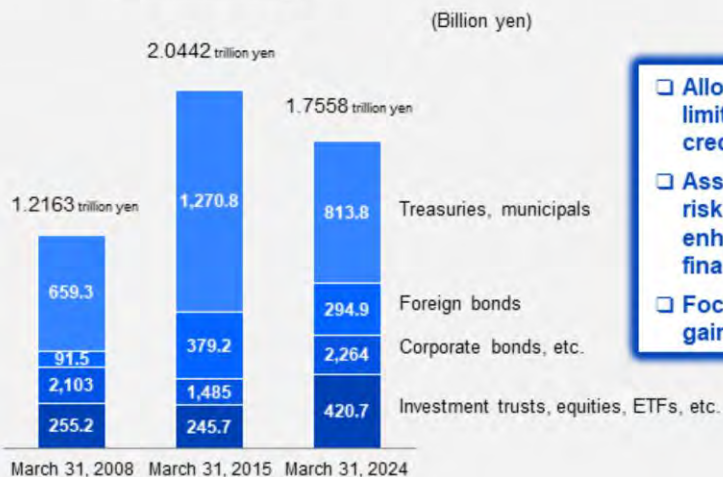
Improving RORA

Controlling financial leverage

Reform asset strategies

- ▶ In securities asset management to date, no active risk taking measures have been conducted. Short-term trading focused.

Securities portfolio



Securities portfolio topics

- ❑ Allocation of capital to securities (RWA) is limited due to the emphasis on assuming credit risks related to local loans.
- ❑ Asset management centered on interest risk emphasizing liquidity and security to enhance risk management since the 2008 financial crisis
- ❑ Focusing on short-term trading to secure gains

Hirogin Holdings | Overview of financial results for FY2023 | 31

- In securities asset management to date, allocation of assets at risk to securities has been limited due to the emphasis on assuming credit risks in the local lending business.
- In addition, since the 2008 financial crisis, asset management has centered on interest risk emphasizing liquidity and security to enhance risk management.
- We have also focused on short-term trading to secure gains when incurring credit costs, etc.
- We believe that this portfolio makes it difficult to secure stable, continuous profits.



➤ By allocating 50.0 billion yen in risk assets and actively taking risks, we will build a portfolio with a balance of 2 trillion yen and yield of 1% or more in the final fiscal year of the Mid-Term Plan after deducting fundraising costs.

Impact of rising interest rates

Improving RORA

Controlling interest
average

Reformulated strategies

- As domestic interest rates begin to rise, we will strive to stabilize earnings through interest rate risk controls while considering the overall state of the balance sheet.

Yen balance sheet



Effect of rising yen interest rates on returns on funds

Short-term interest rate increase of 0.1 pt. * Two-year projection

Approx. **+2.8 billion yen**

* Impact on deposits, loans, and BOJ current account deposits

Long-term interest rate increase of 0.1 pt. * Five-year projection

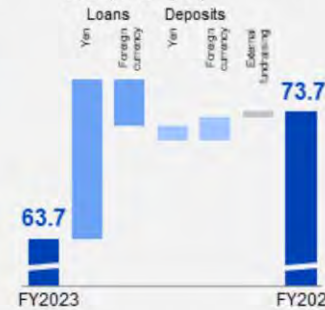
Approx. **+1.4 billion yen**

* Impact on long-term fixed-rate loans

Assumptions of estimates:

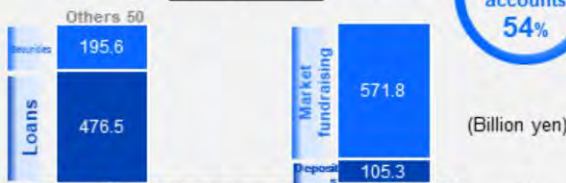
- Balances remain unchanged from March 31, 2024 (redemption refinanced at same amount and interest rate).
- Deposit interest rates follow at 20-35%.
- Impact figures are comparisons to single-year earnings if rates remained unchanged, based on the March 31, 2024 balance sheet.

Refere: Returns on funds related to loans, deposits, etc. under Mid-Term Plan 2024 (billion yen)



	Change	Funds difference	Yield difference	Impact of interest rate policy (billion yen)
Loans	8.8	9.2	-0.4	2.4
Yen	12.5	7.8	4.7	7.0
Foreign currency	-3.7	1.4	-5.1	-4.6
Market fundraising (Total asset management)	8.8	9.2	-0.4	2.4
Deposits, etc.	0.7	0.3	-0.4	-0.3
Yen	-1.1	-0.1	-1.0	-1.0
Foreign currency	1.8	0.4	1.4	0.7
Market fundraising	0.5	-1.5	2.0	2.1
(Total fundraising)	1.2	-1.2	2.4	1.8

Foreign currency balance sheet



Share of payment accounts
54%

(Billion yen)

Note: Payment accounts refer to accounts used for receipt/payment of salary, pension, and payment of utilities for individual customers and those with loan balances for corporate customers.

- In light of anticipated yen interest rate hikes, the shares of fixed rates are expected to increase for both deposits and loans. Accordingly, we will implement dynamic interest rate risk controls with a focus on restructuring the balance sheet.
- For foreign currencies, we will implement foreign currency balance sheet controls targeting stability and profitability and consider expanding the foreign currency balance sheet in light of fundraising capacity.

Contributions to increase earnings in priority areas

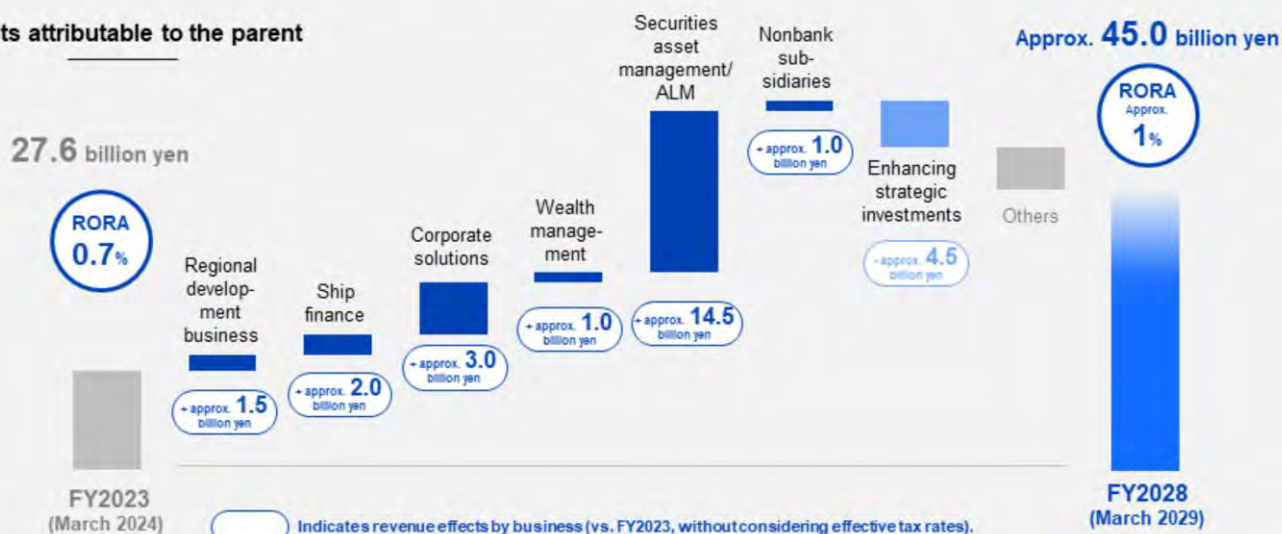
Improving RORA

Controlling financial leverage

Nonfinancial strategies

- By increasing earnings in priority areas, we will strive to achieve 45.0 billion yen in profits attributable to the parent in the final fiscal year of Mid-Term Plan 2024.

Profits attributable to the parent



Hirogin Holdings | Overview of financial results for FY2023 34

- We will strive to increase ROE by improving earnings capabilities in priority areas, targeting profits attributable to the parent of 45.0 billion yen in the final fiscal year of Mid-Term Plan 2024.

Reference: Profit levels

Improving RORA

Controlling financial leverage

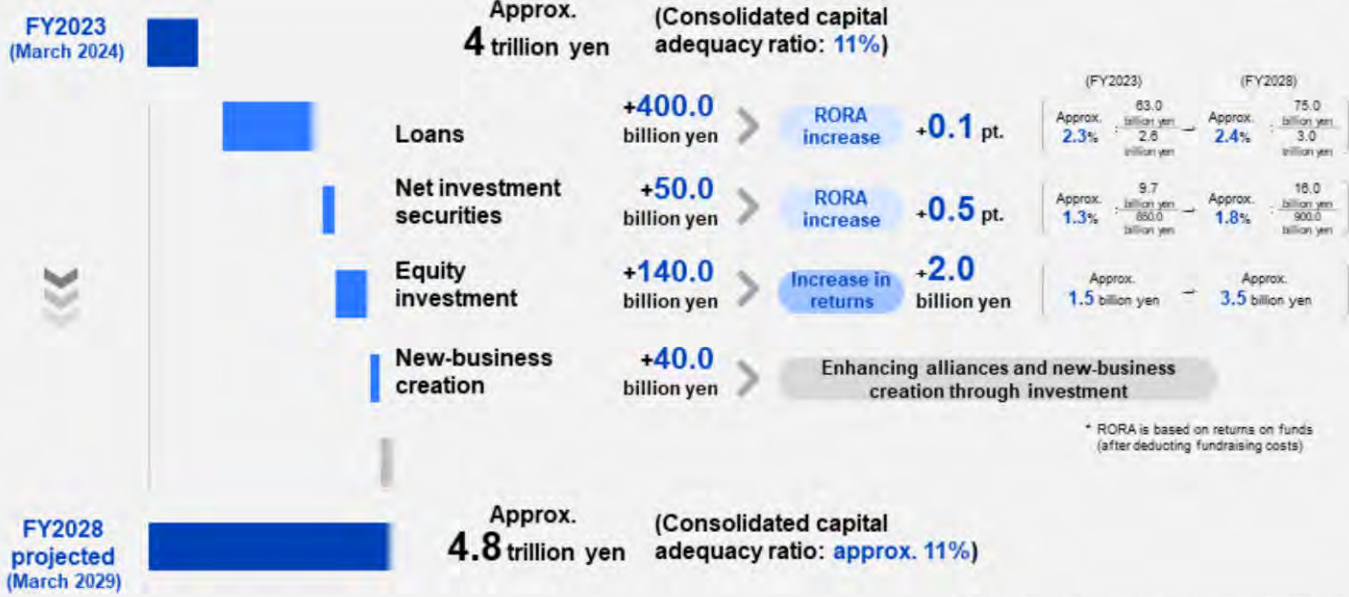
Reformulating strategies

		FY2023	...	FY2028	(Change)	Effect of revision of policy interest rates included in change	
Hiroshima Bank	Net interest income	74.1 billion yen		97.0 billion yen	22.9 billion yen	4.2 billion yen	
	(Included) Interest on loans, deposits, etc.	63.7 billion yen		73.7 billion yen	10.0 billion yen	4.2 billion yen	
	(Included) Securities profit and dividends	7.6 billion yen		20.0 billion yen	12.4 billion yen	-	
	Non-interest income	17.8 billion yen		21.5 billion yen	3.7 billion yen	-	
	(Included) Corporate solutions	5.8 billion yen		8.5 billion yen	2.7 billion yen	-	
	(Included) Asset management	4.9 billion yen		5.5 billion yen	0.6 billion yen	-	
	Core business gross profit	92.0 billion yen	→	118.5 billion yen	26.5 billion yen	4.2 billion yen	
Nonbank	Expenses	53.0 billion yen		57.0 billion yen	4.0 billion yen	-	
	Core business net profit	38.9 billion yen		61.5 billion yen	22.6 billion yen	4.2 billion yen	
	Net profit	26.5 billion yen		41.0 billion yen	14.5 billion yen	2.9 billion yen	
	Net profit (total)	2.6 billion yen		4.0 billion yen	1.4 billion yen	-	
	Profits attributable to owners of the parent	27.6 billion yen		45.0 billion yen	17.4 billion yen	2.9 billion yen	

Market scenario assumptions of the Mid-Term Plan (FY2028)		
Yen interest rate	BoJ policy rate	0.10%
	Rate on 10-year JGBs	1.50%
Foreign interest rates	FF rate	3.00%
	Rate on 10-year US treasuries	3.75%
Exchange rate (USD/JPY)		135 yen
Nikkei average		41,000 yen

Note: Interest on loans and securities profits and dividends reflect deductions of external fundraising costs.

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Financial leverage – Capital policies –

Improving RORA

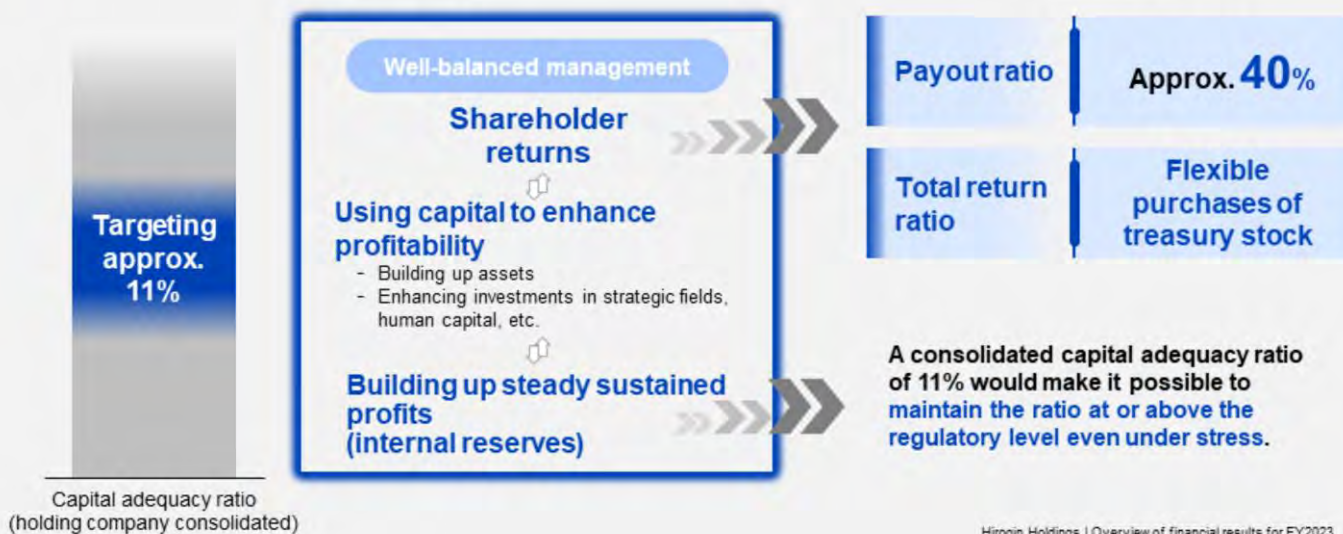
Controlling financial leverage

Nonfinancial strategies

- ▶ We will implement management reflecting capital adequacy levels, targeting a consolidated capital adequacy ratio of about 11% for the holding company.
- ▶ In addition to a dividend policy targeting a payout ratio of about 40%, we will implement flexible purchases of treasury stock.

Basic concept

Shareholder returns policy



Hirogin Holdings | Overview of financial results for FY2023 37

- ▶ We will implement management reflecting capital adequacy levels, targeting a consolidated capital adequacy ratio of 11% for the holding company.
- ▶ In addition to a dividend policy targeting a return ratio of about 40%, we will acquire treasury stock dynamically.

Financial leverage – Capital policies –

Improving RORA

Controlling financial leverage

Reformulating strategies

- ▶ In FY2024, we plan to pay annual dividends of 40.0 yen/share, up 3.0 yen YoY.
- ▶ We will strive to boost dividends/share in the final fiscal year of Mid-Term Plan 2024 by improving profits.
- ▶ Additionally, we will consider revising shareholder returns policies while monitoring progress toward KPIs.

Trend in shareholder returns



Dividends per share

Total treasury stock acquired
(Including planned acquisitions)

Total dividends
(Including planned dividends)

Increasing trend

Considering timing, scale, etc.

Payout ratio	21.7%	24.3%	28.8%	34.6%	32.5%	67.1%	41.0%	40.5%	... Approx. 40%
Total return ratio	21.7%	24.3%	28.8%	34.6%	32.5%	67.1%	52.2%	-	-
Net income attributable to owners of the parent	25.8 billion yen	25.5 billion yen	24.2 billion yen	21.5 billion yen	22.9 billion yen	12.5 billion yen	27.6 billion yen	30.0 billion yen	45.0 billion yen

Notes:

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

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- We plan to pay annual dividends of 40.0 yen/share, up 3.0 yen YoY, in FY2024.
- Upon the acquisition of treasury stock, we will consider the timing and scale in light of various factors, including the state of the capital adequacy ratio.
- We will strive to increase dividends/share to 60 yen in the final fiscal year of the Mid-Term Plan by improving profit to 45.0 billion yen.
- Additionally, we will consider revising shareholder returns policies while monitoring progress toward KPIs.

Financial leverage – Reducing cross-shareholdings –

Improving RORA

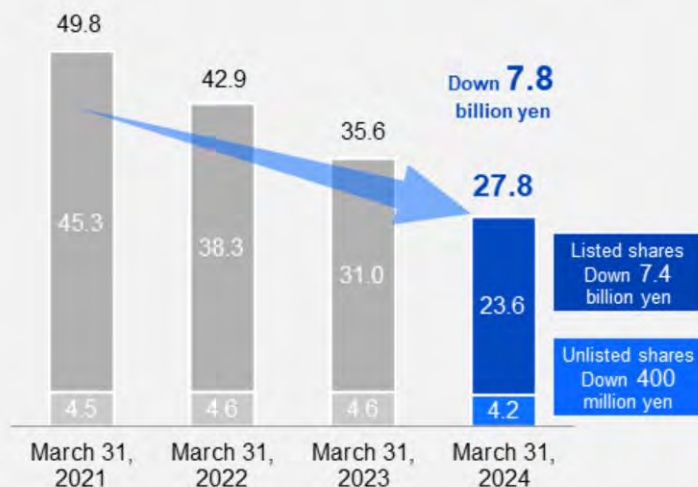
Controlling financial leverage

Nonfinancial strategies

- ▶ Cross-shareholdings declined by 7.8 billion yen from the end of March 2023 due to continuing progress on discussions with the issuers.
- ▶ We will continue to reduce cross-shareholdings (including imputed holdings), targeting a current value balance of less than 20% of consolidated equity capital by the end of March 2025.

