

# **Overview of Financial Results for FY2024 1H**

## **– Company briefing materials –**

November 26, 2024



Hirogin Holdings, Inc.





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# Today's agenda

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Financial  
results

FY2024 interim net income attributable to owners of the parent:

**18.4 billion yen**



Status of  
initiatives

In the first fiscal year of the Mid-Term Plan, various strategic initiatives are  
**proceeding according to plan.**



Outlook

We project both **record-high profits and returns to shareholders** for FY2024.

未来を、ひろげる。



Hirogin Holdings, Inc.

# **I. Highlights of financial results for FY2024 1H**

# Overview of financial results for FY2024 1H

- Interim net income attributable to owners of the parent grew by 1.8 billion yen to 18.4 billion yen.

## Summary of consolidated business performance

(Billion yen)

	FY2024 1H	YoY	(Change rate)	vs. Announced *2
<b>Consolidated gross profit</b>	<b>55.1</b>	<b>6.1</b>	<b>(12.5%)</b>	
<b>(excluding gain/loss related to treasuries and other bonds)</b>	<b>1 57.5</b>	<b>7.2</b>		
Net interest income	41.1	5.9		
Income on service transactions and other fees	12.5	0.8		
Income from specific transactions and other businesses	1.4	-0.6		
<b>(including gain/loss related to treasuries and other bonds)</b>	<b>2 -2.4</b>	<b>-1.2</b>		
Operating expenses (-)	<b>3 31.5</b>	3.0		
Credit costs (-)	<b>4 -0.5</b>	-4.8		
Gains/losses related to equities, etc.	<b>5 1.9</b>	-5.5		
Equity in earnings of affiliates	0	0		
Other	0.5	0.2		
<b>Ordinary profit</b>	<b>26.5</b>	<b>2.6</b>	<b>(11.1%)</b>	<b>(6.5) 0.5</b>
Extraordinary gains/losses	-0.2	-0.2		
Total income tax, etc. (-)	7.9	0.7		
Interim net income attributable to non-controlling interests (-)	0	0		
<b>Interim net income attributable to owners of the parent</b>	<b>6 18.4</b>	<b>1.8</b>	<b>(10.7%)</b>	<b>(4.9) 0.4</b>
(Ref.) Operating overhead ratio (*)	54.8%	-1.9%		

\*1: Operating overhead ratio = operating expenses / (consolidated gross profit-gain/loss from treasuries and other bonds)

\*2: Comparisons to figures announced in "Notice of Revised Forecasts of Financial Results and Dividends (Increase in Dividends)," September 25, 2024

Figures in parentheses are comparisons to figures announced at the beginning of the year (May 13, 2024).

## Key points of financial results for FY2024 1H

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

- Various factors resulted in steady growth of core business revenue. These factors included an increasing balance of loans, primarily for regional borrowers, and higher interest on loans with rising interest rates in Japan.

### 2 Gain/loss related to treasuries and other bonds

- Low-yield bonds were disposed of while restructuring the securities portfolio to one that assures strong and stable earnings capabilities for the medium-to long-term.

### 3 Operating expenses

- Invested actively in human capital and in growth to strengthen management foundations.

### 4 Credit costs

- Posted reversal of allowance for doubtful accounts based on factors such as improved business performance of customers and recovery of major customers.

### 5 Gains/losses related to equities, etc.

- Decreased due to the absence of gain on sales of cross-shareholdings posted last year.

### 6 Interim net income attributable to owners of the parent

- Grew by 1.8 billion yen YoY to 18.4 billion yen.
- This represents 53% of the projected figure for the full year (35.0 billion yen).

# Results for major Group companies: Bank

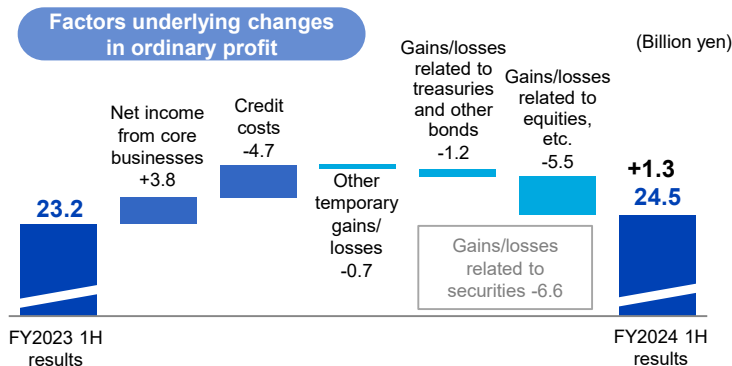
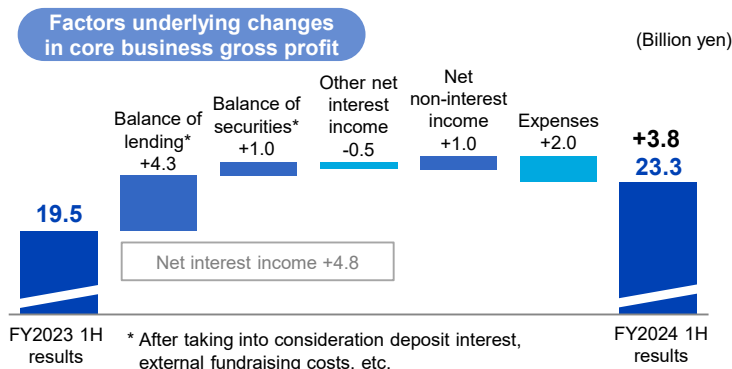
- ▶ Net income from our core businesses grew by 3.8 billion yen YoY, thanks to increases in the lending revenue-expenditure balance and the securities revenue-expenditure balance.
- ▶ Despite an overall decline in securities-related gains and losses, interim net income grew by 500 million yen YoY thanks in part to lower credit costs and to higher net income from our core businesses.

## Hiroshima Bank summary results

(Billion yen)

	FY2024 1H	YoY	(Change rate)
<b>Core business gross profit</b>	<b>51.6</b>	<b>5.9</b>	<b>(12.9%)</b>
Net interest income	41.2	4.8	
Net non-interest income	10.3	1.0	
Corporate solutions	3.7	0.9	
Customer derivatives	1.7	0.9	
Asset management	2.2	-0.2	
Other (domestic exchange, foreign exchange, etc.)	4.4	0.3	
Expenses (excluding extraordinary disposal) (-)	28.2	2.0	
<b>Net income from core businesses</b>	<b>23.3</b>	<b>3.8</b>	<b>(19.8%)</b>
<b>Net income from core businesses (excluding gains/losses from cancellation of investment trusts)</b>	<b>23.3</b>	<b>3.8</b>	<b>(19.8%)</b>
Gains/losses related to treasuries and other bonds	-2.4	-1.2	
<b>Effective net income from businesses</b>	<b>20.9</b>	<b>2.7</b>	<b>(14.9%)</b>
Credit costs (-)	-0.7	-4.7	
Gains/losses related to equities, etc.	1.9	-5.5	
Other temporary gains/losses	0.9	-0.7	
<b>Ordinary profit</b>	<b>24.5</b>	<b>1.3</b>	<b>(5.8%)</b>
Extraordinary gains/losses	-0.1	-0.1	
Total income tax, etc. (-)	7.2	0.8	
<b>Interim net income</b>	<b>17.1</b>	<b>0.5</b>	<b>(2.8%)</b>

## Factors underlying changes in core business gross profit and ordinary profit



# Results for major Group companies: Excluding Hiroshima Bank

- ▶ Overall results for financial consolidated subsidiaries increased steadily.
- ▶ While 1H results of nonfinancial consolidated subsidiaries were down YoY due to costs incurred in advance of their results, such as investments in growth, we project full-year profitability.

Financial consolidated subsidiary

Nonfinancial consolidated subsidiary

## Hirogin Securities

(Million yen)	FY2024 1H	YoY change
Gross income	2,369	-113
Ordinary profit	375	-110
Interim net income	246	-78

(Million yen)	FY2024 forecast	YoY change
Net income	526	-126

## Hirogin Lease

(Million yen)	FY2024 1H	YoY change
Gross income	1,440	226
Ordinary profit	804	232
Interim net income	548	157

(Million yen)	FY2024 forecast	YoY change
Net income	916	204

## Shimanami Servicer

(Million yen)	FY2024 1H	YoY change
Gross income	384	127
Ordinary profit	31	122
Interim net income	13	84

(Million yen)	FY2024 forecast	YoY change
Net income	116	75

## Hirogin Capital Partners

(Million yen)	FY2024 1H	YoY change
Gross income	82	11
Ordinary profit	4	-17
Interim net income	2	-12

(Million yen)	FY2024 forecast	YoY change
Net income	49	446

## Hirogin Credit Service\*

(Million yen)	FY2024 1H	YoY change
Gross income	1,956	132
Ordinary profit	961	103
Interim net income	628	67

(Million yen)	FY2024 forecast	YoY change
Net income	1,184	-35

## Hirogin Human Resources

(Million yen)	FY2024 1H	YoY change
Gross income	140	8
Ordinary profit	-29	-45
Interim net income	-27	-36

(Million yen)	FY2024 forecast	YoY change
Net income	21	-20

## Hirogin IT Solutions

(Million yen)	FY2024 1H	YoY change
Gross income	422	-127
Ordinary profit	-49	-175
Interim net income	-30	-113

(Million yen)	FY2024 forecast	YoY change
Net income	106	-157

## Hirogin Area Design

(Million yen)	FY2024 1H	YoY change
Gross income	15	-74
Ordinary profit	-85	-69
Interim net income	-92	-81

(Million yen)	FY2024 forecast	YoY change
Net income	18	-40

# Results for major Group companies: Excluding Hiroshima Bank

- Both financial and nonfinancial subsidiaries made steady progress on growing their lines of business and advancing solutions.

Group companies		Results since the migration to a holding company structure (October 2020)		
Financial consolidated subsidiaries	Hirogin Securities	Balance of assets under management	Sept. 30, 2020 713.1 billion yen	Sept. 30, 2024 985.0 billion yen (+271.9 billion yen)
	Hirogin Lease	Number of customers	Sept. 30, 2020 6,158 customers	Sept. 30, 2024 6,436 customers (+278 customers)
	Hirogin Capital Partners	Amount invested (* total of fund and principal investment)	Sept. 30, 2020 100 million yen	Sept. 30, 2024 4.6 billion yen (+4.5 billion yen)
	Hirogin Credit Service	Balance of guarantees	Sept. 30, 2020 874.5 billion yen	Sept. 30, 2024 1.237 trillion yen (+149.2 billion yen)
	Shimanami Servicer	Balance of purchased claims	Sept. 30, 2020 1.4 billion yen	Sept. 30, 2024 2.1 billion yen (+700 million yen)
Nonfinancial consolidated subsidiaries	Hirogin Human Resources (Established in April 2021)	Number of companies with whom consulting contracts concluded	Cumulative since April 2021	Sept. 30, 2024 128 companies
	Hirogin IT Solutions (Made subsidiary in January 2021)	Number of contracts concluded	Cumulative since January 2021	Sept. 30, 2024 609 contracts
	Hirogin Area Design (Established in April 2021)	Orders received	Cumulative since April 2021	Sept. 30, 2024 98 contracts

# Mid-Term Plan 2024: Progress of KPIs for regional revitalization and business performance

➤ We plan to implement various strategies to achieve the regional revitalization KPIs of Mid-Term Plan 2024.