Reductions in cross-shareholdings (book value balance)

(Billion yen)



Reduction target for cross-shareholdings (listed shares) and imputed holdings

Current level

Listed shares
+
deemed
share-holdings

Total market
capitalization

120.1 billion yen

Percentage of
consolidated
assets

Equivalent to 22%

Reduction target

(Policy on holding cross-shareholdings)

- Ongoing dialogue with issuers
- Continuing in principle to hold cross-shareholdings with customers in the four local prefectures to support and grow the local economy side by side
- Reducing cross-shareholdings in customers with relatively weak ties to local areas through ongoing dialogue

Target
for end
of March
2025

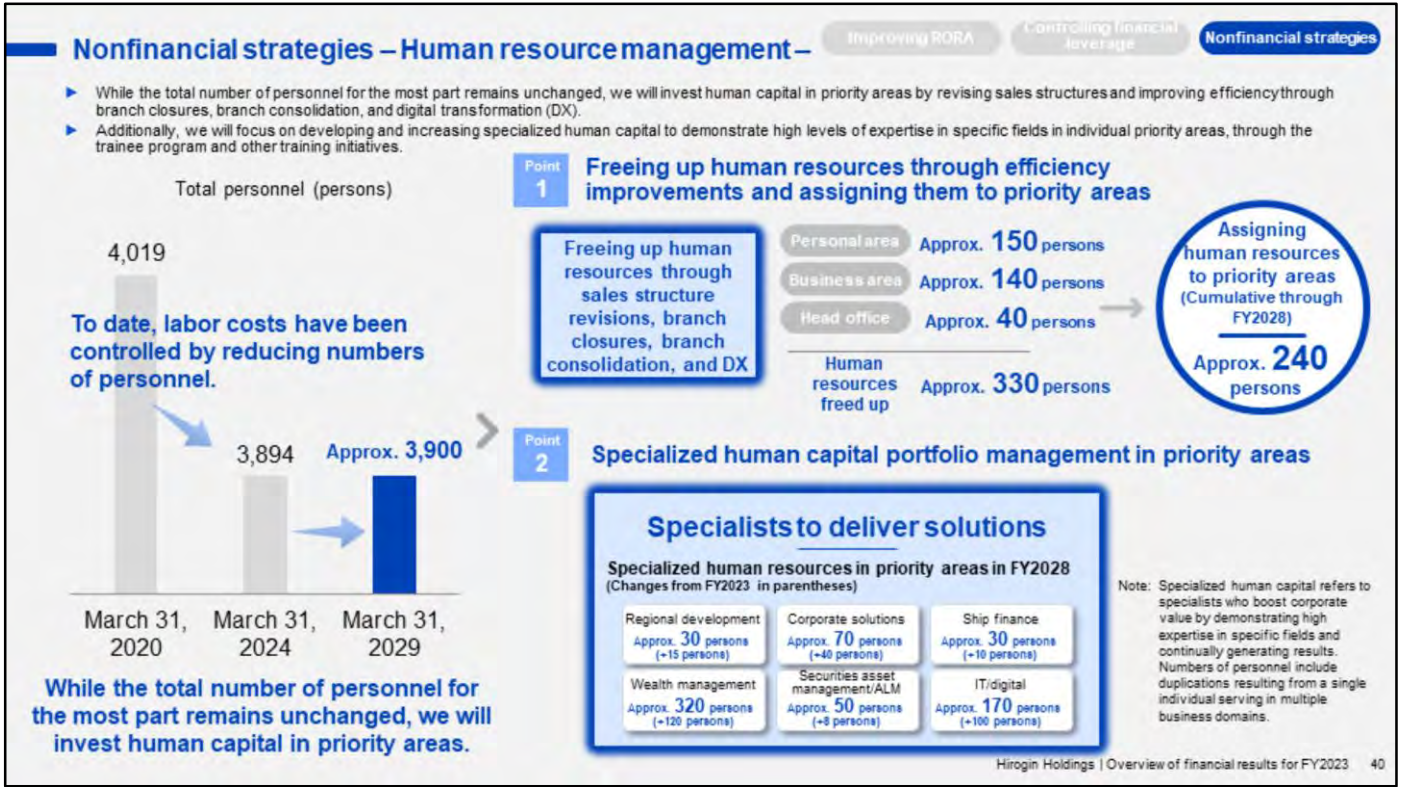
Less than 20% of consolidated equity capital
(market capitalization basis)

Reduction targets Market-capitalization basis: - approx. 25.0 billion yen

Book-value basis: - approx. 13.0 billion yen

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- We will reduce cross-shareholdings at a steady pace.
- The total balance of cross-shareholdings in listed firms and imputed holdings at the end of March 2024 was approximately 22% of consolidated net assets.
- Based on the current status of discussions, we expect to reach a level of less than 20% of consolidated net assets by the end of March 2025.



Nonfinancial strategies – Human resource management –

Improving RORA

Controlling financial leverage

Nonfinancial strategies

- ▶ We will advance specialized human resource management to achieve KPIs in priority areas and to maximize the employee abilities.
- ▶ Additionally, we will focus on fostering awareness of the need to participate in management among employees, to realize various strategies and increase corporate value.

Specialized human resource management



Fostering awareness of the need to participate in management

Encouraging employees to join the employee stock ownership plan (ESOP)

The ESOP's share of total shares issued and outstanding (not including treasury stock)



Percentage joining the ESOP
78.7%
(Up 1.1 pt. YoY)

Average contribution/member
6,453 yen
(Up 1,730 yen. YoY)

Management succession plan

Number of participants in the Hironin Management Juku curriculum for prospective future managers

	FY2021	FY2022	FY2023
Practical	15	15	21
Upper	16	17	37
Middle	30	28	32

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- We will advance specialized human resource management to achieve KPIs in priority areas and to maximize the employee abilities.
- Additionally, we will focus on fostering awareness of the need to participate in management among employees, to realize various strategies and increase corporate value.

III. Performance projections

FY2024 business performance projections

- Net income attributable to owners of the parent is projected to rise by 2.4 billion yen year on year to 30.0 billion yen in FY2024.

FY2023 performance forecasts

(Billion yen)

	Interim performance projection	FY2024 performance projection	YoY change
Ordinary profit	20.0	44.0	9.9
Net income attributable to owners of the parent	13.5	30.0	2.4

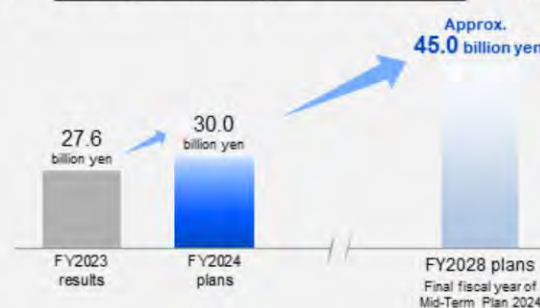
Reference: FY2024 nonconsolidated forecast for Hiroshima Bank
(Billion yen)

	Interim performance projection	FY2024 performance projection	YoY change
Net interest income		78.0	3.9
Net non-interest income		18.0	0.2
Core business gross profit		96.0	4.0
Expenses (-)		56.0	3.0
Net income from core business		40.0	1.1
Gains/losses related to securities, etc.		4.0	-1.8
Credit costs (-)		5.0	-9.4
Ordinary profit	18.0	40.0	8.6
Net income	12.5	27.5	1.0

Market scenario assumptions: of performance forecasts

Yen interest rate : (Short-term) BoJ policy rate 0.10% (Long-term) Rate on 10-year JGBs 1.20%
 Foreign interest rates : (Short-term) FF rate 5.00% (Long-term) Rate on 10-year US treasuries 4.00%
 Exchange rate (USD/JPY) : 140 yen
 Miles average : 35,000 yen

Plans for FY2028 (final fiscal year of Mid-Term Plan 2024)



KPIs of Mid-Term Plan 2024

	FY2023 results	FY2024 plans	Mid-Term Plan 2024 FY2028 plans
Consolidated ROE	5.4%	5.7%	7% or more
Consolidated capital adequacy ratio	11.0%	Approx. 11%	Approx. 11%
Consolidated BPS	1,760 yen	Approx. 1,800 yen	2,000 yen or more

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- Net income attributable to owners of the parent is projected to rise by 2.4 billion yen YoY to 30.0 billion yen in FY2024.
- We plan a consolidated ROE of 5.7%.

IV. Conclusions

Why invest in Hirogin Holdings?

Regional economy with significant potential

- ❑ Expected demand for capital investment for decarbonization and other purposes in light of the region's nature as a manufacturing center
- ❑ Expectations for capturing booming inbound tourism demand, leveraging the region's wealth of tourism resources and efforts to boost tourism consumption by shifting toward excursion and long-term stay tourism

Deepening and expanding the business axes by migrating to a holding company structure

- ❑ Building a Group structure capable of delivering advanced solutions in financial and nonfinancial fields
(12 consolidated subsidiaries as of April 1, 2024)
- ❑ Further growth in transaction counterparties through Group joint efforts

Demonstrating strengths, identifying solutions

- ❑ Advancing Group strengths of the regional development business, ship finance, and corporate solutions by investing management resources in these areas
- ❑ Active risk taking in securities asset management, a topic of concern

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- Lastly, let's review the content of today's presentation.
- The attractions of a regional economy with significant potential
 - Expectations for demand for capital investment for decarbonization and other purposes in light of the region's nature as a manufacturing center
 - Expectations for capturing booming inbound tourism demand, leveraging the region's wealth of tourism resources, and boosting tourism consumption by shifting toward excursion and long-term stay tourism
- Deepening and expanding business axes by migrating to a holding company structure
 - Building a Group structure capable of delivering advanced solutions in financial and nonfinancial fields
 - Further growth in transaction counterparties based on Group joint efforts
- Demonstrating the Group strengths and solutions
 - Growing earnings based on the Group strengths in regional development business, ship finance, and corporate solutions by investing management resources in these areas
 - Steady progress with active risk-taking in securities asset management, a topic of concern
- By capturing market potential and executing various strategies, we will strive to achieve ROE of 7.5% in FY2028, the final fiscal year of the Mid-Term Plan, and 8-10% after 10 years.

Appendix (About Mid-Term Plan 2024)

Purpose: The Group's raison d'être

Expanding the horizons of the future alongside the regional community through wide-ranging services

Backdrop and reasons for requiring a purpose

- Era of high uncertainty
- Increased diversity in organizations and human resources
- Trend toward emphasizing social significance
- Transition from shareholder capitalism to stakeholder capitalism in corporate management



Significant changes from the past both within corporate organizations and in how society views companies

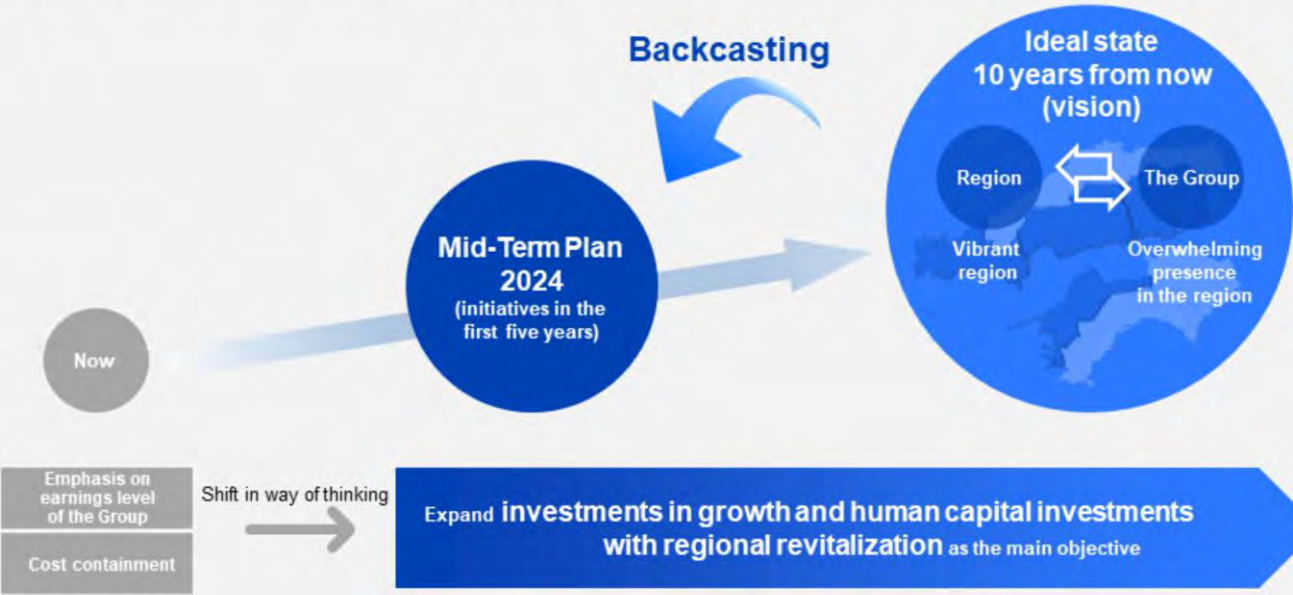


Clarification of the basis and objective of the Group's businesses and starting point to which the Group and its employees should return

- Foster a sense of unity within the corporate organization
- Strengthen employee motivation (Clarify the social significance of the work of each employee)
- Clearly indicate that the objective of our business activities is to contribute to resolving social issues

Philosophy underpinning the Mid-Term Plan 2024

- ▶ Based on the shared ideal state of the region and the Group 10 years from now, we formulated Mid-Term Plan 2024, which covers the first five-year period by backcasting from the ideal state 10 years from now.

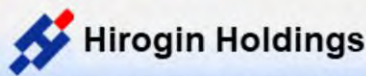


Ideal state of the region 10 years from now



* Smart cities: Sustainable cities and regions that continue to create new value by solving the issues faced by cities and regions by leveraging new information, communication, and other technologies and enhancing the level of management (planning, maintenance, administration, operation, etc.)

Ideal state of the Group 10 years from now



Demonstrating overwhelming presence in the region

Deepening and expanding the business axes

Function

+

Structure (human resources)

Maximizing human capital



Overview of the strategy

Materialities in the region

- Curbing population decline
- Urban development
- Growth as tourism-based prefecture
- Growth/regeneration of manufacturing businesses serving as core industries
- Industrial innovation
- Investment in human capital
- Promoting DX
- Facilitating carbon neutrality

Regional revitalization metrics set for materialities marked with 

Materialities in the Group

- Increasing corporate value**
- Ensuring sustainable growth of the Group through contributions to the growth of the region and customers (Improving profitability, growth potential, soundness, and efficiency)
 - Improving engagement with employees, shareholders, and investors

Further enhancing Groupwide joint efforts, improving the quality of Group companies, and expanding the axes along which their businesses are based

Reallocating management resources through structural reforms

Value creation strategies

Initiatives targeting growth and development of the region and customers

Basis of strategies

Customer-centric business operation

Providing services carefully tailored to the problems and needs of individual customers to live up to their trust

Helping to create a vibrant region

Ensuring growth and development of corporate and individual customers

Management foundation reinforcement strategies

Initiatives targeting measures to strengthen the Group's own management foundation

Enhancing human capital investments

Strengthening structures in priority areas

Reviewing business operation using IT and DX

Strategy drivers

Initiatives targeting the transformation of the region, customers, and the Group

SX

Sustainability transformation

- Initiatives targeting climate change and environmental issues
- Creating workplace environments in which diverse human resources can flourish (Diversity and inclusion)

DX

Digital transformation

- Constantly providing new value with DX as the basis for all measures

AX

Alliance transformation

- Advancing value creation through external alliances

Strategic drivers – Sustainability transformation (SX) –

- ▶ To achieve carbon neutrality, in addition to advancing carbon neutrality within the Group, providing support for the carbon neutrality of the region and customers through joint efforts with government and core local firms.

SX

Carbon
neutrality

Hirogin Group

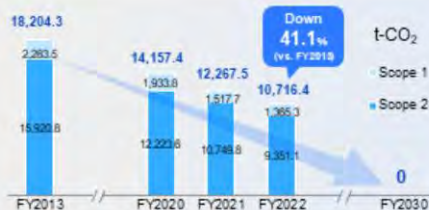
Advancing initiatives to address climate change based on TCFD recommendations

- ❑ Formulating and implementing a migration plan for the investment and lending portfolio
- ❑ Enhancing ESG dialogue with investors

Reducing Group CO₂ emissions

- ❑ Diversification and advancement of means of using renewable energy
- ❑ Strategic use of carbon credits

Carbon-neutrality targets



Region, customers

Customer engagement

- ❑ Bringing solutions, core elements of engagement, in house (promoting transition finance)
- ❑ Advancement of business potential evaluation

Alliances with government and core local firms

- ❑ Forming renewable-energy and carbon-credit projects
- ❑ Building finance frameworks for public-sector cooperation

- ❑ Achieving carbon neutrality on Scopes 1 and 2 by FY2030
- ❑ Achieving carbon neutrality on Scopes 1, 2, and 3 by FY2050

Sustainable-finance results:

	Cumulative results through March 31, 2024	Cumulative targets through March 31, 2031
Sustainable finance (Included)	553.9 billion yen	2 trillion yen
Environmental finance	394.0 billion yen	1 trillion yen

Strategic drivers – Sustainability transformation (SX) –

- ▶ We will strive through DE&I initiatives to be an organization in which diverse human resources can continue to work with vitality while demonstrating their own abilities and expertise to the fullest and maintaining high levels of motivation and engagement.

SX

DE&I

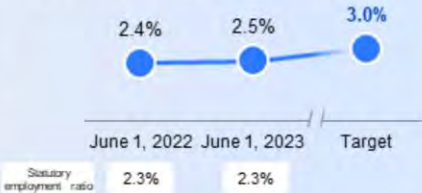
Hirogin Group

Providing fair and equitable opportunities to thrive

- Support for women's careers

	April 1, 2024 results	April 21, 2031 targets
Women as a percentage of Directors	10%	30% or more
Women as a percentage of managers	9%	Approx. 25%

- Promoting hiring of people with disabilities



- Hiring specialized midcareer hires

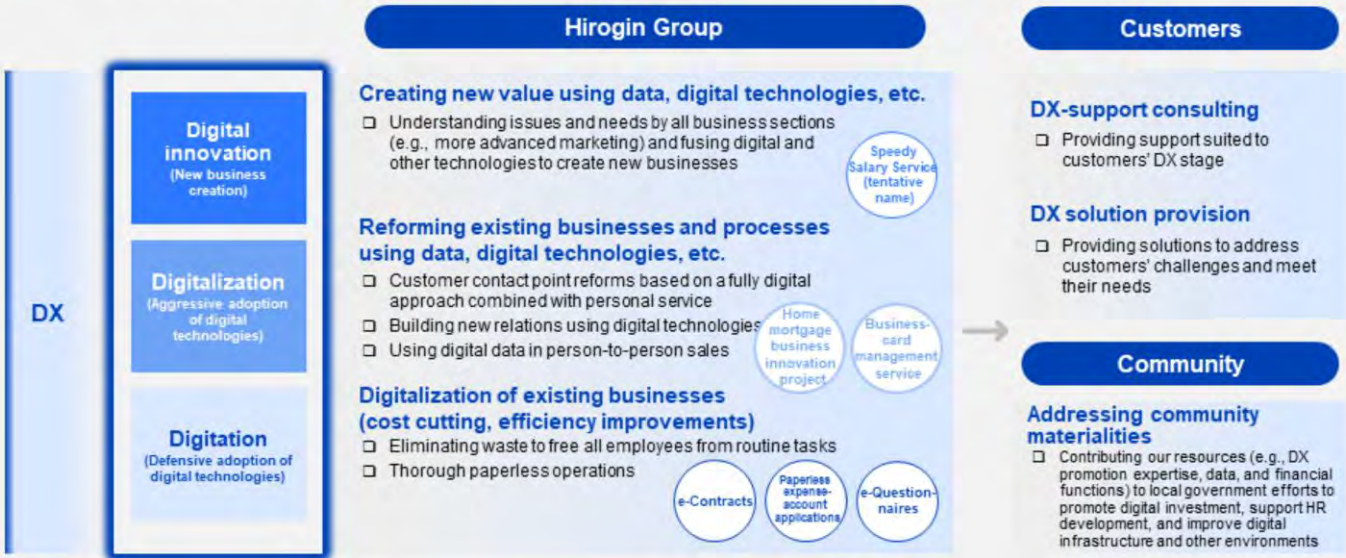


By deploying its own measures, the Group will support customer and community initiatives over the medium to long term.

* Figures on women as a percentage of directors, women as a percentage of managers, and midcareer hires are Hiroshima Bank results and targets.

Strategic drivers – Sustainability transformation (SX) –

- ▶ In addition to operating various businesses and measures on the premise of digital transformation (DX), promoting DX in the Group by reforming the outlook and awareness of all Group companies and employees and taking active initiatives, as well as leveraging the Group's DX initiatives among Group companies and with external alliance partners to support customer and community DX



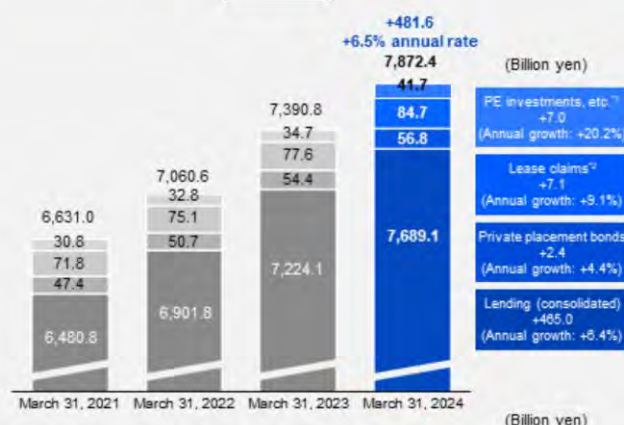
Appendix (Explanatory materials on financial results)

Group total credit, Group total assets under management (balances at end of March 2024)

Hirogin Holdings
consolidated

Hiroshima Bank
Hiroshima Securities

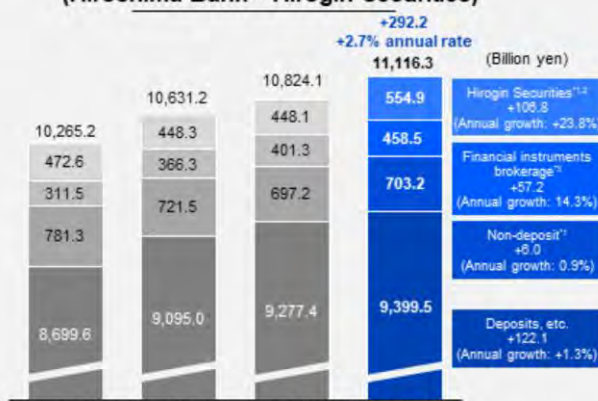
Trend in group total credit



	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024	vs. March 31, 2023
PE investment (pledged investments), etc. *1	30.8	32.8	34.7	41.7	7.0
(Included) Lending balance	13.1	16.0	15.9	15.6	-0.3
Lease claims *2	71.8	75.1	77.6	84.7	7.1
Privately placed bonds	47.4	50.7	54.4	56.8	2.4

*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)



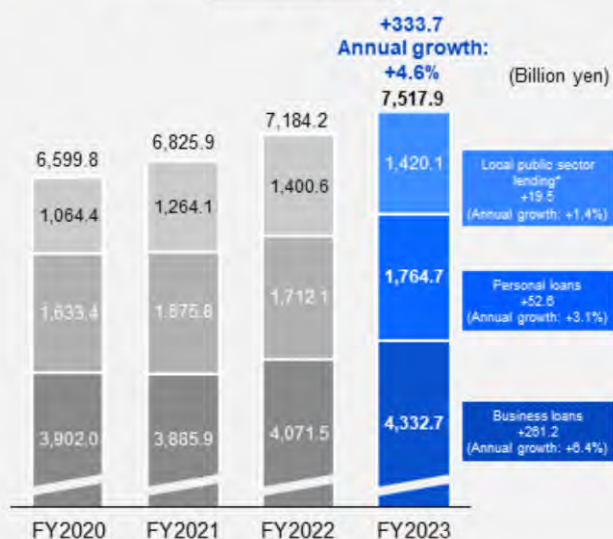
March 31, 2021 March 31, 2022 March 31, 2023 March 31, 2024
*1 Balances of Hirogin Securities and non-deposit balances are not included in financial instruments brokerage.
*2 Hirogin Securities balances are shown on a mark-to-market basis.
*3 Excluding financial instruments brokerage through the Hirogin App. (Rakuten Securities, SBI Securities)

	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024	vs. March 31, 2023
Hirogin Securities (including financial instruments brokerage) *	783.3	810.0	842.5	1,022.0	179.5

* Hirogin Securities balances (including financial instruments brokerage) are shown on a mark-to-market basis.

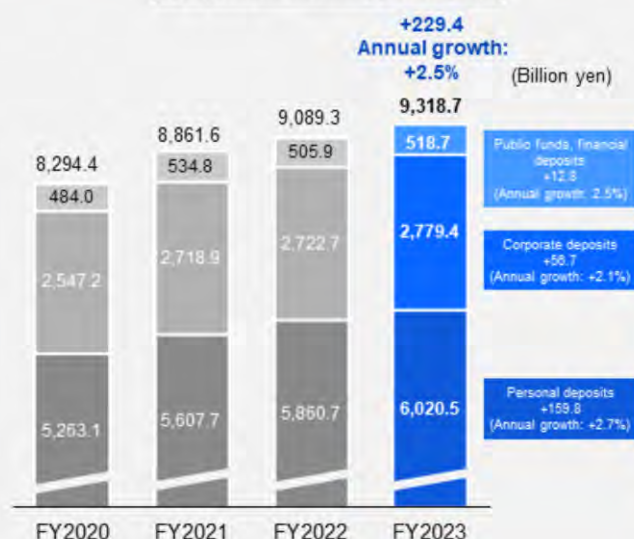
Balances of loans, deposits, etc. (deposits + NCDs) (average)

Trends in (average) balances of loans



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

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

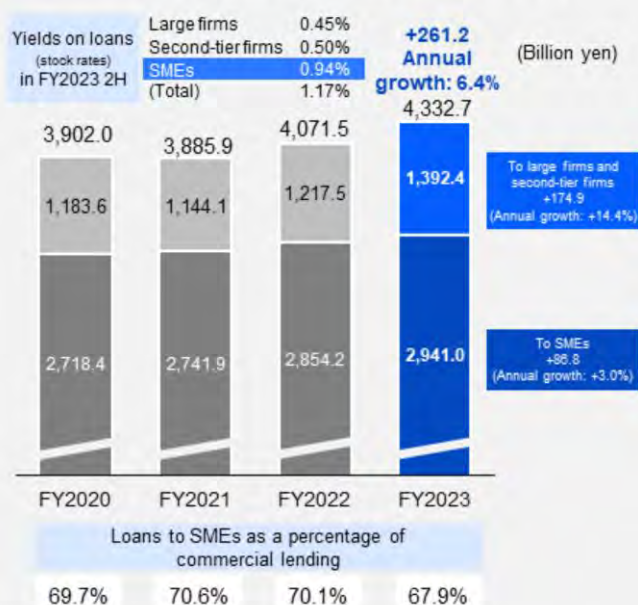


SME lending, personal loans

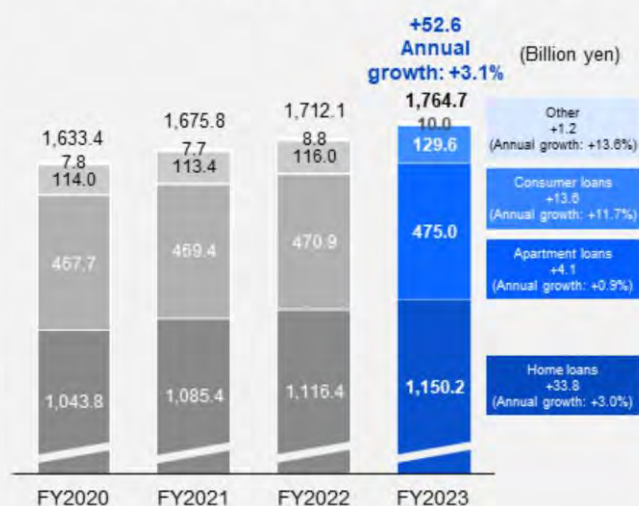
Hirogin Holdings
consolidated

Hiroshima Bank
nonconsolidated

Trends in balances of business loans (average)



Trends in balance of personal loans (average)



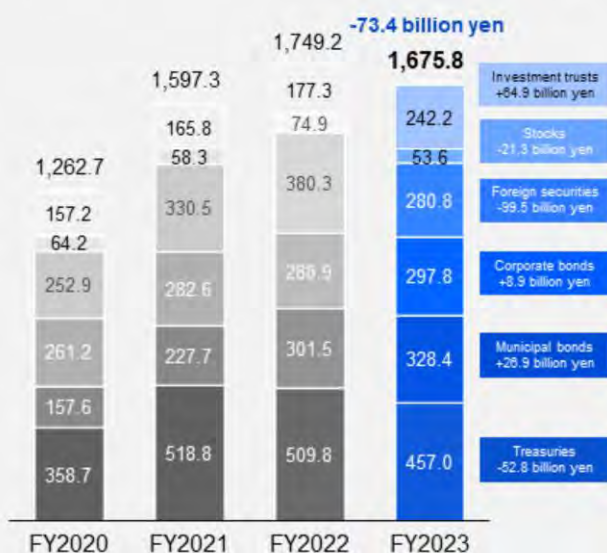
Securities balances, gain/loss

Hirogin Holdings
consolidated

Hiroshima Bank
nonconsolidated

Securities balances (averages)

(Billion yen)



Gain/loss on securities

(Billion yen)

	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024	vs. March 31, 2023
Held to maturity	-	-	0	0	0
Bonds	-	-	0	0	0
Other	-	-	-	-	-
Available-for-sale securities	38.6	1.5	-12.5	33.4	45.9
Bonds	0.1	-11.2	-21.3	-28.7	-7.4
Treasuries	-1.8	-8.4	-14.0	-16.9	-2.9
Municipal bonds	0.5	-1.7	-4.3	-6.0	-1.7
Corporate bonds	1.4	-1.0	-3.0	-5.7	-2.7
Stocks	43.1	31.6	40.6	61.0	20.4
Other	-4.6	-18.9	-31.8	1.2	33.0
(Included) Foreign bonds	-5.8	-16.0	-22.4	-20.6	1.8
(Included) Investment trusts	1.4	-2.9	-9.6	21.6	31.2
Total	38.6	1.5	-12.5	33.5	46.0

Hirogin Holdings | Overview of financial results for FY2023 59

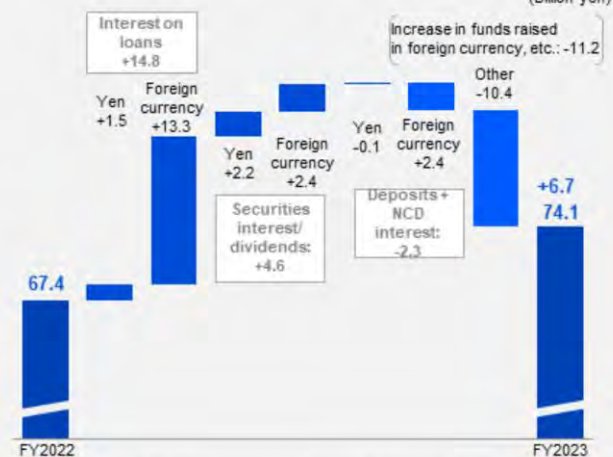
Net interest income, net non-interest income

Hirogin Holdings
consolidated

Hiroshima Bank
nonconsolidated

Factors contributing to changes in net interest income

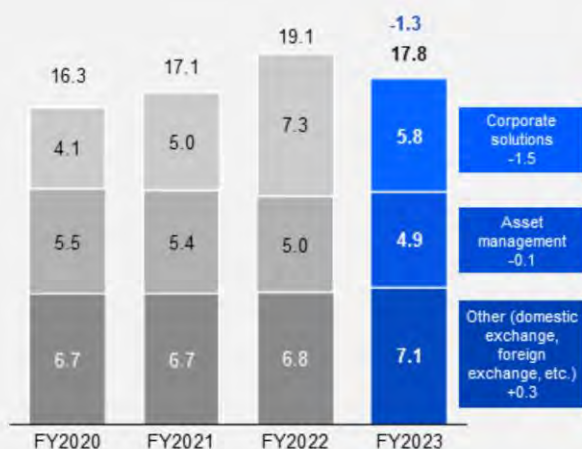
(Billion yen)



(All branches)	FY2023	(Domestic business sections)
Yield on loans	1.09% +0.19% YoY	Yield on loans 0.74% 0.00% YoY
Yield on deposits, etc.	0.04% +0.03% YoY	Yield on deposits, etc. 0.00% 0.00% YoY
Difference from yield on deposits	1.05% +0.12% YoY	Difference from yield on deposits 0.74% 0.00% YoY

Net non-interest income

(Billion yen)



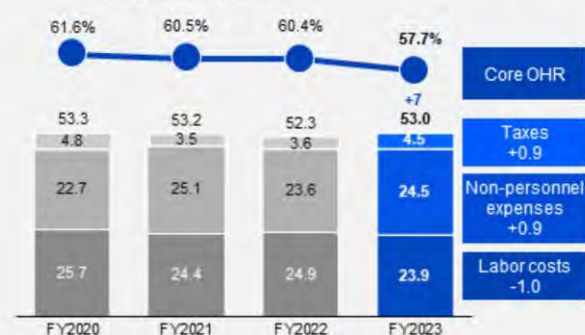
Expenses, core OHR, net income

Hirogin Holdings
Consolidated

Hiroshima Bank
nonconsolidated

Expenses (excluding one-time disposal), core OHR

Core OHR = $\frac{\text{Expenses}}{\text{Gross profit on core businesses}}$ (Billion yen)



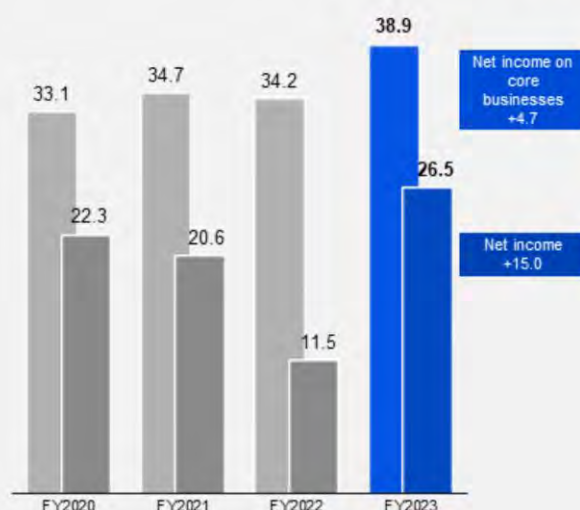
Reference: Main factors underlying changes in expenses

Labor costs	- approx. 1.0 billion yen	<ul style="list-style-type: none"> Retirement benefit expenses -0.6 Increase in the holding company's share of employee (seconded personnel) costs -0.2
Non-personnel expenses	+ approx. 0.9 billion yen	<ul style="list-style-type: none"> Investment in growth (DX-related, HR development investments, etc.) +0.5 Administrative charges paid to the holding company +0.4 (offset in consolidation of accounts)
Taxes	+ approx. 0.9 billion yen	<ul style="list-style-type: none"> Pro forma standard taxation +0.6 Consumption tax on capital investment +0.2

Total +0.7 billion yen

Net income on core businesses/net income

(Billion yen)

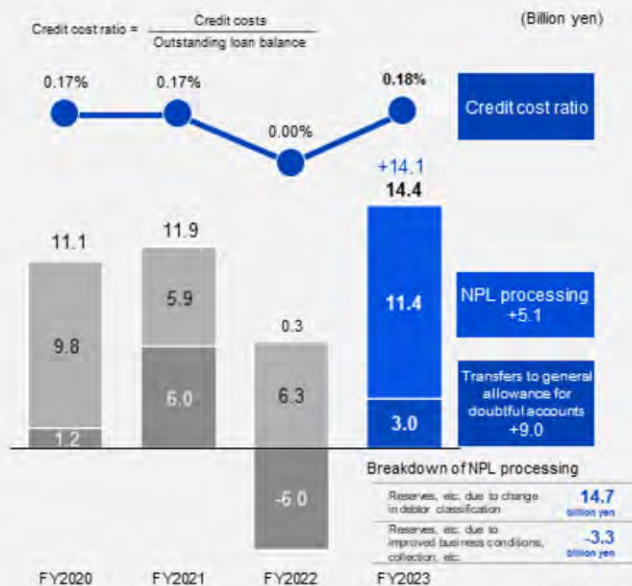


Hirogin Holdings | Overview of financial results for FY2023 61

Credit costs, NPLs

Credit costs, credit cost ratio

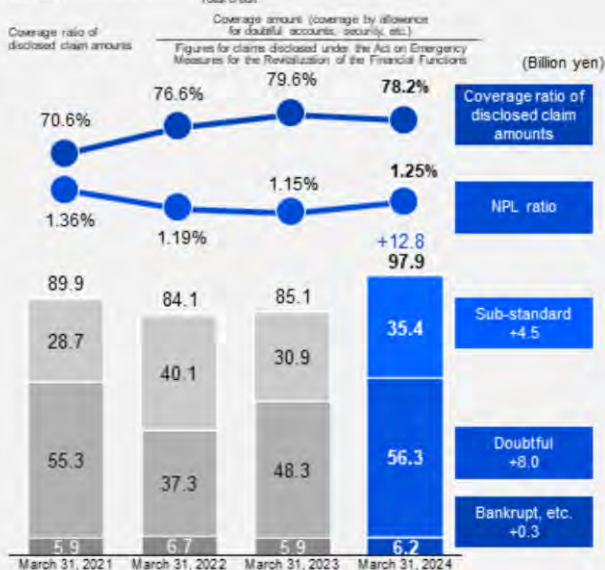
(Billion yen)



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

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

NPL ratio = $\frac{\text{Total credit}}{\text{Coverage amount (coverage by allowance for doubtful accounts, security, etc.)}}$



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

Hirogin Holdings | Overview of financial results for FY2023 62

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This material contains statements about future business performance. These statements do not guarantee future business performance and are subject to risks and uncertainties. Please note that actual future business performance may differ due to changes in the business environment and other factors.

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Reference Materials

May 2024



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Part 1

Economic Data for Hiroshima Prefecture

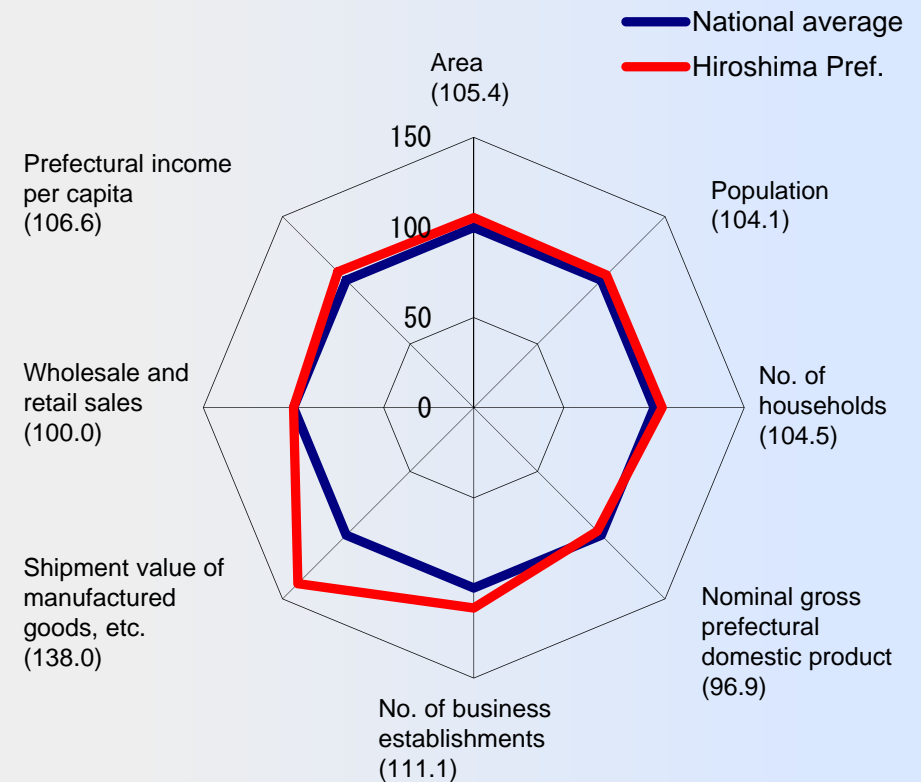
1. Profile of Hiroshima Prefecture

- ▶ 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. 2024
	Population	Thousand People	2,771	12th/47	2.2	January. 2023
	No. of households	Thousand households	1,335	11th/47	2.2	January. 2023
Economy	Nominal gross prefectural domestic product	Trillion yen	11.6	12th/47	2.1	FY2020
	No. of business establishments	Thousand establishments	123	11th/47	2.4	2021
	Shipment value of manufactured goods, etc.	Trillion yen	9.9	10th/47	3.0	2021
	Wholesale and retail sales	Trillion yen	11.5	10th/47	2.1	2021
	Prefectural income per capita	Thousand yen	2,969	12th/47	—	FY2020
Finance	Deposits outstanding	Trillion yen	15.4	12th/47	1.6	March. 2023
	Loans outstanding	Trillion yen	11.4	10th/47	2.0	March. 2023

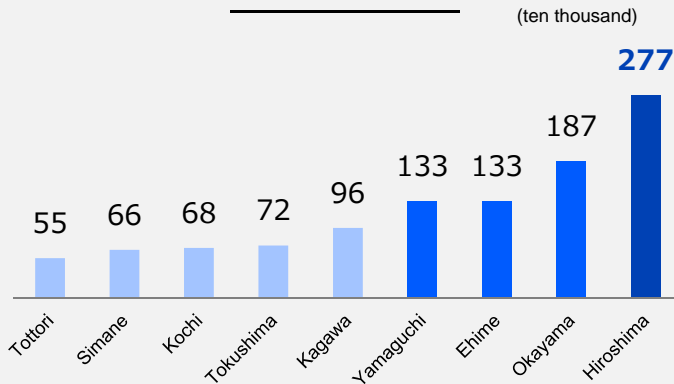
Comparison between Hiroshima and national average



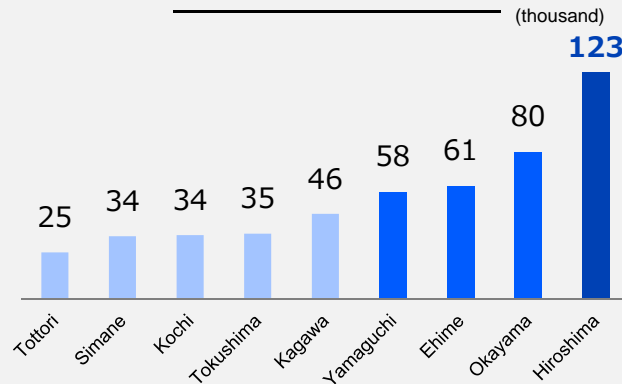
Note: Each index of Hiroshima Prefecture is calculated based on a national average=100.