## 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

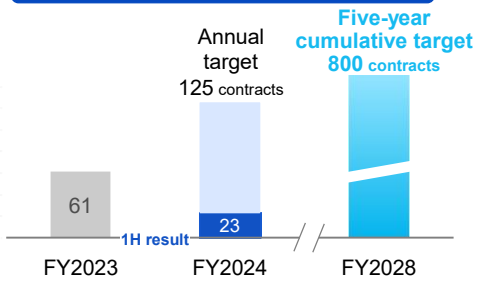
Targeting continual reductions (FY2028)

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

## The Group's initiatives (in Hiroshima Prefecture)

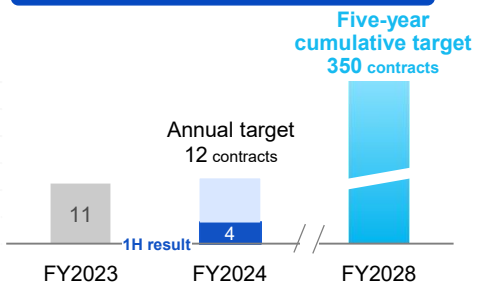
### Cases of startup and VC support

New TSUNAGU Hiroshima 2024 event



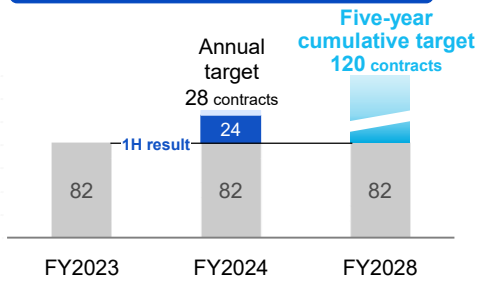
### HR referrals

Enhanced collaboration with Hirogin World Business



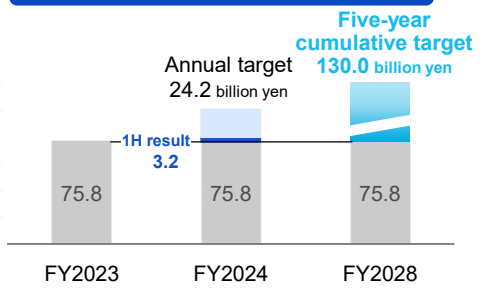
### Involvements in community/ regional development projects

Involvement in redevelopment project in front of JR Kure Station



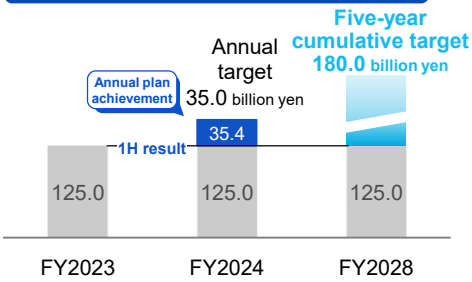
### Amount invested in tourism

Involvement in Hatsukaichi City redevelopment project



### Execution amount of environmental finance

Stimulating demand through enhanced customer dialogue

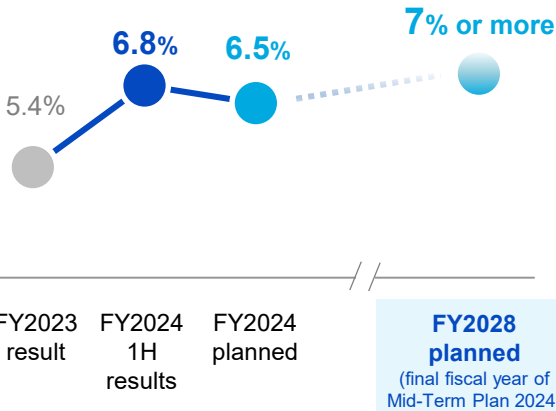


# Mid-Term Plan 2024: Progress of KPIs for regional revitalization and business performance

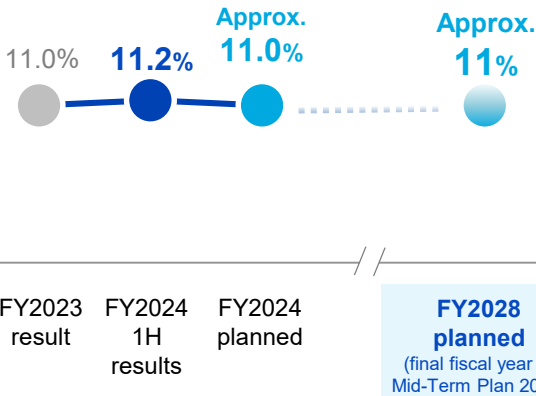
➤ Steady progress on Group business performance KPIs toward the targets for the final fiscal year of Mid-Term Plan 2024

## Group business performance KPIs (FY2028)

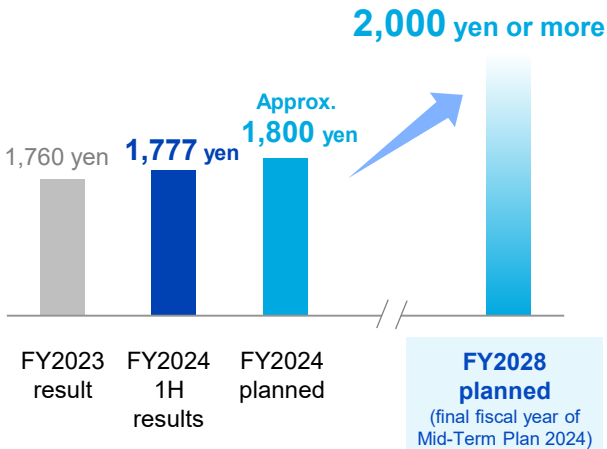
### Consolidated ROE



### Consolidated capital adequacy ratio



### Consolidated BPS



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Hirogin Holdings, Inc.