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

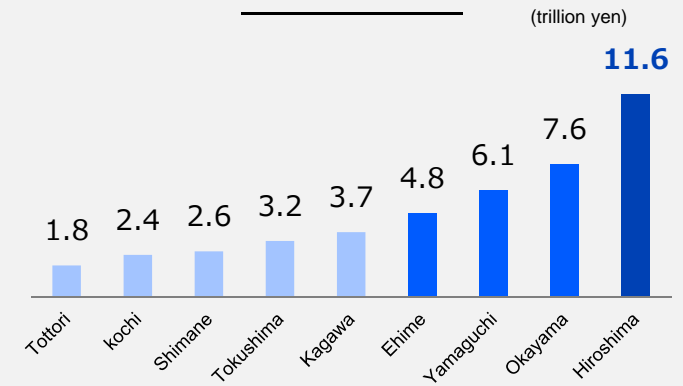
Population in the Chugoku and Shikoku regions by prefecture



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



Prefectural GDP (nominal)



Population ranking by prefecture

(ten thousand people)

1 st	Tokyo	1,384
2 nd	Kanagawa	921
3 rd	Osaka	878
4 th	Aichi	751
5 th	Saitama	738
...		
12 th	Hiroshima	277
...		
20 th	Okayama	187
...		
27 th	Ehime	133
28 th	Yamaguchi	133
...		
Total		12,542

Total of 4 local prefectures
6th place equivalent

Number of business establishments ranking by prefecture

(thousand)

1 st	Tokyo	624
2 nd	Osaka	383
3 rd	Aichi	301
4 th	Kanagawa	285
...		
11 th	Hiroshima	123
12 th	Kyoto	111
...		
21 th	Okayama	80
...		
26 th	Ehime	61
28 th	Yamaguchi	58
...		
Total		5,211

Total of 4 local prefectures
3rd place equivalent

Country/region	GDP(nominal)
Pakistan	31.2trillion yen
Four local prefectures	30.1trillion yen
Finland	28.2trillion yen
Colombia	28.1trillion yen
...	
Qatar	15.0trillion yen
Morocco	12.6trillion yen
Hiroshima Prefecture	11.6trillion yen
Slovakia	11.1trillion yen
State of Kuwait	11.0trillion yen

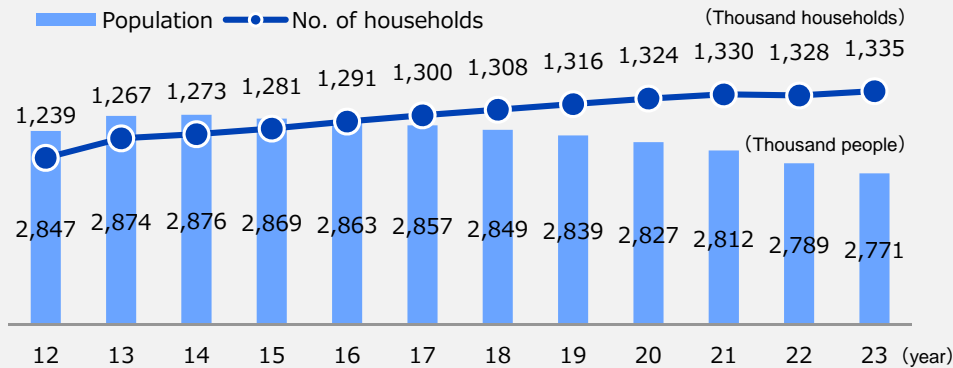
Note: Nominal gross prefectural domestic product figures are from FY2020; GDP (nominal) figures are from 2020.
Source: IMF, Cabinet Office, Bank of Japan

Source: The number of the population based on the Basic Resident Register, the population dynamics and the households by the Ministry of Internal Affairs and Communications(as of 1 January 2023)

Source: Economic census 2021

3. Population and Labor Force in Hiroshima Prefecture

Changes in population and number of households in Hiroshima Prefecture



Source: Ministry of Internal Affairs and Communications,「Basic Resident Register」

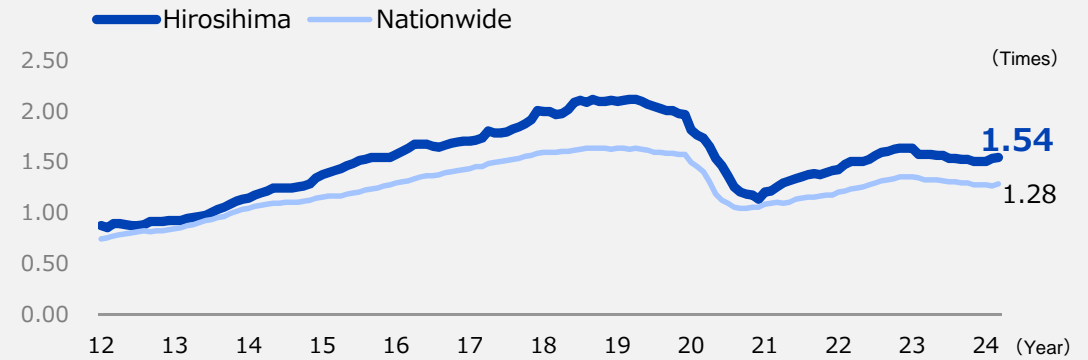
Estimates for future population Prefectures (Chugoku and Shikoku regions)

	2020	2030	Rate of increase/ Decrease	2040	Rate of increase/ decrease
Hiroshima	2,800	2,618	-6.5%	2,428	-13.3%
Okayama	1,888	1,774	-6.0%	1,646	-12.8%
Yamaguchi	1,342	1,199	-10.7%	1,059	-21.1%
Shimane	671	610	-9.1%	553	-17.6%
Tottori	553	503	-9.0%	454	-17.9%
Ehime	1,335	1,203	-9.9%	1,074	-19.6%
Kagawa	950	875	-7.9%	800	-15.8%
Tokushima	720	640	-11.1%	561	-22.1%
Kochi	692	608	-12.1%	528	-23.7%

Note: Rate of increase/Decrease is compared to 2020

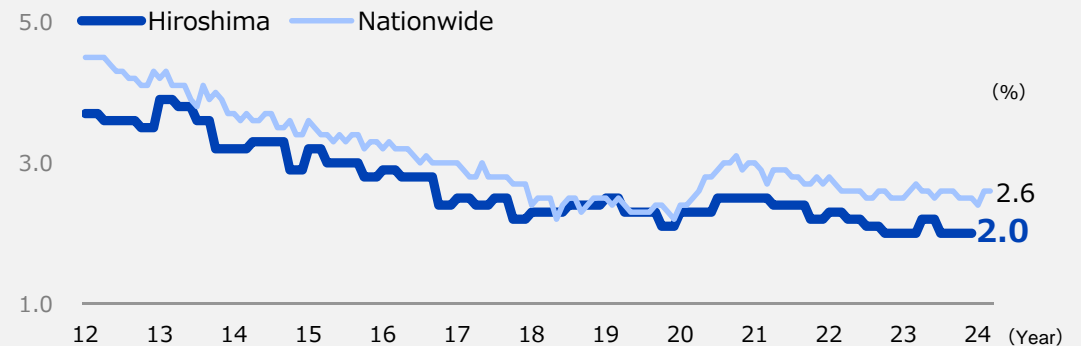
Source: National Institute of Population and Social Security Research,「March 2023 Estimates」

Changes in job-offers-to-seekers ratio



Note: The most recent figures are as of March. Source: Ministry of Health,labour and welfare

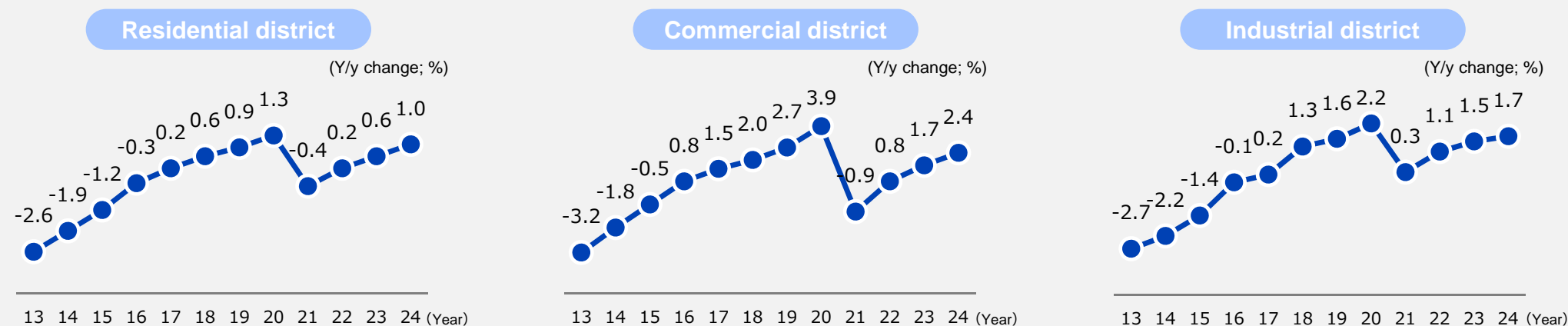
Changes in unemployment rate



Note: The most recent figures are from October-December 2023 for Hiroshima and as of March 2024 for Japan overall. Source: Statistics Bureau, Ministry of Internal Affairs and Communications

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		
	2022	2023	2024	2022	2023	2024	2022	2023	2024
Hiroshima	1.4	1.7	2.0	2.6	3.7	4.2	1.9	2.4	2.6
Kure	-1.4	-1.1	-0.7	-1.0	-0.6	-0.4	-1.4	-1.1	-0.6
Fukuyama	-0.2	0.5	1.3	0.8	2.1	4.2	0.9	1.6	1.9
Higashihiroshima	0.3	0.7	0.9	1.2	1.3	1.3	3.2	3.0	3.2

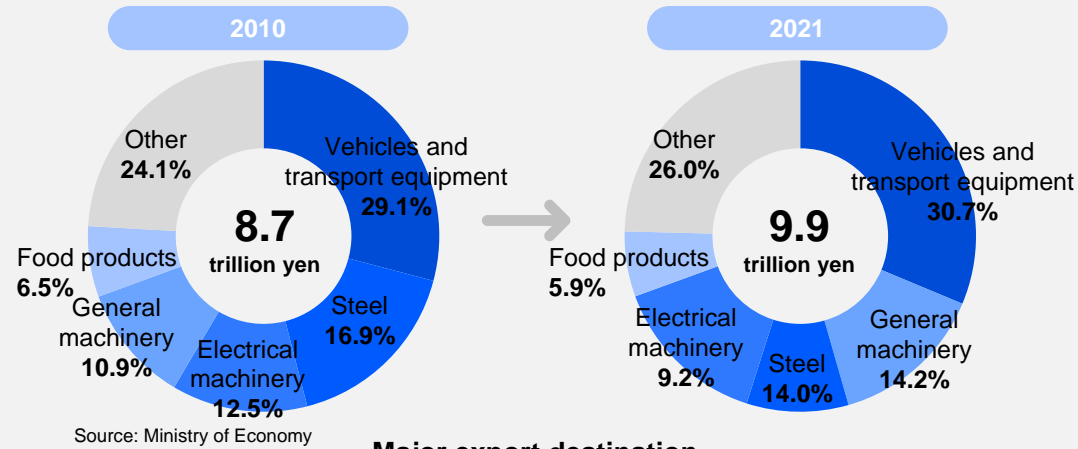
Highest land price in 4 local prefectures

(Unit: Thousand yen/m ²)					
Hiroshima	Residential district	1,590	Yamaguchi	Residential district	91
	Commercial district	3,890		Commercial district	181
Okayama	Residential district	190	Ehime	Residential district	239
	Commercial district	1,780		Commercial district	850

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)

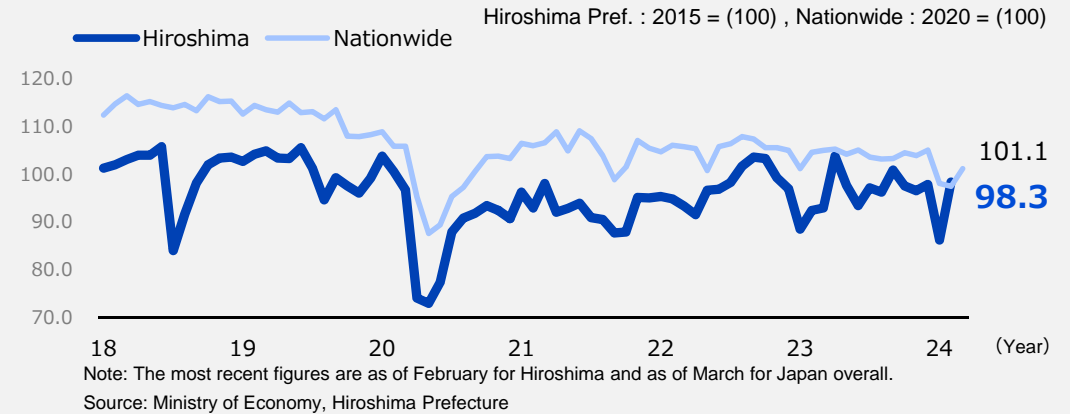


Major export destination
countries and regions (Hiroshima Prefecture)

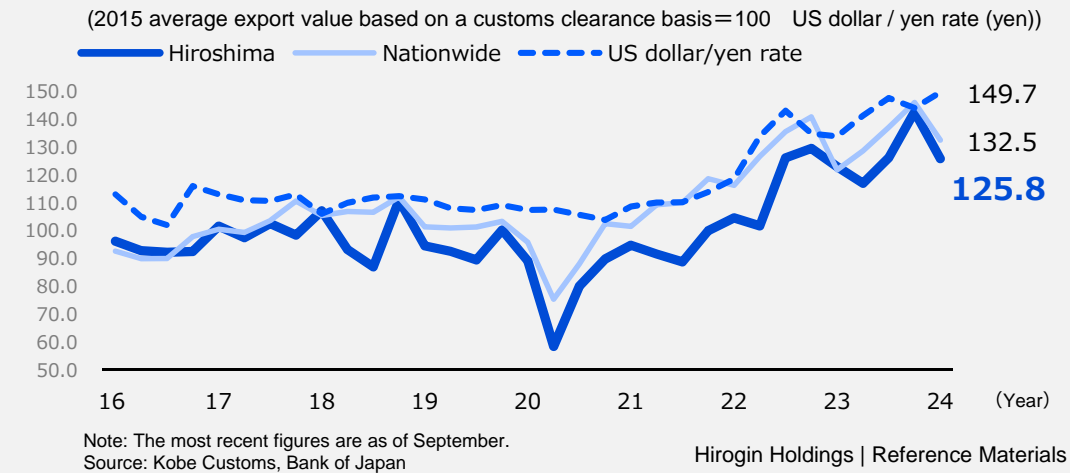
(JPY Bn)	2010	2023	Increase/ Decrease	Rate of Increase/ Decrease
Total	1,989.2	3,023.4	1,034.2	52.0%
Asia	926.7	924.7	-2.0	-0.2%
China	348.4	156.1	-192.3	-55.2%
Korea	180.4	144.9	-35.5	-19.7%
Thailand	108.9	175.1	66.2	60.8%
Taiwan	64.5	101.7	37.2	57.6%
Singapore	46.2	45.5	-0.7	-1.4%
Philippines	24.3	30.9	6.6	27.2%
India	4.5	29.8	25.3	562.2%
North America	324.7	890.7	566.0	174.3%
United States	269.9	789.3	519.4	192.4%
Western Europe	179.7	417.9	238.2	132.5%
Germany	38.2	96.6	58.4	152.9%
England	43.8	80.0	36.2	82.7%

Source: Kobe Customs

Industrial Production Index (Hiroshima Prefecture)



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



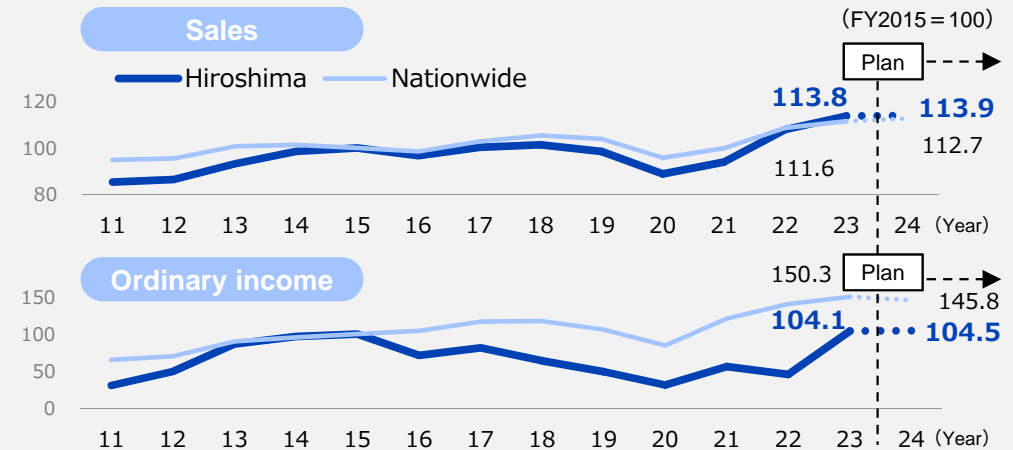
6. Overview of Hiroshima Prefecture's economy

Latest business confidence

Movements by item			
Hiroshima		April 2023	April 2024
	Overview	Slowly recovering	A gentle recovering trend
	Private Consumption	Slowly Recovering	Gently recovering
	Business investment	Slowly recovering	Increasing
	Production	The pace of recovery is slowing	More or less unchanged
	Exports	A recovering trend as supply-chain restrictions ease	More or less unchanged

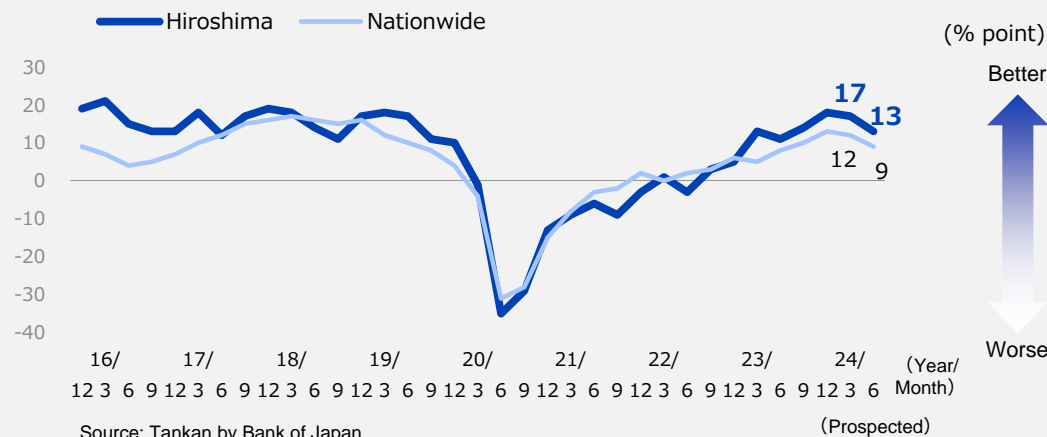
Source: Monthly report of recent economy and financial developments by Bank of Japan

Sales and ordinary income



Source: Tankan by Bank of Japan

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



Source: Tankan by Bank of Japan

Amounts of capital investment

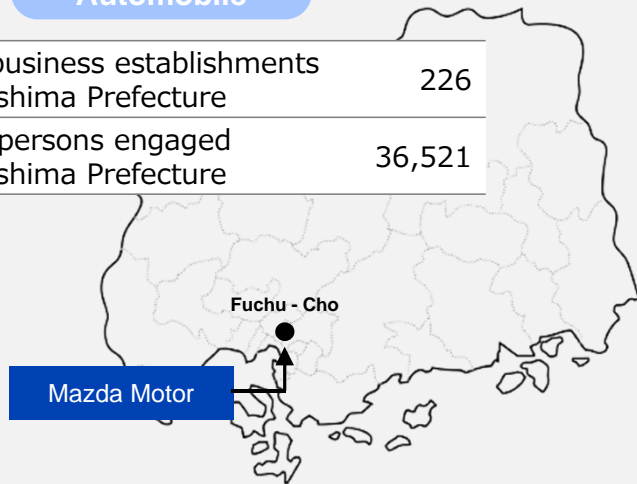
	(YoY change)		
	FY2022 results	FY2023 plans	FY2024 plans
All industries	9.5%	14.4%	4.9%
Manufacturing	0.2%	5.9%	12.3%
Major companies	1.1%	6.8%	9.6%
Mid-sized companies	-9.8%	10.8%	32.4%
SMEs	15.8%	-5.8%	-8.6%
Non-manufacturing	15.9%	19.3%	1.2%
Major companies	17.3%	21.2%	1.0%
Mid-sized companies	-3.4%	2.8%	4.1%
SMEs	40.3%	10.2%	-5.1%

Source: Tankan by Bank of Japan

7. Major Industry Trends -Transportation Equipment-

Automobile

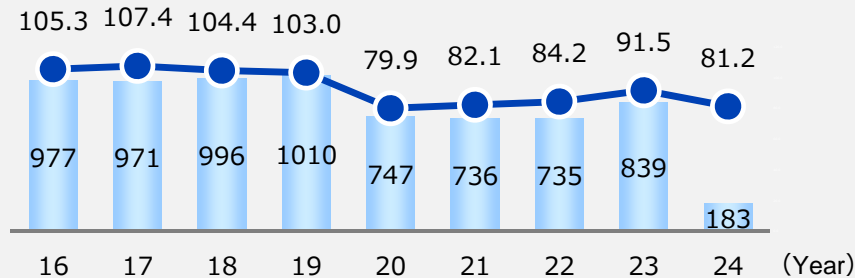
No. of business establishments in Hiroshima Prefecture	226
No. of persons engaged in Hiroshima Prefecture	36,521



Source: Hiroshima Prefecture, 2022 Census of Manufactures

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

■ Mazda domestic production volume(Thousand automobiles/annual)
 ● Production Index(2015=100)

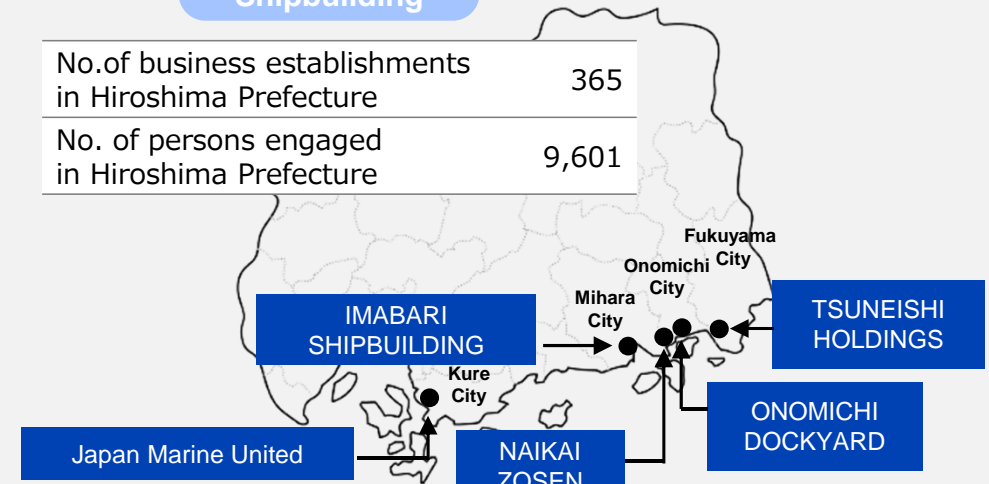


Note: Figures for 2024 Mazda domestic production volume are from January-March; Production index is based on January-February figures.

Sources: Hiroshima Prefecture, Mazda Motor Corporation

Shipbuilding

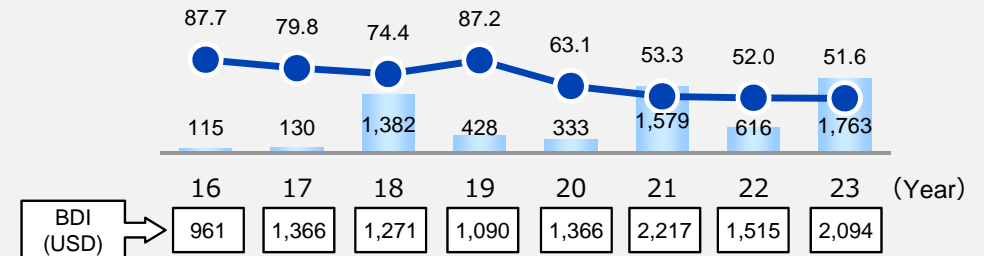
No. of business establishments in Hiroshima Prefecture	365
No. of persons engaged in Hiroshima Prefecture	9,601



Source: Hiroshima Prefecture, 2022 Census of Manufactures

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

■ New shipbuilding orders(Thousand gross tons)
 ● Production Index(2015=100)

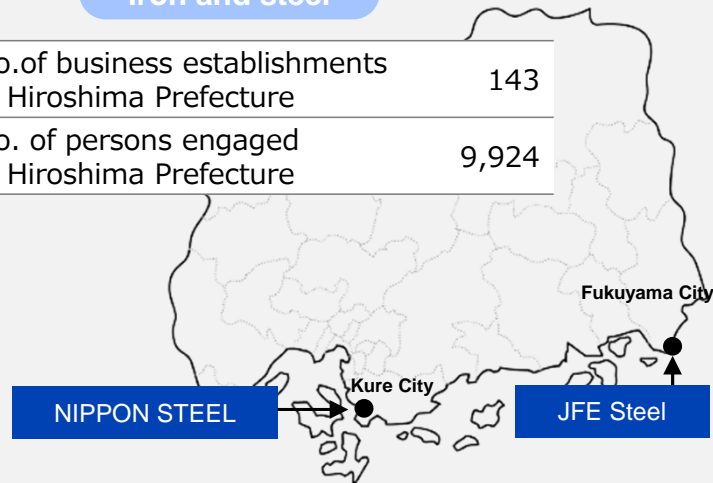


Note: Figures for 2023 new shipbuilding orders and the production index are from January-August; BDI shown as of end of September. Sources: Hiroshima Prefecture, Chugoku District Transport Bureau and Bloomberg L.P.

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

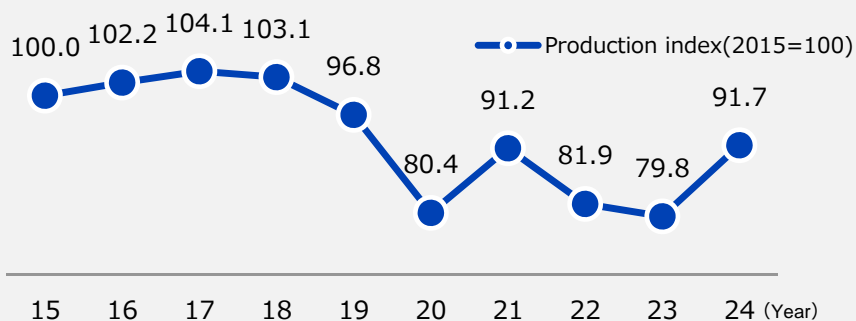
Iron and steel

No. of business establishments in Hiroshima Prefecture	143
No. of persons engaged in Hiroshima Prefecture	9,924



Note: The blast furnace in the Kure Area of the Nippon Steel Setouchi Works closed the entire facility by the end of 2023. Source: Hiroshima Prefecture, Economic census 2022

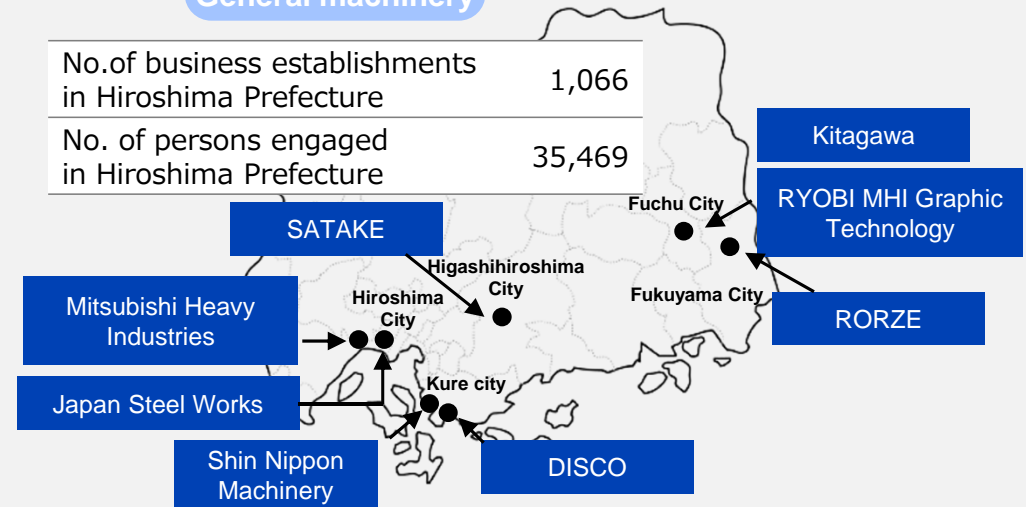
Industrial Production Index of the iron and steel sector (Hiroshima Prefecture)



Note: 2024 figures are from January-February. Sources: Hiroshima Prefecture

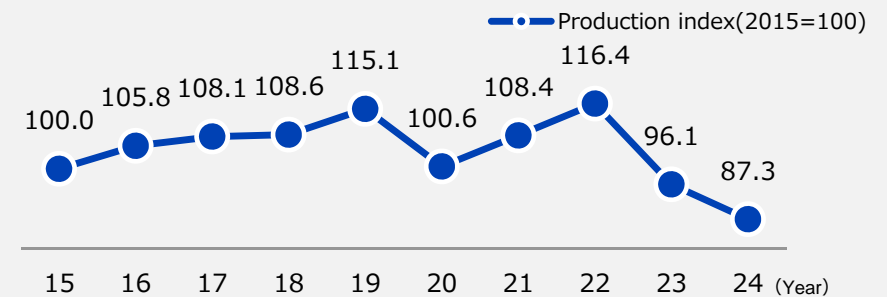
General machinery

No. of business establishments in Hiroshima Prefecture	1,066
No. of persons engaged in Hiroshima Prefecture	35,469



Source: Hiroshima Prefecture, Economic census 2022

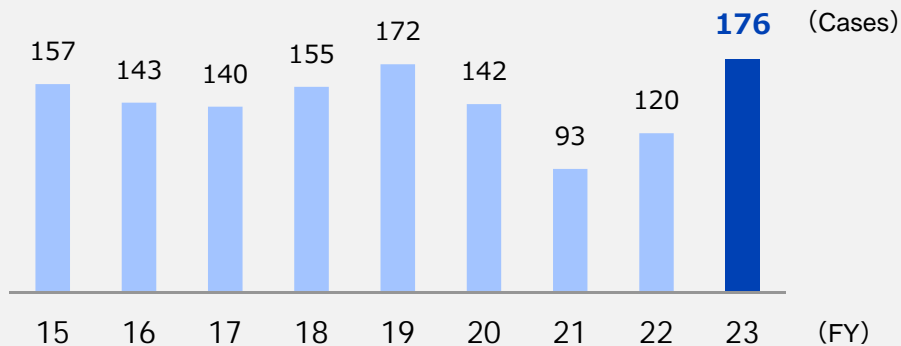
Industrial Production Index of the general machinery sector (Hiroshima Prefecture)



Note: 2023 figures are from January-August. Sources: Hiroshima Prefecture

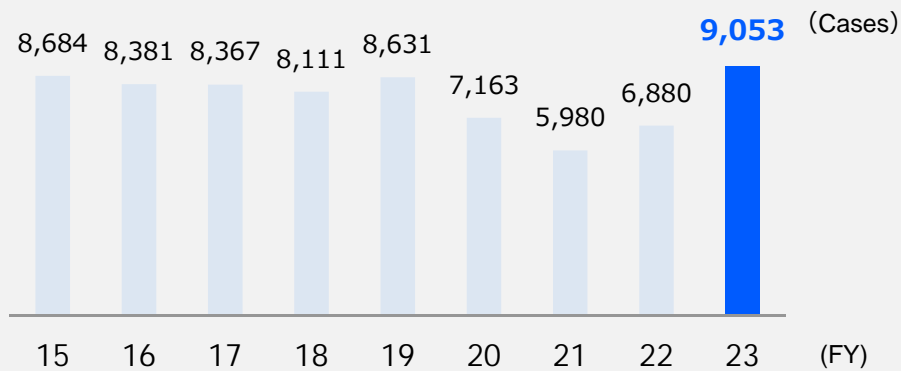
9. Bankruptcies in Hiroshima Prefecture

Number of bankruptcies in Hiroshima Prefecture



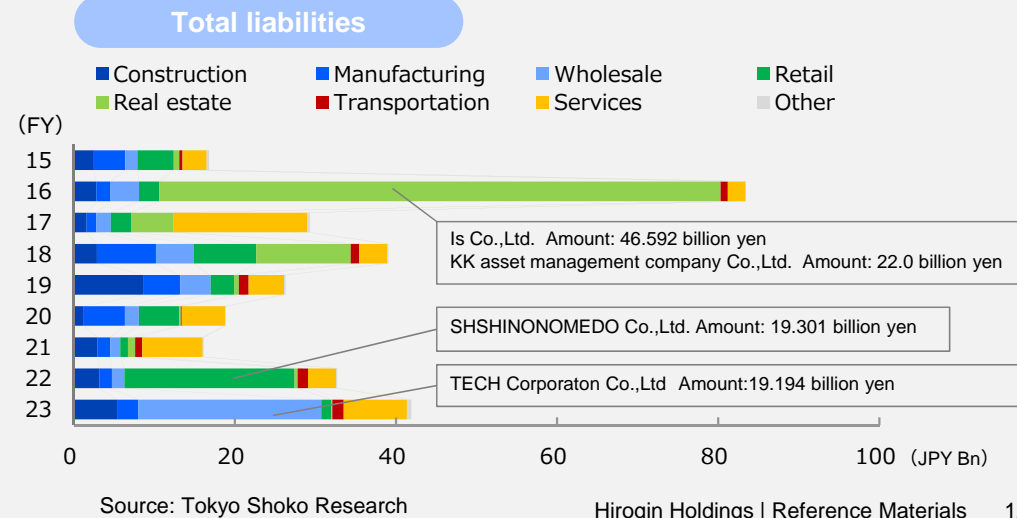
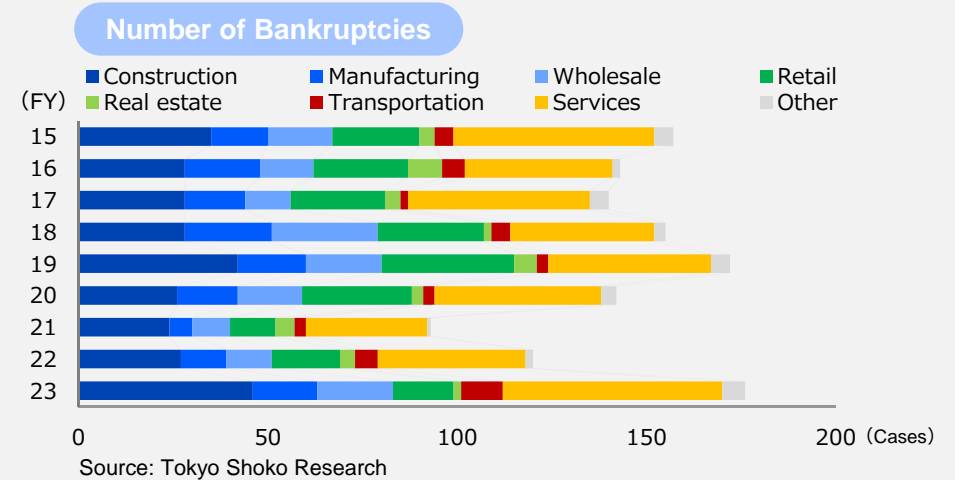
Source: Tokyo Shoko Research