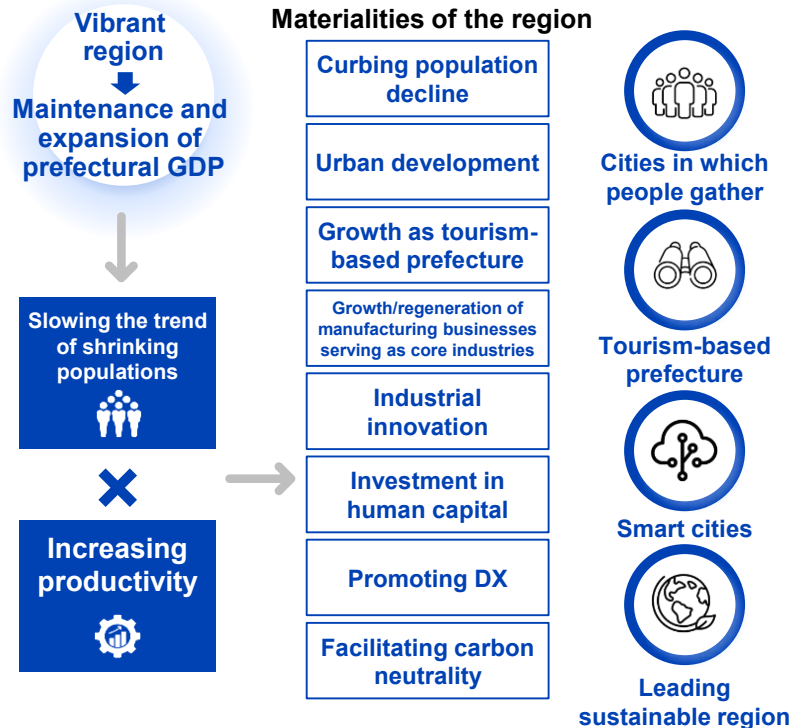
## II. Improving corporate value



# Overview of Mid-Term Plan 2024: Regional and Group vision

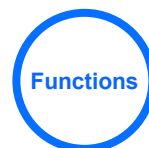
- ▶ Mid-Term Plan 2024 identifies clear regional materialities for realizing vibrant region (maintenance and expansion of prefectural GDP). The Group will demonstrate an overwhelming presence in the region through efforts to identify solutions to these issues.
- ▶ The Group will strengthen its corporate 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

$$\text{PBR (Corporate value)} = \text{ROE} \times \text{PER}$$

# 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).

FY2023 result

FY2024 1H results

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

<div>PBR (corporate value)</div> <div> <div>ROE</div> <div> <div>RORA</div> <div>Financial leverage</div> </div> <div>PER</div> </div>	0.61 times	0.63 times	$\frac{\text{Market capitalization}}{\text{Net assets}} = \frac{339.3 \text{ billion yen}}{538.0 \text{ billion yen}}$		Approx. 1 time
	5.4%	6.8%	$\frac{\text{Net income}}{\text{Net assets (balance)}} = \frac{18.4 \text{ billion yen}}{536.3 \text{ billion yen}}$		Approx. 7.5%
	0.7%	0.9%	$\frac{\text{Net income}}{\text{Risk assets}} = \frac{18.4 \text{ billion yen}}{3.9899 \text{ trillion yen}}$	Improving RORA p. 13-21	Approx. 1%
	7.4 times	7.4 times	$\frac{\text{Risk assets}}{\text{Net assets}} = \frac{3.9899 \text{ trillion yen}}{538.0 \text{ billion yen}}$	Controlling financial leverage p. 22-24	Approx. 8 times
	12.1 times	9.2 times	$\frac{\text{Market capitalization}}{\text{Interim net income}} = \frac{339.3 \text{ billion yen}}{18.4 \text{ billion yen}}$	Nonfinancial strategies p. 25-28	Approx. 13 times

Note: FY2024 1H results are calculated by converting interim net income attributable to owners of the parent to a full-year figure.

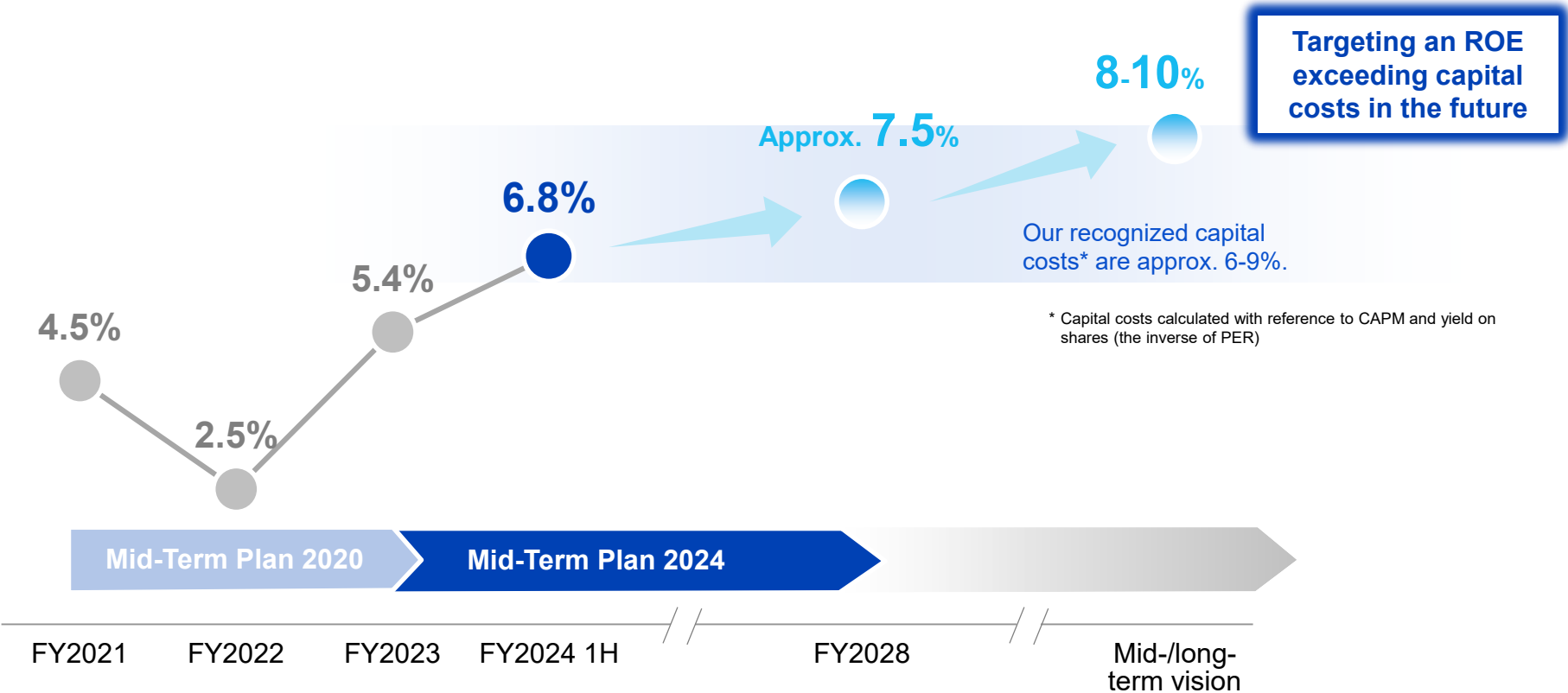
# Mid-/long-term ROE targets

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.



# Efforts in priority areas to improve RORA

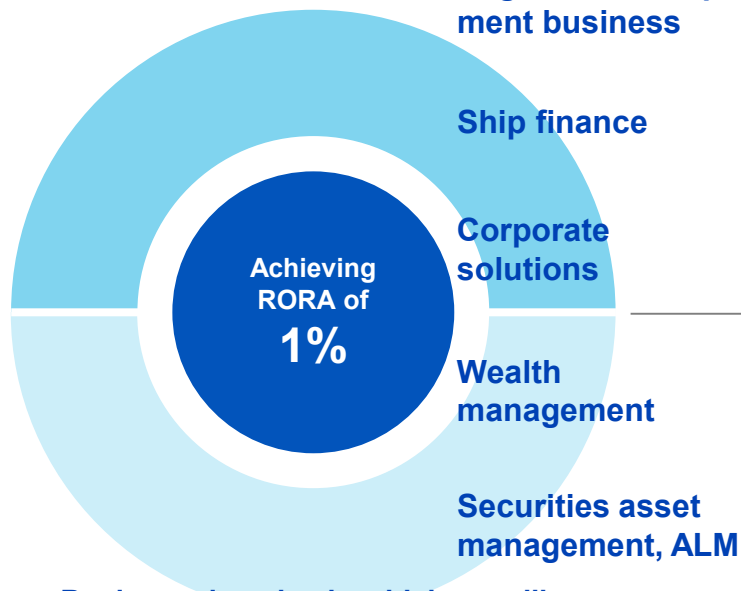
Improving RORA

Controlling financial leverage

Nonfinancial strategies

- ▶ We plan to improve RORA to 1% and achieve a PBR of 1 through strategies in each of the priority areas of the regional development business; ship finance; corporate solutions; wealth management; and securities asset management, ALM

Deploying businesses that draw on the Group's strengths



Business domains in which we will pursue structural reforms

## Strategies

- ❑ Establishing the Structured Finance Office (Hiroshima Bank) (April 2024)
  - ❑ Participating in redevelopment project in front of JR Kure Station and Hatsukaichi City redevelopment project, centered on Hirogin Area Design
  - ❑ Enhancing support for overseas expansion and finance, in collaboration with Hirogin Global Consulting (Singapore subsidiary; established in January 2024)
  - ❑ Enhancing support for customer carbon-neutral initiatives related to the shipbuilding and sea shipping industries
  - ❑ Establishing the new HiCAP5 fund (subsidiary investment fund) to meet the equity needs of customer firms
  - ❑ Holding the new TSUNAGU Hiroshima 2024 matching event to support the launch of startups (November 2024)
- 
- ❑ Achieving more effective customer service through the consolidation of consulting advisors at core offices (structure revised in April 2024)
  - ❑ Expanding points of contact with retail customers by establishing the Hirogin Life Consulting Plaza (November 2024) and by supporting regional seminars, etc.
  - ❑ Restructuring the asset portfolio by disposing of poorly performing investment trusts, etc. and purchasing more profitable equities, etc.
  - ❑ Diversifying ALM strategies using interest rate swaps while accounting for market conditions and risk-taking conditions

# Contributions to RORA improvement in priority and other areas

Improving RORA

Controlling financial leverage

Nonfinancial strategies

▶ Improving RORA by deploying businesses that draw on the Group's strengths and implementing structural reforms under Mid-Term Plan 2024

FY2023



Approx. 0.7%

Net income attributable to owners of the parent: 27.6 billion yen/risk assets: 3.9842 trillion yen



+0.1 pt

Deploying businesses that draw on the Group's strengths

Regional development business

Ship finance

Corporate solutions



+0.2 pt

Business domains in which we will pursue structural reforms

Wealth management

Securities asset management, ALM



+0.1 pt

Responding to rising interest rates

Aggressively demonstrating funding intermediary functions (as part of efforts to respond to regional funding needs)



-0.1 pt

Expanding strategic investment

Expanding investments in human capital, in digital transformation (DX) and IT, etc., with an eye toward the future

FY2028 planned



Approx. 1.0%

Net income attributable to owners of the parent: 45.0 billion yen + α (due to higher interest rates) / risk assets: approx. 4.8 trillion yen

Note: The changes in RORA for each item assume a BoJ policy interest rate of 0.25%, without accounting for expenses.

# Efforts in priority areas to improve RORA

Improving RORA

Controlling financial leverage

Nonfinancial strategies

- ▶ Strengthening revenues in priority fields based on the steady investment of management resources

## FY2024 forecasts

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

	Investment of management resources		Revenues			Investment of management resources			Revenues	
	Risk assets (vs. FY2023)	Human resource assigned (vs. FY2023)	Revenues (vs. FY2023) * Interim results	RORA Interim results		Risk assets (vs. FY2023)	Human resource assigned (vs. FY2023)	Human capital investment	Revenues (vs. FY2023)	RORA Interim results
Regional development business	53.0 billion yen (+ approx. 10.0 billion yen)	37 persons (+4 persons )	2.4 billion yen (+400 million yen) * 1.2 billion yen	2.0%		80.0 billion yen (+ approx. 37.0 billion yen)	48 persons (+15 persons )	100 million yen	Approx. 3.5 billion yen (+ approx. 1.5 billion yen)	Approx. 1.9% (+ approx. 0.2%)
Ship finance	590.0 billion yen (+ approx. 20.0 billion yen)	35 persons (+4 persons )	11.4 billion yen (+1.1 billion yen) * 5.3 billion yen	1.6%		670.0 billion yen (+ approx. 100.0 billion yen)	43 persons (+12 persons )	30 million yen	Approx. 12.0 billion yen (+ approx. 2.0 billion yen)	Approx. 1.7% (+ approx. 0.1%)
Corporate solutions	40.0 billion yen (+ approx. 20.0 billion yen)	93 persons (+21 persons )	8.7 billion yen (+1.4 billion yen) * 3.7 billion yen	—	→	160.0 billion yen (+ approx. 140.0 billion yen)	160 persons (+88 persons )	280 million yen	Approx. 12.0 billion yen (+ approx. 5.0 billion yen)	—
Wealth management	—	—	9.7 billion yen (-800 million yen) * 4.7 billion yen	—		—	120 persons (no additional employees)	70 million yen	Approx. 11.5 billion yen (+ approx. 1.0 billion yen)	—
Securities asset management, ALM	720.0 billion yen (+ approx 50.0 billion yen)	47 persons (+2 persons )	11.6 billion yen (+4.0 billion yen) * 5.5 billion yen	1.3%		720.0 billion yen (+ approx. 50.0 billion yen)	52 persons (+7 persons )	80 million yen	Approx. 22.0 billion yen (+ approx. 14.5 billion yen)	Approx. 1.8% (+ approx. 0.8%)

Notes: Human capital investment represents FY2023-2028 five-year cumulative total.  
Corporate solutions revenue include revenue related to the equity business.  
Securities asset management, ALM revenues are based on net interest income.  
RORA does not account for expenses.