<Reference> Number of bankruptcies nationwide



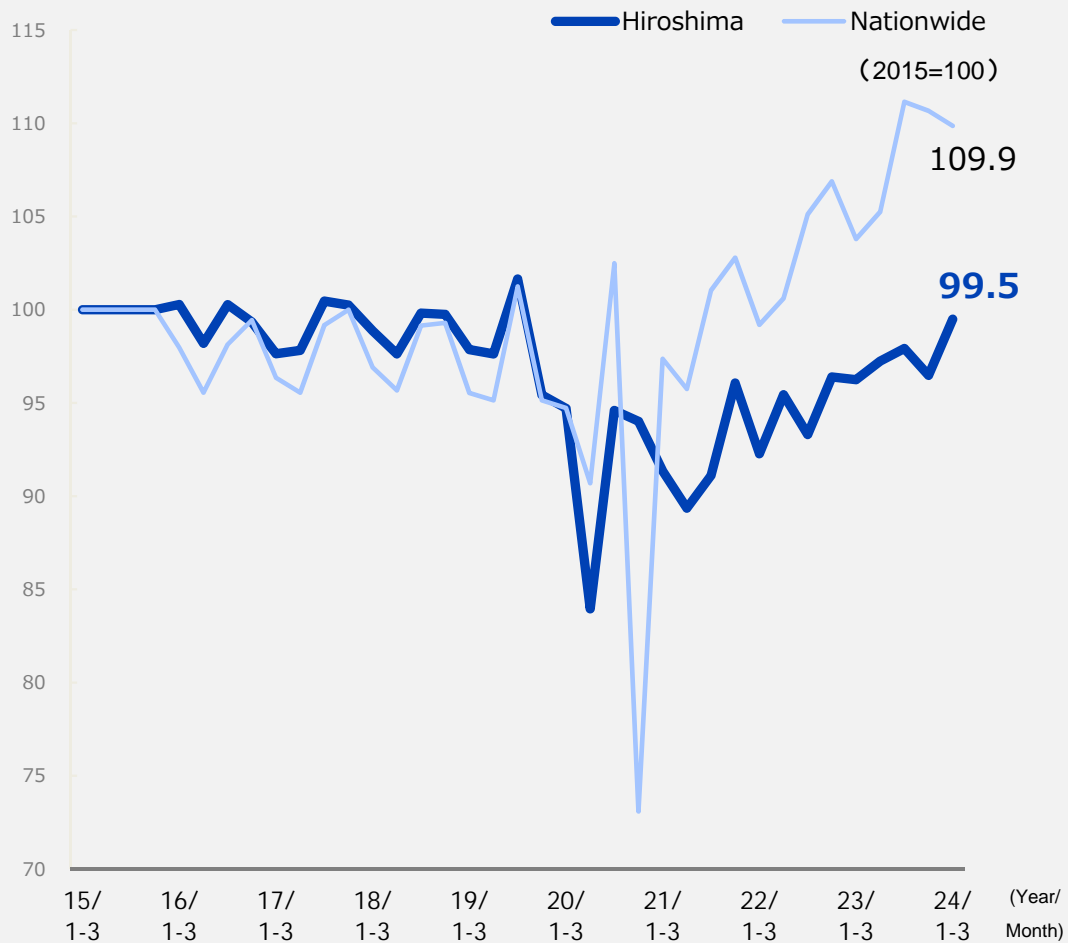
Source: Tokyo Shoko Research

Bankruptcies in Hiroshima Prefecture by industry sector

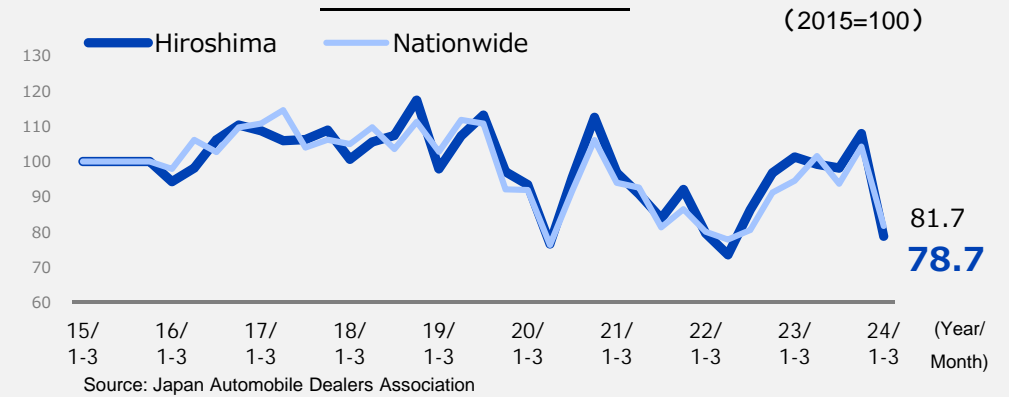


10. Consumer Spending

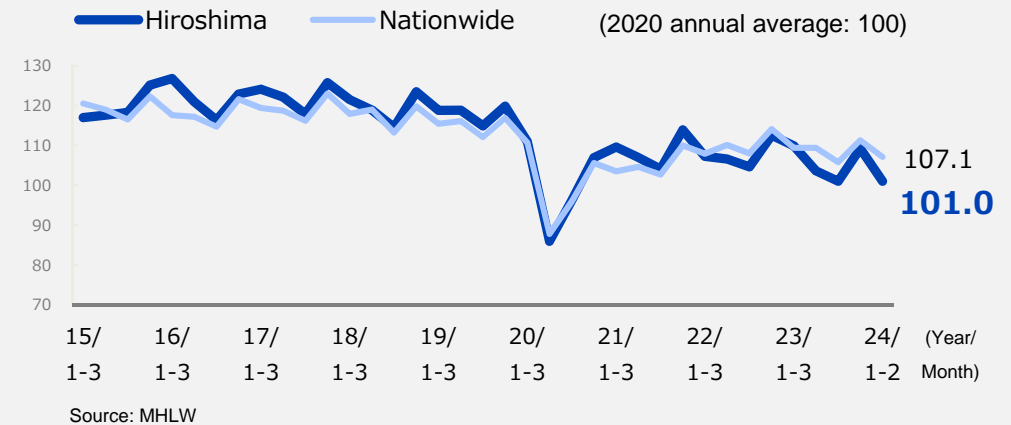
Changes in sales at large-scale retail stores (department stores and supermarkets)



Changes in new car registration



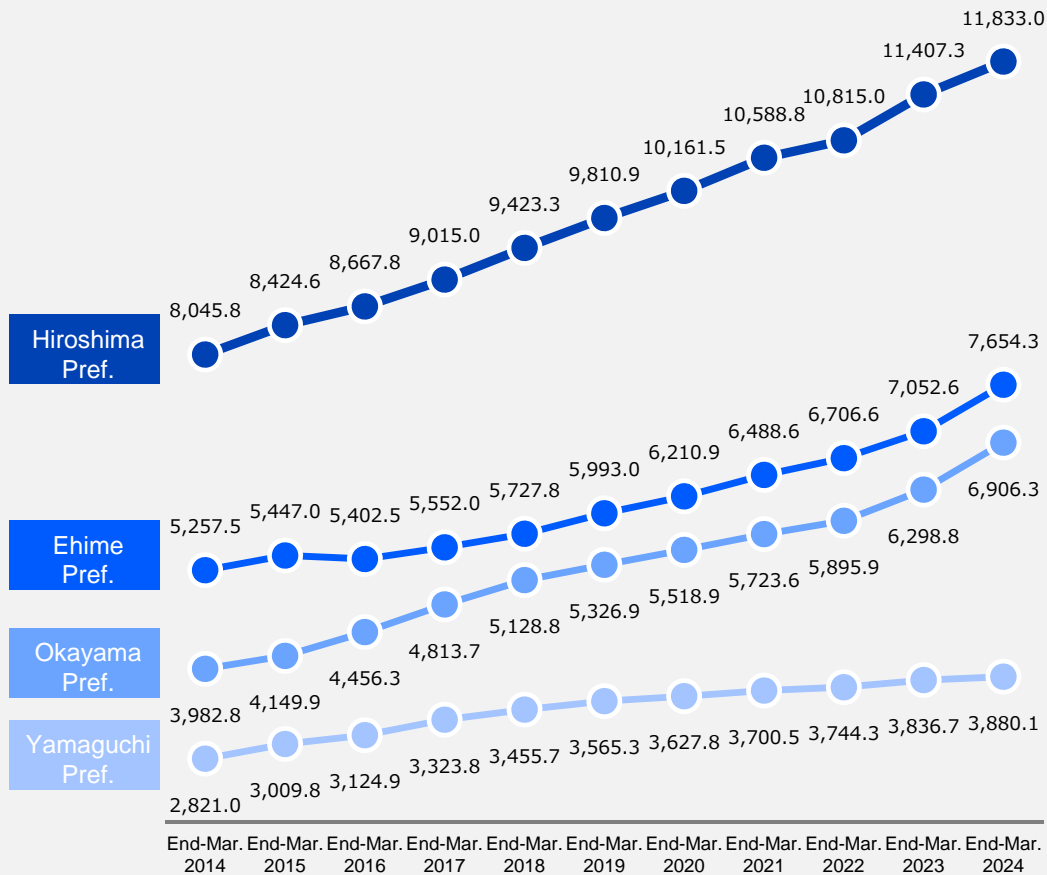
Changes in overtime working hours



11. Trends of Loans/Deposits in Hiroshima Prefecture

Changes in loans outstanding

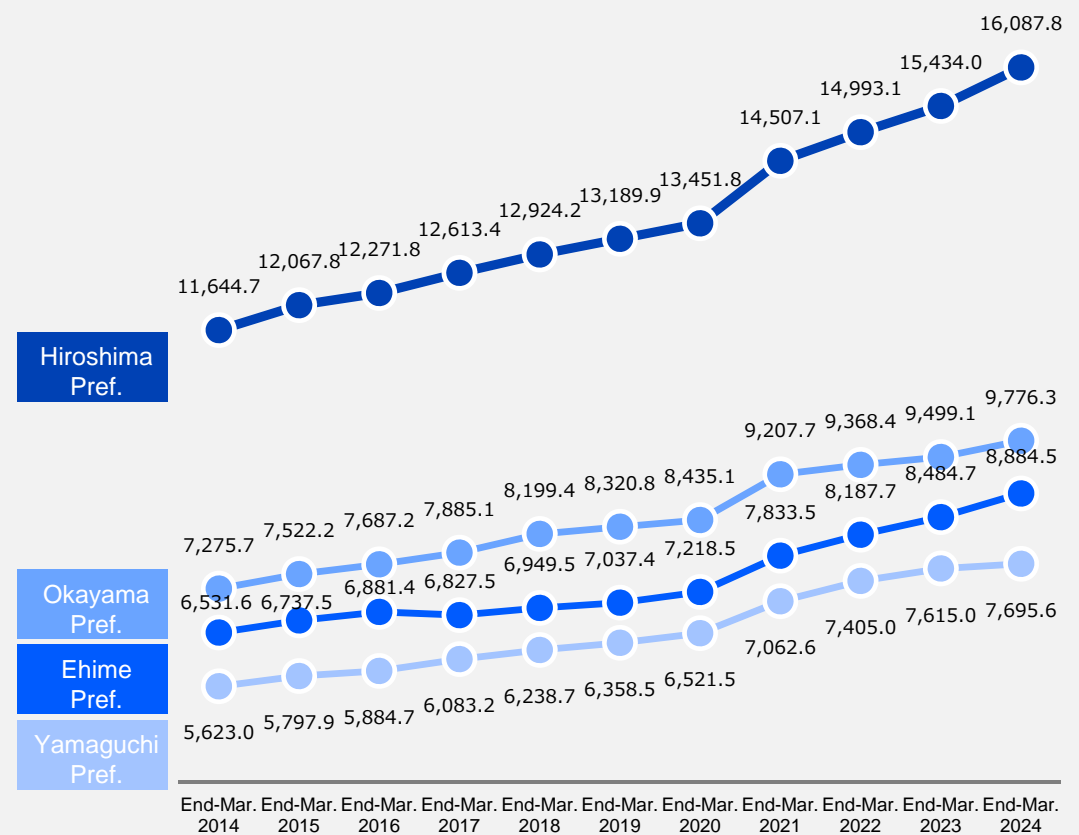
(JPY Bn)



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

Changes in deposits outstanding

(JPY Bn)



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
Regionality	Area	km ²	907	1,121	786	343	January. 2024
	Population	Thousand people	1,185	1,960	1,067	1,581	January. 2023
	No. of households	Thousand households	578	1,097	538	842	January. 2023
Economy	Nominal gross regional domestic product	Billion yen	5,299.9	7,280.1	5,014.5	7,386.2	FY2020
	No. of business establishments	Establishments	52,041	71,870	47,077	73,223	2021
	Shipment value of manufactured goods, etc.	Billion yen	2,776.2	567.5	1,012.9	624.5	2021
	Retail sales	Billion yen	1,406.7	2,278.7	1,487.9	2,120.6	2021
	Wholesale sales	Billion yen	6,021.4	7,182.7	7,195.5	11,437.5	2021
	City income per capita	Thousand yen	3,151	2,703	3,049	2,985	FY2020

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)

I . Status of consolidated financial results

(JPY Bn)

	FY2021	1H of FY2022	FY2022	1H of FY2023	FY2023	Compared to FY2022
Consolidated gross profit	92.0	48.5	79.3	49.0	100.7	21.4
Net interest income	69.5	34.7	66.2	35.2	72.9	6.7
Net fees and commissions income	21.1	9.9	20.8	11.7	24.1	3.3
Income from specific transactions and other businesses	1.3	3.8	-7.7	2.0	3.6	11.4
Operating expenses (-)	58.0	29.2	58.0	28.5	57.9	-0.1
Credit costs (-)	12.4	0.5	0.6	4.3	15.0	14.4
Gains/losses related to equities, etc.	5.0	-4.1	-2.2	7.4	7.6	9.9
Gains/losses from equity method investments	-	-	-	-0.0	-0.0	-0.0
Other	0.4	0.1	0.4	0.3	-1.1	-1.6
Ordinary profit	27.0	14.7	18.7	23.9	34.1	15.4
Extraordinary gains/losses	5.8	-0.1	-0.5	-0.0	5.7	6.3
Total income tax, etc. (-)	9.9	4.4	5.7	7.2	12.2	6.5
Net income attributable to owners of the parent	22.9	10.0	12.5	16.6	27.6	15.1

1. Changes in Earnings Performance (Hirogin Holdings Consolidated)

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

(JPY Bn)

	FY2021	1H of FY2022	FY2022	1H of FY2023	FY2023	Compared to FY2022
Corporate solutions	5.0	3.7	7.3	2.8	5.8	-1.5
Asset management	5.4	2.4	5.0	2.4	4.9	-0.1
Equity business	0.9	0.0	0.2	-	1.5	1.3
Net income for Group companies	3.5	1.3	2.3	1.3	2.5	0.2
Hirogin Securities (included above)	1.2	0.2	0.1	0.3	0.6	0.5
Shimanami Servicer (included above)	0.2	0.1	0.2	-0.0	0.0	-0.1
Hirogin Lease (included above)	0.7	0.3	0.5	0.3	0.7	0.1
Total	14.8	7.4	14.8	6.5	14.7	-0.1

III . Group total credit

(JPY Bn)

	March 31, 2022	September 30, 2022	March 31, 2023	September 30, 2023	March 31, 2024	Compared to March 31, 2023
Group total credit	7,060.6	7,246.5	7,390.8	7,608.3	7,872.4	481.6
Lending (consolidated)	6,901.8	7,085.4	7,224.1	7,436.1	7,689.1	465.0
Lease claims ^{*1}	75.1	76.0	77.6	77.5	84.7	7.1
PE investments, etc. ^{*2}	32.8	35.0	34.7	38.5	41.7	7.0
Private placement bonds	50.7	49.8	54.4	56.1	56.8	2.4

*1 : Represents the lease claims of Hirogin Lease.

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

2. Consolidated Capital Adequacy Ratio

I . Consolidated Capital Adequacy Ratio

(JPY Bn)

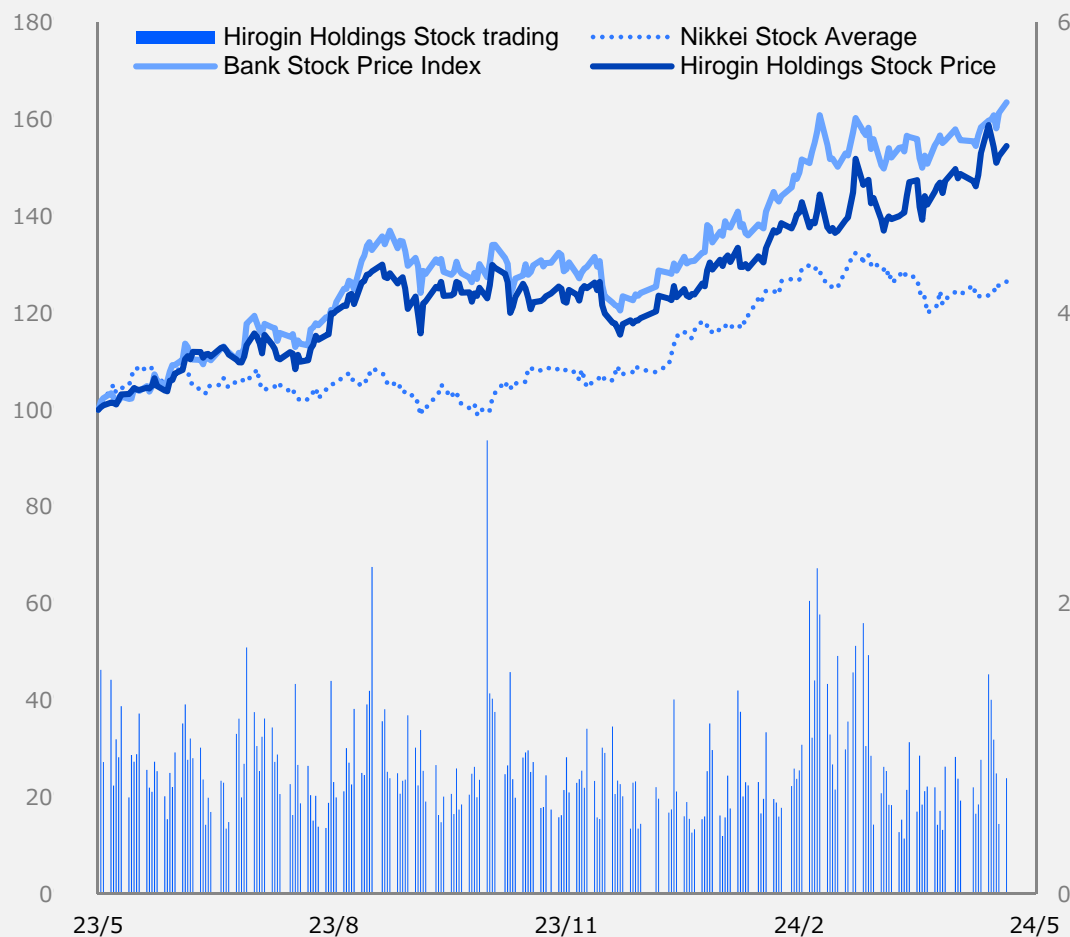
		March 31, 2022	September 30, 2022	March 31, 2023	September 30, 2023	March 31, 2024	Compared to March 31, 2023
Amount of basic items related to core capital	①	467.0	472.9	481.0	485.4	484.8	3.8
Of which, amount of shareholders' equity related to common stock or mandatory convertible preferred stock		457.4	462.1	461.7	467.7	473.0	11.3
Of which, amount included in the amount of basic items related to core capital, of the amount of eligible former capital raising instruments		-	-	-	-	-	-
Amount of adjustment items related to core capital	②	47.2	48.3	59.3	62.0	44.7	-14.6
Amount of owned equity ① - ②	③	419.8	424.5	421.7	423.4	440.0	18.3
Total amount of risk-weighted assets, etc.	④	4,046.7	4,006.8	3,576.8	3,771.2	3,984.2	407.4
Consolidated capital adequacy ratio	③ / ④	10.37%	10.59%	11.78%	11.22%	11.04%	-0.74%

※ 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

Left scale: stock price, end-May 2023=100; right scale: trading volume (million shares)



Composition of shareholders

	22/3	22/9	23/3	23/9	24/3
Financial institutions	39.6%	37.9%	35.8%	37.2%	36.1%
Financial instruments business operators (brokerage houses)	1.9%	2.2%	2.6%	2.7%	3.2%
General corporations	29.0%	28.5%	27.5%	26.9%	26.4%
Foreigners	11.6%	12.3%	13.3%	13.2%	12.9%
Individuals	17.9%	19.1%	20.8%	19.1%	20.3%
Treasury stock	0.0%	0.0%	0.0%	0.8%	1.2%

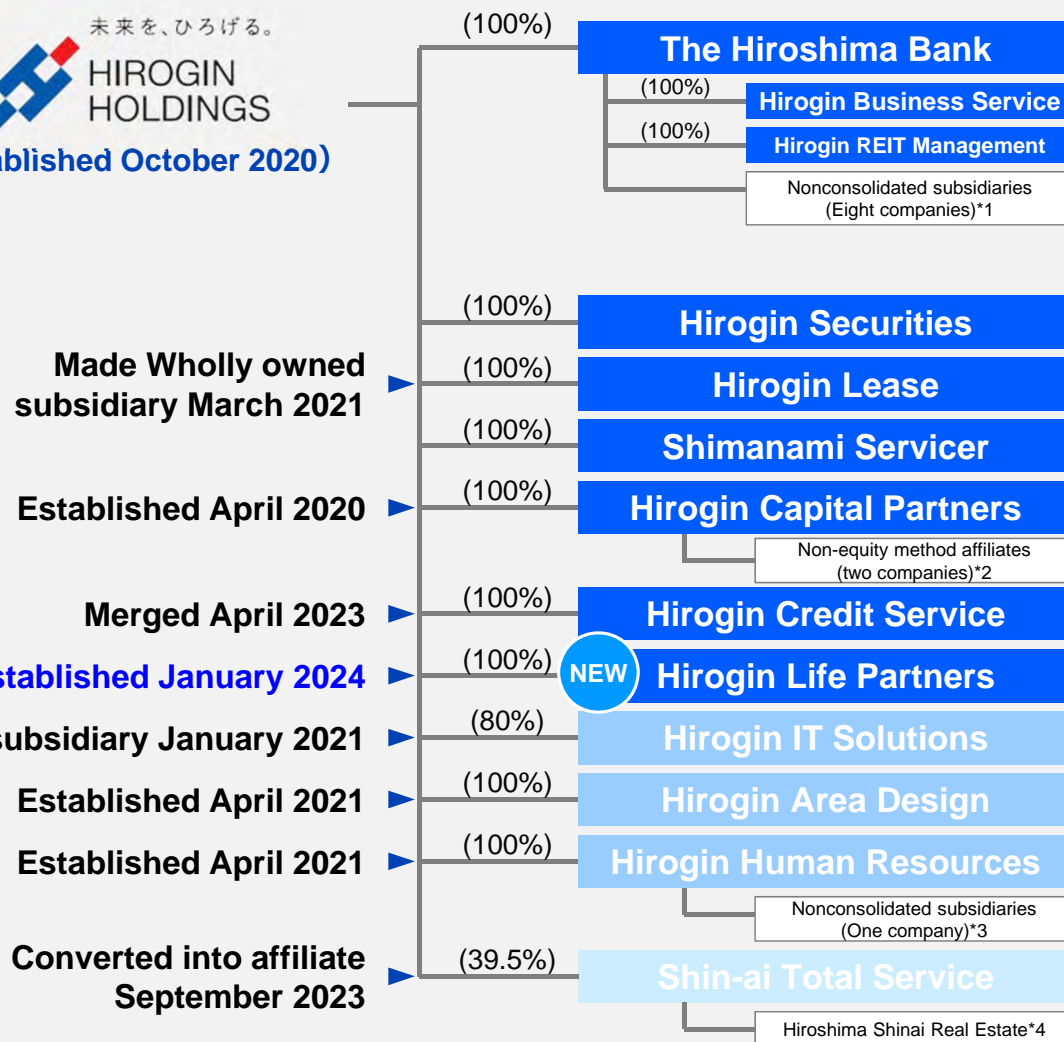
Major shareholders (End of March, 2024)

Shareholder's name	No. of shares held (hundred shares)	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (trust account)	366,422	11.73%
Custody Bank of Japan, Ltd. (trust account)	217,087	6.94%
Meiji Yasuda Life Insurance Company	82,047	2.62%
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)	59,047	1.89%
The Bank of Fukuoka, Ltd.	55,004	1.76%
Nippon Life Insurance Company	48,339	1.54%
JP MORGAN CHASE BANK	39,083	1.25%

4. Hirogin Holdings Group Structure



(Established October 2020)



Banking

Investigation and evaluation of real estate collateral etc.