# Efforts in priority areas to improve RORA: Securities asset management

Improving RORA

Controlling financial  
leverage

Nonfinancial strategies

- ▶ Restructuring the securities portfolio to one that assures strong and stable earnings capabilities for the medium- to long-term

## Issues to date

### Overall policy

**Asset management based on a perspective that fails to account for medium- to long-term perspectives**

### Portfolio

#### Yen bonds

- ❑ Long duration, low yields
- ❑ Balances concentrated on specific durations

#### Foreign bonds

- ❑ Remaining presence of fixed-term bonds with negative spreads

#### Stocks, investment trusts, etc.

- ❑ Purpose of investments in stock assets (individual stocks, ETFs, etc.) unclear
- ❑ Remaining presence of poor-performing issues

### Approaches to asset management

#### Stance

- ❑ Focus on securing immediate returns, with no clear investment policy
- ❑ Focus mainly on achievement of single-year plans (only single-year investment plans formulated)

#### Structure, human capital

- ❑ Inadequate efforts to develop human resources for markets
- ❑ Funds and securities sections include middle office functions.

#### Governance

- ❑ Failure of capital allocation to account for medium- to long-term perspectives
- ❑ Insufficient information provided to management on issues related to securities asset management

## Responses to issues

**Restructuring the securities portfolio to one that assures strong and stable earnings capabilities for the medium- to long-term**

- ❑ Shortening durations and restructuring the portfolio to one with a balance of individual durations
- ❑ Investing in asset swaps linked to yields when policy interest rates rise

- ❑ Eliminating balance with negative spreads (low yields)
- ❑ Shifting toward variable rate bonds whose returns are less susceptible to fluctuations in fundraising costs

- ❑ While disposing of poor-performing issues, actively striving to make purposes of investment, such as receipt of dividends or unrealized gains, clear

- ❑ Practicing investment with risk scenarios in mind, while focusing mainly on investment to secure stable, continually high earning abilities from a medium- to long-term perspective
- ❑ Multi-year investment plans (formulated for three years, based on market scenarios)

- ❑ Strategic assignment of human resources and active dispatch to external firms  
\* Increase of seven in human resources (from 45 to 52); investment in development: 150 million yen or more (during Mid-Term Plan)
- ❑ Separating and making a middle office independent to strengthen risk management structure

- ❑ Sharing with management information regarding capital allocation for portfolio restructuring
- ❑ Improving means of providing information to management

# Priority areas to improve RORA: Securities asset management

Improving RORA

Controlling financial leverage

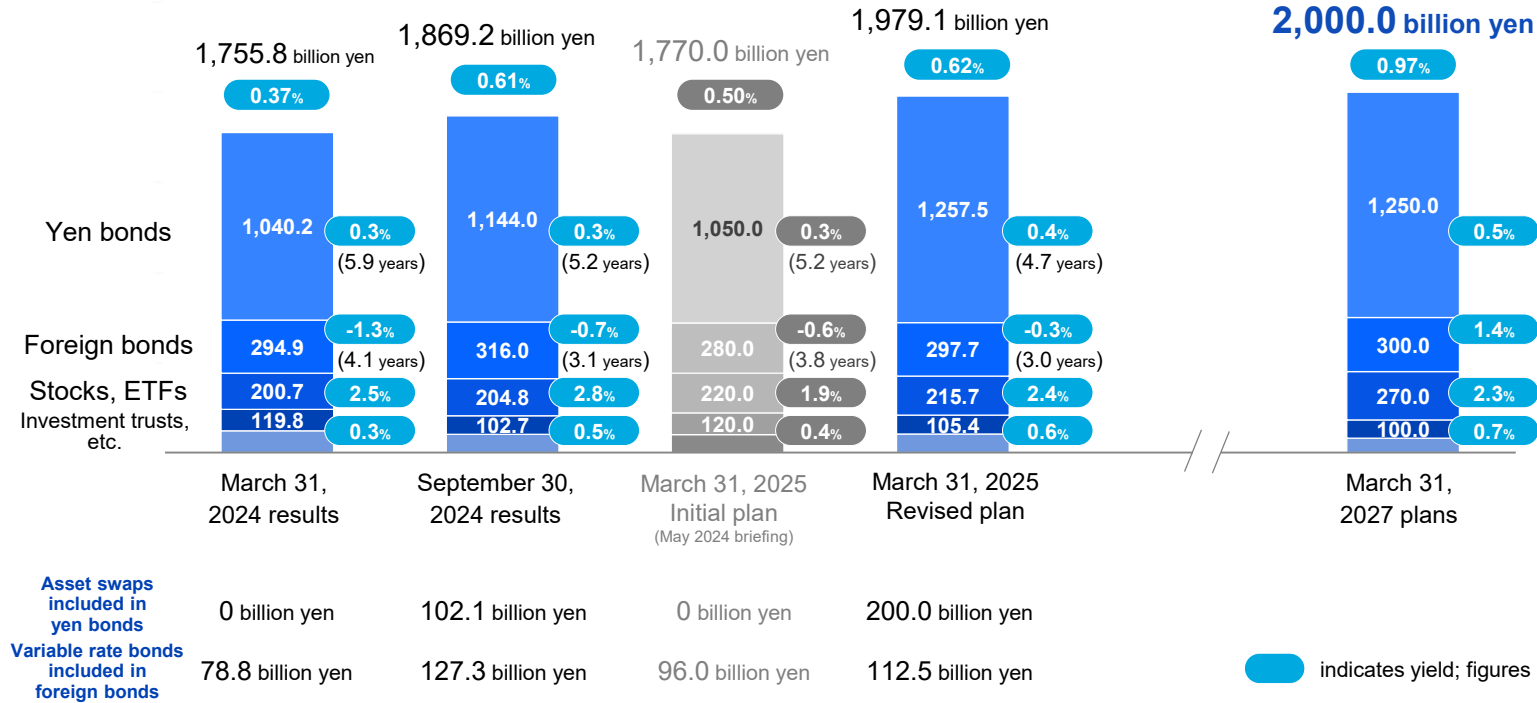
Nonfinancial strategies

- ▶ 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

Net interest income

6.3 billion yen   5.5 billion yen   8.9 billion yen   11.6 billion yen

Increased net interest income through higher dividends on stock holdings and increased investment in foreign bonds (variable rate bonds)



Reconsidering the portfolio to enable **20.0 billion yen** in net interest income on an ongoing basis

Balance **2,000.0 billion yen** × Yield **1% or more**

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.

# (Reference) RORA trends and figures for priority areas

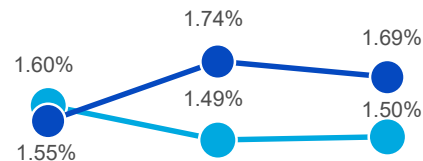
Improving RORA

Controlling financial leverage

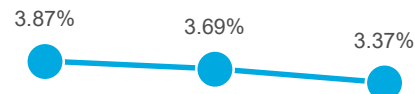
Nonfinancial strategies

## RORA trends

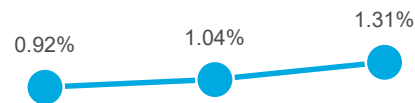
Yen bonds Foreign bonds



FY2022 FY2023 FY2024 1H



FY2022 FY2023 FY2024 1H



FY2022 FY2023 FY2024 1H

RORA trend on business loans

RORA trend on personal loans

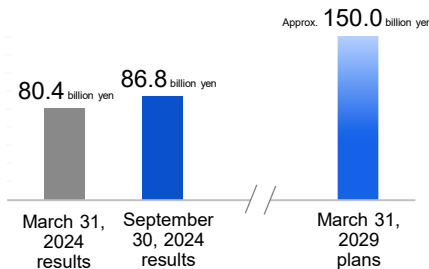
RORA trend on securities

Note: RORA does not account for expenses.

Interest rates on loans are based on spreads. Securities are calculated based on interest and dividends received.

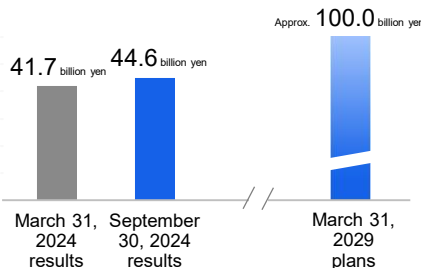
## Figures for priority areas

### Regional development business: business loan balance



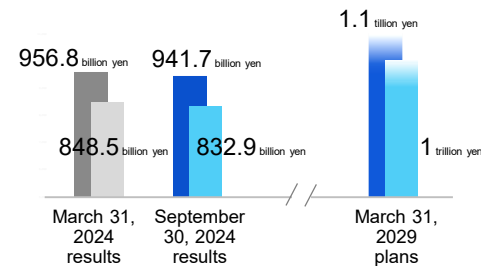
### Corporate solutions: balance of equity business investment

(Totals for Hiroshima Bank and Hirogin Capital Partners)



### Ship finance: business loan balance

Left bar: Ship finance loans  
Right bar: Ship leasing for international ships



The balance of international ship leasing business was down 15.6 billion yen (vs. March 30, 2024) due to the effects of the high yen and ship sales)

A smooth start toward achievement of the numerical targets of Mid-Term Plan 2024

# Responding to rising interest rates

Improving RORA

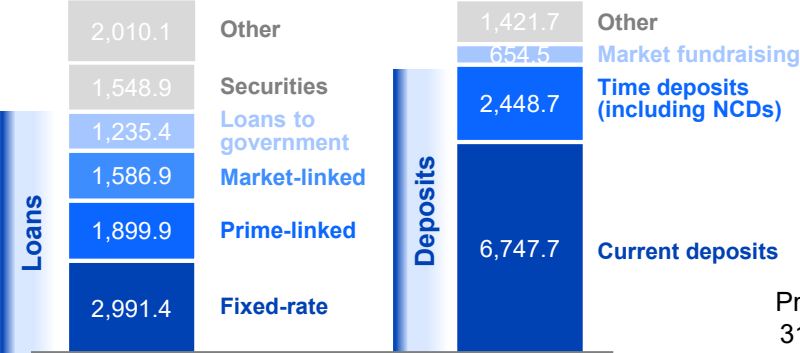
Controlling financial leverage

Nonfinancial strategies

- ▶ Building up earnings through appropriate pricing reflecting rising policy interest rates in Japan

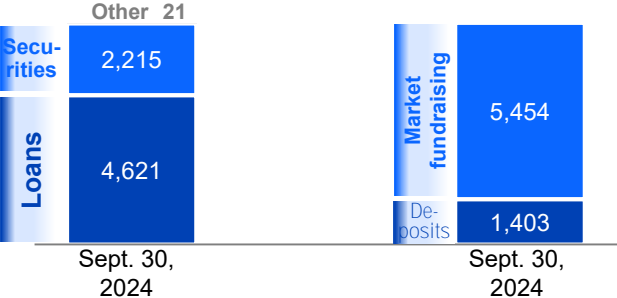
## Japanese yen balance sheet

(Billion yen)