Asset management

*1 One factoring company, six investment LLPs,

NEW Singapore subsidiary (established January 2024)
(HIROGIN GLOBAL CONSULTING)

Trading in financial instruments

Leasing

Claims management and collection

Investment

*2 Two local trading companies

Credit cards, credit guarantees

Financial instruments intermediary service

Financial consolidated subsidiaries: nine companies

IT-related businesses

Consulting related to regional vitalization

Consulting related to human resources, labor, etc.

*3 Programming school operation

Nonlife insurance agency operations

*4 Alliance, not included among subsidiaries and affiliates

Nonfinancial consolidated subsidiaries: three companies

Equity method affiliated company: one company



Part 3

Data for Hiroshima Bank

1. Changes in Earnings Performance (nonconsolidated)

I . Total

(JPY Bn)

	FY2021	1H of FY2022	FY2022	1H of FY2023	FY2023	Compared to FY2022
Net interest income	70.7	35.9	67.4	36.4	74.1	6.7
Net fees and commissions income	14.5	6.9	14.2	7.6	15.2	1.0
Specific transaction profit	0.6	0.8	1.4	0.6	1.3	-0.1
Other banking profit (excluding gains/losses on bonds)	1.9	2.4	3.4	0.9	1.2	-2.2
Core gross banking profit	87.9	46.2	86.5	45.7	92.0	5.4
- Expenses	53.2	26.3	52.3	26.2	53.0	0.7
Core banking profit	34.7	19.8	34.2	19.5	38.9	4.6
Gains/losses on bonds	-7.2	-1.9	-16.7	-1.2	-2.4	14.3
Actual net banking profit	27.4	17.9	17.4	18.2	36.5	19.0
- General provision for doubtful debt	6.0	-0.8	-6.0	2.2	3.0	9.0
- Non-performing loans written off	5.9	1.3	6.3	1.8	11.4	5.1
Gains/losses on stocks	5.0	-4.1	-2.2	7.4	8.2	10.5
Ordinary profit	22.8	14.0	16.4	23.2	31.4	15.0
Extraordinary income/loss	5.9	-0.1	-0.5	-0.0	5.8	6.3
Income before income taxes	28.8	13.8	15.9	23.1	37.3	21.3
Corporate taxes	8.1	3.7	4.3	6.4	10.7	6.3
Net income	20.6	10.1	11.5	16.6	26.5	14.9
Adjusted overhead ratio	60.5%	57.0%	60.4%	57.3%	57.7%	-2.7%

II . Domestic operations

(JPY Bn)

	FY2021	1H of FY2022	FY2022	1H of FY2023	FY2023	Compared to FY2022
Net Interest income	60.9	30.4	59.1	31.8	63.9	4.7
Net fees and commissions income	14.4	6.9	14.0	7.6	15.1	1.0
Specific transaction profit	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
Core gross banking profit	75.4	37.3	73.2	39.4	79.0	5.7

2. Investment and Fundraising

I . Total

(JPY Bn)

	FY2021		1H of FY2022		FY2022		1H of FY2023		FY2023		Compared to FY2022		
	Average balance	Yield	Average balance	Yield	Average balance	Yield	Average balance	Yield	Average balance	Yield	Average balance	YoY	Yield
Interest-earning assets	8,537.1	0.87%	8,913.6	0.94%	9,016.8	0.97%	9,165.3	1.13%	9,332.2	1.15%	315.4	3.5%	0.18%
Loans and bills discounted	6,825.8	0.83%	7,077.3	0.88%	7,184.2	0.94%	7,399.3	1.07%	7,517.9	1.09%	333.7	4.6%	0.15%
Trading securities	1,597.3	0.82%	1,760.4	1.05%	1,749.2	0.95%	1,635.8	1.30%	1,675.8	1.27%	-73.4	-4.2%	0.32%
Call loans	60.1	0.04%	23.6	0.33%	27.4	0.59%	37.9	1.07%	46.4	0.90%	19.0	69.3%	0.31%
Due from banks*	9.0	22.72%	10.8	22.78%	13.0	17.29%	18.4	11.19%	17.6	6.90%	4.6	35.4%	-10.39%
Interest-bearing liabilities	10,791.7	0.03%	10,877.1	0.11%	10,959.9	0.18%	11,417.7	0.27%	11,642.8	0.28%	682.9	6.2%	0.10%
Deposits	8,436.6	0.00%	8,670.2	0.01%	8,683.7	0.02%	8,948.2	0.03%	8,978.3	0.04%	294.6	3.4%	0.02%
Negotiable CDs	424.9	0.00%	424.9	0.00%	405.6	0.00%	358.3	0.00%	340.4	0.00%	-65.2	-16.1%	0.00%
Call money	65.2	-0.01%	67.9	-0.02%	222.8	-0.03%	481.8	-0.04%	644.0	-0.02%	421.2	189.0%	0.01%
Borrowed money	1,114.7	0.03%	963.1	0.02%	946.0	0.02%	1,016.4	0.02%	1,070.4	0.02%	124.4	13.2%	0.00%

II . Domestic operations

(JPY Bn)

	FY2021		1H of FY2022		FY2022		1H of FY2023		FY2023		Compared to FY2022		
	Average balance	Yield	Average balance	Yield	Average balance	Yield	Average balance	Yield	Average balance	Yield	Average balance	YoY	Yield
Interest-earning assets	8,101.9	0.77%	8,387.8	0.73%	8,527.3	0.71%	8,736.7	0.73%	8,890.9	0.73%	363.6	4.3%	0.02%
Loans and bills discounted	6,230.7	0.79%	6,407.8	0.75%	6,489.2	0.74%	6,663.8	0.73%	6,746.6	0.74%	257.4	4.0%	0.00%
Trading securities	1,266.6	0.77%	1,346.3	0.77%	1,368.6	0.65%	1,367.5	0.91%	1,394.6	0.79%	26.0	1.9%	0.14%
Call loans	56.3	-0.01%	19.5	0.00%	22.6	0.00%	30.5	0.01%	39.0	0.02%	16.4	72.6%	0.02%
Due from banks*	9.0	22.72%	10.8	22.78%	13.0	17.29%	18.4	11.19%	17.6	6.90%	4.6	35.4%	-10.39%
Interest-bearing liabilities	10,358.4	0.02%	10,359.9	0.01%	10,474.5	0.01%	11,026.5	0.00%	11,237.7	0.01%	763.2	7.3%	0.00%
Deposits	8,279.4	0.00%	8,489.1	0.00%	8,495.1	0.00%	8,754.4	0.00%	8,771.6	0.00%	276.5	3.3%	0.00%
Negotiable CDs	424.9	0.00%	424.9	0.00%	405.6	0.00%	358.3	0.00%	340.4	0.00%	-65.2	-16.1%	0.00%
Call money	65.2	-0.01%	67.9	-0.02%	222.8	-0.03%	481.8	-0.04%	644.0	-0.02%	421.2	189.0%	0.01%
Borrowed money	1,109.4	0.03%	958.3	0.02%	942.8	0.02%	1,015.3	0.02%	1,069.6	0.02%	126.8	13.4%	0.00%

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

3. Loans (1)

I . Loans outstanding by region

(JPY Bn)

Outstanding balance	March 31, 2022		September 30, 2022		March 31, 2023		September 30, 2023		March 31, 2024		Compared to March 31, 2023		
	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	6,965.5	100.0%	7,144.7	100.0%	7,275.3	100.0%	7,488.9	100.0%	7,745.7	100.0%	470.4	6.5%	0.0%
Hiroshima	4,225.1	60.7%	4,266.5	59.7%	4,296.5	59.1%	4,424.4	59.1%	4,519.7	58.4%	223.2	5.2%	-0.7%
Okayama	347.5	5.0%	350.7	4.9%	356.1	4.9%	356.9	4.8%	372.1	4.8%	16.0	4.5%	-0.1%
Ehime	546.1	7.8%	600.3	8.4%	598.6	8.2%	658.7	8.8%	688.7	8.9%	90.1	15.1%	0.7%
Yamaguchi	218.4	3.1%	230.6	3.2%	232.8	3.2%	226.4	3.0%	235.4	3.0%	2.6	1.1%	-0.2%
Other	1,628.4	23.4%	1,696.6	23.7%	1,791.3	24.6%	1,822.5	24.3%	1,929.8	24.9%	138.5	7.7%	0.3%

II . Loans outstanding by business category

(JPY Bn)

Outstanding balance	March 31, 2022		September 30, 2022		March 31, 2023		September 30, 2023		March 31, 2024		Compared to March 31, 2023		
	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	6,965.5	100.0%	7,144.7	100.0%	7,275.3	100.0%	7,488.9	100.0%	7,745.7	100.0%	470.4	6.5%	0.0%
Business	3,913.7	56.2%	4,037.4	56.5%	4,104.0	56.4%	4,311.7	57.6%	4,523.0	58.4%	419.0	10.2%	2.0%
Leading medium-sized and large enterprises	1,151.2	16.5%	1,206.8	16.9%	1,288.4	17.7%	1,387.6	18.5%	1,477.3	19.1%	188.9	14.7%	1.4%
Small and medium-sized enterprises	2,762.5	39.7%	2,830.6	39.6%	2,815.6	38.7%	2,924.1	39.0%	3,045.7	39.3%	230.1	8.2%	0.6%
Local governments	1,355.9	19.5%	1,395.8	19.5%	1,432.0	19.7%	1,412.4	18.9%	1,433.1	18.5%	1.1	0.1%	-1.2%
Of which loans to the Ministry of Finance	704.1	10.1%	735.2	10.3%	783.5	10.8%	753.2	10.1%	785.5	10.1%	2.0	0.3%	-0.6%
Personal loans	1,695.9	24.3%	1,711.5	24.0%	1,739.2	23.9%	1,764.8	23.6%	1,789.6	23.1%	50.4	2.9%	-0.8%

III . Business loans by interest rate

(JPY Bn)

Outstanding balance	March 31, 2022		September 30, 2022		March 31, 2023		September 30, 2023		March 31, 2024		Compared to March 31, 2023		
	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
Yen-based business loans	3,461.4	100.0%	3,490.0	100.0%	3,564.8	100.0%	3,678.2	100.0%	3,852.5	100.0%	287.7	8.1%	0.0%
Fixed interest rates	1,032.3	29.8%	1,047.9	30.0%	1,105.9	31.0%	1,200.6	32.6%	1,328.1	34.5%	222.2	20.1%	3.5%
Variable interest rates	2,429.1	70.2%	2,442.1	70.0%	2,458.9	69.0%	2,477.6	67.4%	2,524.4	65.5%	65.5	2.7%	-3.5%
Market rates	1,306.8	37.8%	1,329.1	38.1%	1,381.4	38.8%	1,382.0	37.6%	1,391.6	36.1%	10.2	0.7%	-2.6%
Short-term prime rates	1,122.3	32.4%	1,113.0	31.9%	1,077.5	30.2%	1,095.6	29.8%	1,132.8	29.4%	55.3	5.1%	-0.8%
Of which negotiation-based rates	382.1	11.0%	390.0	11.2%	367.5	10.3%	375.6	10.2%	379.5	9.9%	12.0	3.3%	-0.5%
Of which market-linked rates	740.2	21.4%	723.0	20.7%	710.0	19.9%	719.9	19.6%	753.3	19.6%	43.3	6.1%	-0.4%

IV . Breakdown of personal loans

(JPY Bn)

Outstanding balance	March 31, 2022		September 30, 2022		March 31, 2023		September 30, 2023		March 31, 2024		Compared to March 31, 2023		
	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
Personal loans	1,695.9	100.0%	1,711.5	100.0%	1,739.2	100.0%	1,764.8	100.0%	1,789.6	100.0%	50.4	2.9%	0.0%
Of which housing loans	1,104.9	65.2%	1,116.0	65.2%	1,132.9	65.1%	1,149.2	65.1%	1,171.2	65.4%	38.3	3.4%	0.3%
Of which apartment loans	470.4	27.7%	470.9	27.5%	474.5	27.3%	475.3	26.9%	475.3	26.6%	0.8	0.2%	-0.7%
Of which consumer loans	112.3	6.6%	115.4	6.7%	123.2	7.1%	129.7	7.3%	133.2	7.4%	10.0	8.1%	0.4%
Of which loans by purpose	78.0	4.6%	81.4	4.8%	89.3	5.1%	95.8	5.4%	99.3	5.5%	10.0	11.2%	0.4%
Of which card loans	34.3	2.0%	34.0	2.0%	33.9	1.9%	33.9	1.9%	33.9	1.9%	0.0	0.0%	-0.1%

4. Loans (2)

V. Loans outstanding by industry sector

(JPY Bn)

Outstanding balance	March 31, 2022		September 30, 2022		March 31, 2023		September 30, 2023		March 31, 2024		Compared to March 31, 2023		
	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	6,965.5	100.0%	7,144.7	100.0%	7,275.3	100.0%	7,488.9	100.0%	7,745.7	100.0%	470.4	6.5%	0.0%
Manufacturing	708.5	10.2%	714.3	10.0%	725.3	10.0%	738.2	9.9%	757.1	9.8%	31.8	4.4%	-0.2%
Construction	169.8	2.4%	174.8	2.4%	177.0	2.4%	185.8	2.5%	188.2	2.4%	11.2	6.3%	0.0%
Transportation and mailing	392.7	5.6%	421.6	5.9%	434.9	6.0%	475.6	6.4%	509.5	6.6%	74.6	17.2%	0.6%
Wholesale and retail	537.7	7.7%	548.8	7.7%	567.9	7.8%	563.6	7.5%	576.4	7.4%	8.5	1.5%	-0.4%
Finance and insurance	255.0	3.7%	247.5	3.5%	287.3	3.9%	359.6	4.8%	419.0	5.4%	131.7	45.8%	1.5%
Real estate	864.9	12.4%	882.2	12.3%	897.3	12.3%	915.9	12.2%	927.8	12.0%	30.5	3.4%	-0.4%
Leasing	301.0	4.3%	308.8	4.3%	303.5	4.2%	320.3	4.3%	334.2	4.3%	30.7	10.1%	0.1%
Services	332.7	4.8%	334.1	4.7%	327.5	4.5%	323.3	4.3%	322.7	4.2%	-4.8	-1.5%	-0.3%
Other	3,403.2	48.9%	3,512.6	49.2%	3,554.6	48.9%	3,606.6	48.2%	3,710.8	47.9%	156.2	4.4%	-1.0%
<Reference>													
Automobile-related (domestic)	189.1	2.7%	206.9	2.9%	193.7	2.7%	196.2	2.6%	192.6	2.5%	-1.1	-0.6%	-0.2%
Shipbuilding and marine transportation	743.1	10.7%	819.6	11.5%	808.7	11.1%	892.6	11.9%	947.7	12.2%	139.0	17.2%	1.1%

VI. Moneylending shares in Hiroshima Prefecture

(%)

Shares in Hiroshima Prefecture	March 31, 2022		September 30, 2022		March 31, 2023		September 30, 2023		March 31, 2024		Compared to March 31, 2023		
	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
Hiroshima Bank	33.9%		33.2%		32.9%		33.4%		33.7%			0.8%	
Other regional banks	21.0%		21.0%		21.0%		21.4%		20.9%			-0.1%	
Second regional banks	18.9%		18.7%		18.6%		18.4%		18.7%			0.1%	
Mega banks	12.9%		14.1%		14.5%		13.8%		13.8%			-0.7%	
Shinkin Banks	13.3%		13.0%		13.0%		13.0%		12.9%			-0.1%	

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

(JPY Bn)

Outstanding balance	March 31, 2022		September 30, 2022		March 31, 2023		September 30, 2023		March 31, 2024		Compared to March 31, 2023		
	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.	4,458.4	64.0%	4,542.1	63.6%	4,554.8	62.6%	4,688.9	62.6%	4,835.3	62.4%	280.5	6.2%	-0.2%

5. Deposits

I . Breakdown of deposits

(JPY Bn)

Outstanding balance	March 31, 2022		September 30, 2022		March 31, 2023		September 30, 2023		March 31, 2024		Compared to March 31, 2023		
	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
Deposits	9,095.0	100.0%	9,002.5	100.0%	9,277.4	100.0%	9,268.8	100.0%	9,399.5	100.0%	122.1	1.3%	-
Liquid deposits	6,394.1	70.3%	6,281.0	69.8%	6,638.5	71.6%	6,628.3	71.5%	6,984.6	74.3%	346.1	5.2%	2.8%
Fixed-term deposits	2,190.5	24.1%	2,186.5	24.3%	2,167.4	23.4%	2,161.8	23.3%	2,113.3	22.5%	-54.1	-2.5%	-0.9%
Foreign currency deposits, etc.	166.4	1.8%	147.0	1.6%	138.9	1.5%	176.4	1.9%	159.3	1.7%	20.4	14.7%	0.2%
NCD	343.8	3.8%	387.9	4.3%	332.5	3.6%	302.2	3.3%	142.2	1.5%	-190.3	-57.2%	-2.1%

II . Deposits outstanding by region

(JPY Bn)

Outstanding balance	March 31, 2022		September 30, 2022		March 31, 2023		September 30, 2023		March 31, 2024		Compared to March 31, 2023		
	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
Deposits	9,095.0	100.0%	9,002.5	100.0%	9,277.4	100.0%	9,268.8	100.0%	9,399.5	100.0%	122.1	1.3%	-
Hiroshima	8,085.7	88.9%	8,001.0	88.9%	8,281.4	89.3%	8,251.5	89.0%	8,376.9	89.1%	95.5	1.2%	-0.1%
Okayama	331.1	3.6%	330.0	3.7%	317.9	3.4%	321.2	3.5%	317.3	3.4%	-0.6	-0.2%	-0.1%
Ehime	221.4	2.4%	245.2	2.7%	242.8	2.6%	261.6	2.8%	263.4	2.8%	20.6	8.5%	0.2%
Yamaguchi	225.0	2.5%	225.8	2.5%	238.6	2.6%	231.3	2.5%	221.0	2.4%	-17.6	-7.4%	-0.2%
Other	231.5	2.5%	200.4	2.2%	196.6	2.1%	203.0	2.2%	220.8	2.3%	24.2	12.3%	0.2%

III . Deposits outstanding by person

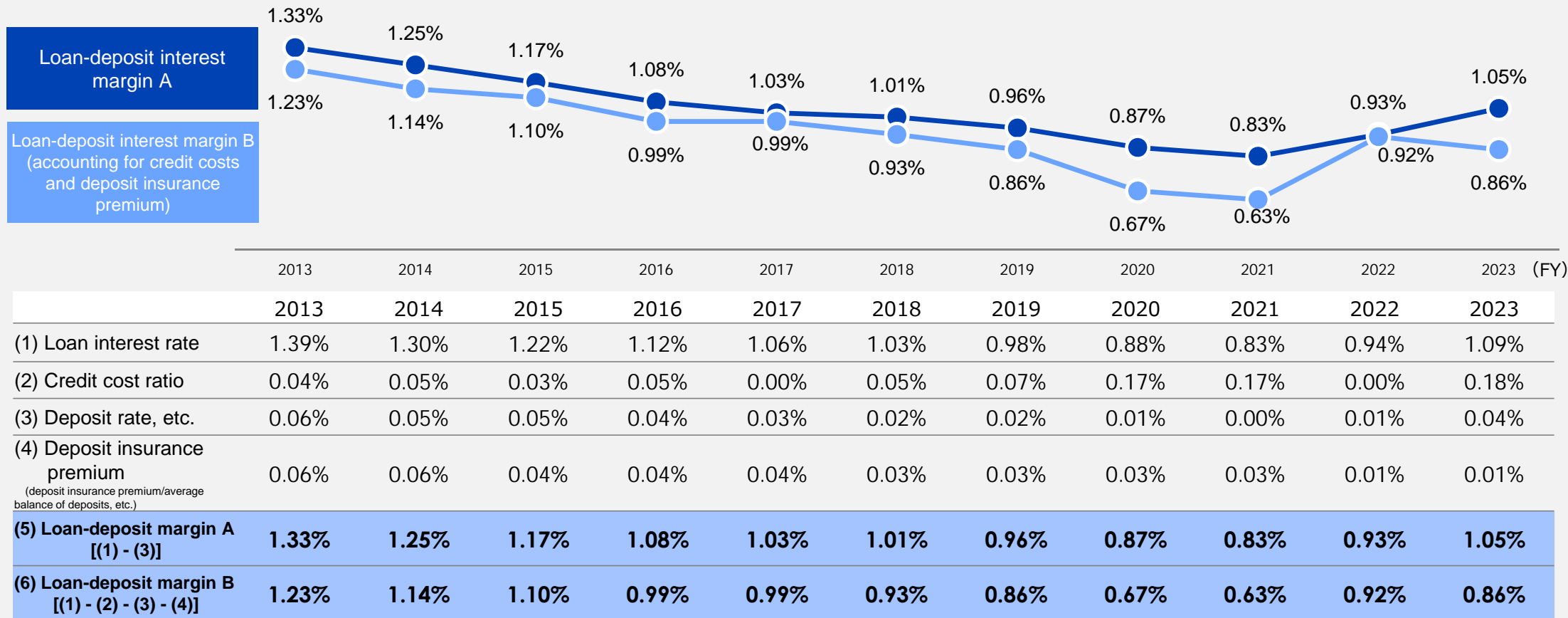
(JPY Bn)

Outstanding balance	March 31, 2022		September 30, 2022		March 31, 2023		September 30, 2023		March 31, 2024		Compared to March 31, 2023		
	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
Deposits	9,095.0	100.0%	9,002.5	100.0%	9,277.4	100.0%	9,268.8	100.0%	9,399.5	100.0%	122.1	1.3%	-
Individual	5,735.5	63.1%	5,843.4	64.9%	5,922.7	63.8%	6,008.4	64.8%	6,079.7	64.7%	157.0	2.7%	0.8%
Liquid deposits	3,944.0	43.4%	4,056.2	45.1%	4,159.5	44.8%	4,259.9	46.0%	4,372.4	46.5%	212.9	5.1%	1.7%
Fixed-term deposits	1,766.2	19.4%	1,765.9	19.6%	1,743.3	18.8%	1,729.0	18.7%	1,691.4	18.0%	-51.9	-3.0%	-0.8%
Foreign currency deposits	25.2	0.3%	21.2	0.2%	19.8	0.2%	19.4	0.2%	15.7	0.2%	-4.1	-20.7%	0.0%
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%
Corporate	2,769.6	30.5%	2,719.0	30.2%	2,753.1	29.7%	2,797.7	30.2%	2,876.1	30.6%	123.0	4.5%	0.9%
Liquid deposits	2,094.1	23.0%	2,094.1	23.3%	2,136.6	23.0%	2,172.3	23.4%	2,279.0	24.2%	142.4	6.7%	1.2%
Fixed-term deposits	385.8	4.2%	379.0	4.2%	384.1	4.1%	380.9	4.1%	382.3	4.1%	-1.8	-0.5%	-0.1%
Foreign currency deposits	141.1	1.6%	125.8	1.4%	119.1	1.3%	157.0	1.7%	135.5	1.4%	16.4	13.8%	0.2%
NCD	148.5	1.6%	120.0	1.3%	113.2	1.2%	87.5	0.9%	79.2	0.8%	-34.0	-30.0%	-0.4%
Public fund	511.8	5.6%	399.7	4.4%	539.8	5.8%	419.6	4.5%	377.2	4.0%	-162.6	-30.1%	-1.8%
Financial	77.9	0.9%	40.2	0.4%	61.7	0.7%	42.8	0.5%	66.4	0.7%	4.7	7.6%	0.0%

* "Deposits" includes "NCD".

6. Status of Loan-Deposit Interest Margin Rates

Trend of loan-deposit interest margin rates



7. Securities (1)

I . 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
March 31, 2023								
Government bonds	-	-	14.9	33.8	294.2	88.1	-	431.2
Local government bonds	4.5	53.6	83.2	43.3	83.7	49.4	-	317.9
Corporate bonds	19.1	69.4	50.6	20.0	5.8	126.0	-	291.3
Stocks	-	-	-	-	-	-	109.8	109.8
Other securities	18.7	28.1	37.9	18.0	33.7	186.8	107.6	431.2
Of which foreign securities	3.3	9.6	9.7	2.9	20.2	157.1	19.3	222.4
March 31, 2024								
Government bonds	-	-	22.7	152.5	214.7	48.5	-	438.6
Local government bonds	24.6	66.4	68.3	48.1	75.6	45.4	-	328.6
Corporate bonds	40.4	47.6	50.0	18.1	10.9	123.7	-	290.9
Stocks	-	-	-	-	-	-	141.1	141.1
Other securities	11.0	31.8	60.9	31.6	34.7	247.5	162.0	579.8
Of which foreign securities	-	8.7	18.0	19.5	20.2	214.8	0.1	281.6

8. Securities (2)

II. Breakdown of net unrealized gains/losses on securities

(JPY Bn)

	March 31, 2022	September 30, 2022	March 31, 2023	September 30, 2023	March 31, 2024	Compared to March 31, 2023
Securities	1.5	-50.4	-12.5	-24.0	33.4	45.9
Stocks	31.6	33.1	40.6	49.1	61.0	20.4
Bonds	-11.2	-20.4	-21.3	-36.7	-28.7	-7.4
Government and local government bonds	-10.1	-18.0	-18.3	-30.8	-23.0	-4.7
Corporate bonds	-1.0	-2.4	-3.0	-5.9	-5.7	-2.7
Other	-18.9	-63.1	-31.8	-36.4	1.2	33.0
Of which foreign bonds	-16.0	-52.9	-22.4	-31.0	-20.6	1.8

III. Balance of cross-shareholdings

(JPY Bn)

	March 31, 2022	September 30, 2022	March 31, 2023	September 30, 2023	March 31, 2024	Compared to March 31, 2023
Cross-shareholdings	42.9	39.3	35.6	34.3	27.8	-7.8
Publicly traded shares	38.3	34.8	31.0	29.8	23.6	-7.4
Unlisted shares	4.6	4.5	4.6	4.5	4.2	-0.4

IV. Duration

(Year)

	March 31, 2022	September 30, 2022	March 31, 2023	September 30, 2023	March 31, 2024	Compared to March 31, 2023
Yen bond duration	7.24	6.83	6.57	6.31	6.05	-0.52
Foreign bond duration	5.57	5.21	5.24	4.19	4.10	-1.14

V. Interest rate delta*

(JPY Bn)

	March 31, 2022	September 30, 2022	March 31, 2023	September 30, 2023	March 31, 2024	Compared to March 31, 2023
Government bonds, etc.	4.0	3.9	3.6	3.5	3.4	-0.2
Foreign securities in foreign currencies	1.8	2.3	1.3	1.5	1.4	0.1

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

9. Business Operations

I . Breakdown of corporate solutions

(Trades/JPY Bn)

	FY2021		1H of FY2022		FY2022		1H of FY2023		FY2023		Compared to FY2022	
	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	-	5.0	-	3.7	-	7.3	-	2.8	-	5.8	-	-1.5
Business succession support, M&As	112	0.6	48	0.7	106	1.0	37	0.3	87	0.9	-19	-0.2
Derivatives	148	1.2	192	2.2	325	3.5	64	0.8	158	1.5	-167	-2.0
Syndicated loans, etc.	21	2.2	13	0.5	26	1.9	13	1.3	21	2.6	-5	0.7
Bond trustee services	152	0.5	40	0.1	109	0.5	38	0.2	90	0.4	-19	-0.1
Business matching, etc.	-	0.2	-	0.1	-	0.2	-	0.1	-	0.3	-	0.0

II . Breakdown of asset management

(JPY Bn)




	FY2021		1H of FY2022		FY2022		1H of FY2023		FY2023		Compared to FY2022	
	Sales	Profit	Sales	Profit	Sales	Profit	Sales	Profit	Sales	Profit	Sales	Profit
Asset management	-	5.4	-	2.3	-	5.0	-	2.3	-	4.9	-	-0.1
Investment trusts	23.9	1.1	17.0	0.5	30.5	0.8	17.5	0.5	38.1	0.9	7.6	0.1
Pension insurance	15.1	0.4	9.1	0.3	25.1	0.8	13.6	0.6	38.7	1.3	13.6	0.5
Life insurance sales by banks	-	1.2	-	0.5	-	1.0	-	0.3	-	0.6	-	-0.4
Non life insurance	-	0.1	-	0.0	-	0.1	-	0.0	-	0.0	-	-0.1
Public bonds	10.3	0.1	6.3	0.0	16.0	0.0	9.4	0.0	20.3	0.0	4.3	0.0
Financial instruments intermediary services	7.0	1.0	5.4	0.4	5.9	0.6	0.0	0.3	0.0	0.6	-5.9	-0.1
Foreign currency deposits	54.2	0.6	24.2	0.2	48.6	0.5	22.8	0.2	45.8	0.4	-2.8	-0.1
Trust business, etc.	-	0.7	-	0.3	-	0.8	-	0.3	-	0.8	-	0.0

III . Total assets in custody

(JPY Bn)

Outstanding balance	March 31, 2022		September 30, 2022		March 31, 2023		September 30, 2023		March 31, 2024		Compared to March 31, 2023		
	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	10,631.2	100.0%	10,520.5	100.0%	10,824.1	100.0%	10,894.8	100.0%	11,116.3	100.0%	292.2	2.7%	-
Deposits	9,095.0	85.6%	9,002.5	85.6%	9,277.4	85.7%	9,268.8	85.1%	9,399.5	84.6%	122.1	1.3%	-1.2%
Individual (non-deposit)	897.0	8.4%	898.1	8.5%	894.4	8.3%	898.1	8.2%	915.7	8.2%	21.3	2.4%	0.0%
Investment trusts	153.7	1.4%	157.0	1.5%	160.3	1.5%	164.8	1.5%	167.6	1.5%	7.3	4.6%	0.0%
Public bonds	126.0	1.2%	113.7	1.1%	101.0	0.9%	94.6	0.9%	88.8	0.8%	-12.2	-12.1%	-0.1%
Pension insurance	382.5	3.6%	368.3	3.5%	368.8	3.4%	370.0	3.4%	381.9	3.4%	13.1	3.6%	0.0%
Financial instruments intermediary services, etc.	234.5	2.2%	259.0	2.5%	264.1	2.4%	268.4	2.5%	277.1	2.5%	13.0	4.9%	0.1%
Corporate (non-deposit)	190.8	1.8%	195.2	1.9%	204.1	1.9%	219.1	2.0%	246.0	2.2%	41.9	20.5%	0.3%
Investment trusts	2.7	0.0%	3.5	0.0%	3.5	0.0%	3.6	0.0%	4.2	0.0%	0.7	20.0%	0.0%
Public bonds	16.6	0.2%	17.8	0.2%	17.2	0.2%	18.8	0.2%	19.4	0.2%	2.2	12.8%	0.0%
Financial instruments intermediary services, etc.	171.4	1.6%	173.9	1.7%	183.2	1.7%	196.5	1.8%	222.3	2.0%	39.1	21.3%	0.3%
Hirogin Securities (mark-to-market basis)	448.3	4.2%	424.4	4.0%	448.1	4.1%	508.6	4.7%	554.9	5.0%	106.8	23.8%	0.9%

10. Self-assessment (FY2023)

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 1.4		Claims in bankruptcy, rehabilitation, etc. 6.2	6.1 (99.8%)	0.0 (0.2%)	100% of amount of claims not preserved by security are subject to write-off/reserves.	100%
Effectively bankrupt 4.7						
At risk of bankruptcy 56.3		Claims at risk 56.3	25.5 (45.3%)	28.1 (50.0%)	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.	95.3%
Obligors requiring caution	Obligors requiring management 49.2	Claims requiring management 35.3	8.0 (22.8%)	8.6 (24.4%)	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.	47.2%
	General obligors requiring caution 460.0	Normal claims 7,750.0	<div> Total amount preserved: 39.7</div>	<div> Total amount of reserves: 36.8</div>	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.	<div> Total coverage ratio: 78.2%</div>
	Normal 7,276.1				Reserves are based on calculation of anticipated losses over one year	
Total 7,847.9		Total 7,847.9				

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

I . Breakdown of non-performing loans

(JPY Bn)

	March 31, 2022	September 30, 2022	March 31, 2023	September 30, 2023	March 31, 2024	Compared to March 31, 2023
Disclosed claims under the Financial Revitalization Law	84.1	84.7	85.0	88.0	97.8	12.8
(Ratio of non-performing loans)	(1.19%)	(1.17%)	(1.15%)	(1.16%)	(1.25%)	(0.10%)
Substandard claims	40.1	39.1	30.8	33.7	35.3	4.4
Doubtful claims	37.2	40.0	48.3	48.5	56.3	8.0
Bankrupt and substantially bankrupt claims	6.7	5.5	5.8	5.7	6.2	0.3
Manufacturing	13.7	13.6	18.1	23.5	24.7	6.6
Construction	4.6	4.5	4.4	4.7	4.5	0.1
Transportation and mailing	2.2	3.1	3.2	3.3	3.3	0.1
Wholesale and retail	13.6	14.7	12.8	11.9	22.4	9.6
Real estate and leasing	15.7	15.3	13.1	13.3	12.6	-0.5
Services	25.1	23.9	24.3	22.3	21.4	-2.9
Other	9.3	9.6	9.1	9.1	8.9	-0.2
Total	84.1	84.7	85.1	88.0	97.9	12.8

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

II . Non-performing loan coverage ratio

	March 31, 2022	September 30, 2022	March 31, 2023	September 30, 2023	March 31, 2024	Compared to March 31, 2023
Disclosed claims under the Financial Revitalization Law	76.6%	76.9%	79.6%	77.4%	78.2%	-1.4%
Substandard claims	55.7%	55.8%	52.5%	47.5%	47.2%	-5.3%
Doubtful claims	94.8%	94.4%	94.5%	95.5%	95.3%	0.8%
Bankrupt and substantially bankrupt claims	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%

III . Credit costs and credit cost ratio

	FY2021	1H of FY2022	FY2022	1H of FY2023	FY2023	Compared to FY2022
Credit costs	11.9	0.4	0.3	4.0	14.4	14.1
(Credit cost ratio)	(0.17%)	(0.01%)	(0.00%)	(0.10%)	(0.18%)	(0.18%)

12. Capital Adequacy Ratio

I . Capital adequacy ratio (consolidated)

(JPY Bn)

		March 31, 2022	September 30, 2022	March 31, 2023	September 30, 2023	March 31, 2024	Compared to March 31, 2023
Amount of basic items related to core capital	①	444.2	452.5	447.2	451.4	445.4	-1.8
Of which amount of shareholders' equity related to common stock or mandatory convertible preferred stock		434.8	442.9	429.2	436.4	434.3	5.1
Of which amount included in the amount of basic items related to core capital, of the amount of eligible former capital raising instruments		-	-	-	-	-	-
Amount of adjustment items related to core capital	②	47.3	47.7	58.7	61.3	44.2	-14.5
Amount of owned equity ① - ②	③	396.8	404.8	388.4	390.1	401.2	12.8
Total amount of risk-weighted assets, etc.	④	3,995.3	3,971.0	3,534.1	3,691.9	3,932.1	398.0
Consolidated capital adequacy ratio ③ / ④		9.93%	10.19%	10.99%	10.56%	10.20%	-0.79%

II . Capital adequacy ratio (nonconsolidated)

(JPY Bn)

		March 31, 2022	September 30, 2022	March 31, 2023	September 30, 2023	March 31, 2024	Compared to March 31, 2023
Amount of basic items related to core capital	①	432.2	442.2	429.1	441.6	440.5	11.4
Of which amount of shareholders' equity related to common stock or mandatory convertible preferred stock		428.5	438.6	422.9	436.3	434.0	11.1
Of which amount included in the amount of basic items related to core capital, of the amount of eligible former capital raising instruments		-	-	-	-	-	-
Amount of adjustment items related to core capital	②	43.0	43.2	48.2	51.7	39.6	-8.6
Amount of owned equity ① - ②	③	389.1	399.0	380.8	389.9	400.9	20.1
Total amount of risk-weighted assets, etc.	④	4,007.6	3,986.2	3,530.4	3,701.2	3,937.6	407.2
Capital adequacy ratio ③ / ④		9.71%	10.01%	10.78%	10.53%	10.18%	-0.60%

13. Risk Management

State of comprehensive risk management

Operations are well within the limits on risk exposure

		Risk quantity limits (2H of FY2023)	Risk quantity (End of March, 2024)
Credit risk		67.0 billion yen	51.4 billion yen
Market Risk	Interest rate risk	81.0 billion yen	59.8 billion yen
	Net investment in securities, etc. (excluding bonds)	63.0 billion yen	42.8 billion yen
	Policy investment securities, etc. (excluding bonds)	58.0 billion yen	22.3 billion yen
Operational risk		8.0 billion yen	8.0 billion yen
Total		277.0 billion yen	184.3 billion yen

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
Operational risk			-	Six months

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 March, 2024)

Results of materiality tests

(JPY Bn)

(1) Δ EVE (*2)	44.5
(2) Amount of owned equity (consolidated)	401.2
Results of materiality tests ((1) ÷ (2)) (*3)	11.1%

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

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