## Foreign currency balance sheet

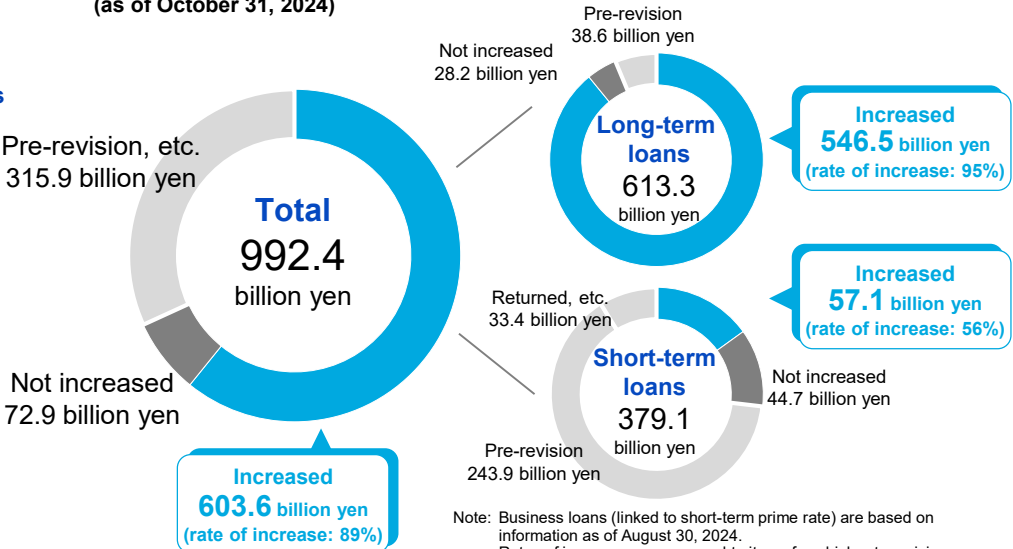
(USD million)



## Increases in the short-term prime rate

	Before	After increase (in September 1, 2024)	Increase
Short-term prime rate	1.975%	2.125%	+0.150%

## Balance of business loans (linked to short-term prime rate) (as of October 31, 2024)



Note: Business loans (linked to short-term prime rate) are based on information as of August 30, 2024.  
Rates of increase are compared to items for which rate revision or maturity occurred through October 2024.

# Responding to rising interest rates

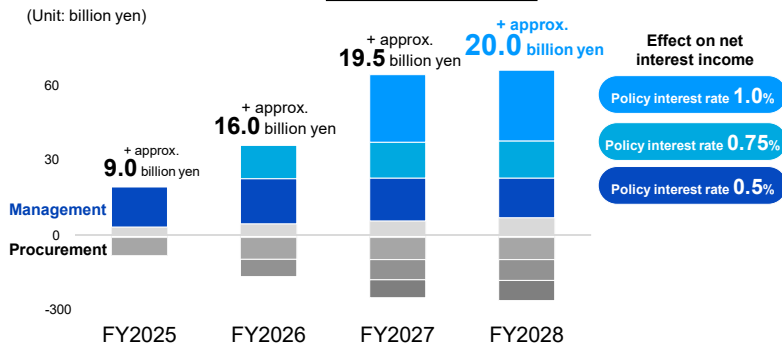
Improving RORA

Controlling financial leverage

Nonfinancial strategies

- We expect net income attributable to owners of the parent in the final fiscal year of Mid-Term Plan 2024 to be approximately 59.0 billion yen in the event of an increase in the policy interest rate to 1.0%.

## Simulation of rise in policy interest rate (yen interest rates) (excluding securities investments)



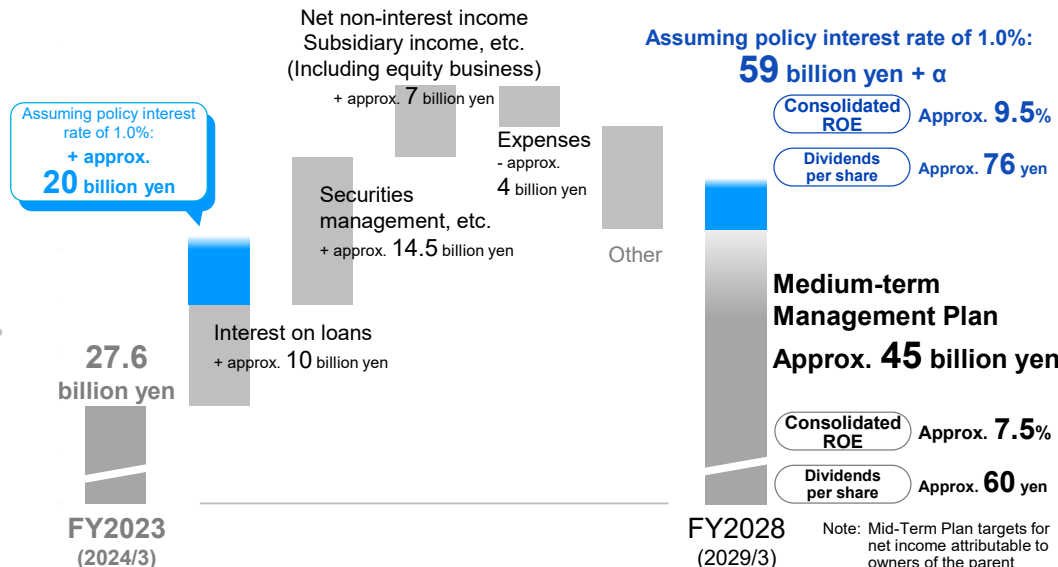
### (Assumptions and interest rate scenarios)

- Asset and liability balances remain unchanged from September 30, 2024.
- Increases are compared to a policy interest rate of 0.25%.
- Assumes policy interest rates of 0.25% during FY2024, rising to 0.5% in April 2025 or later, 0.75% in April 2026 or later, and 1.0% in April 2027 or later.
- The pass-through rate for loan interest rates is 100% of the policy rate for short-term prime rates, market-linked rates, and long-term fixed rates altogether.
- The pass-through rate for deposit interest rates rises to 40% of the policy rate for liquid deposits and to around 40% of long-term interest rates for time deposits, etc.
- Various interest rate scenarios are provided below.

Policy interest rate		0.5%	0.75%	1.00%
Base rate	Short-term prime rate	2.375%	2.625%	2.875%
	Fixed-rate (five-year period)	0.90%	1.15%	1.40%
Deposit interest rate	Liquid deposits	0.20%	0.30%	0.40%
	Term deposits (one-year period)	0.24%	0.34%	0.44%

## Impact of rising policy interest rate on the goals specified in the Medium-term Management Plan 2024

(Net income attributable to owners of parent / consolidated ROE / dividends per share)



## Impact of rising interest rate on gains/losses on securities valuations

Note: Estimate in the event of a parallel shift of 10 basis points



# Financial leverage: Capital policies

Improving RORA

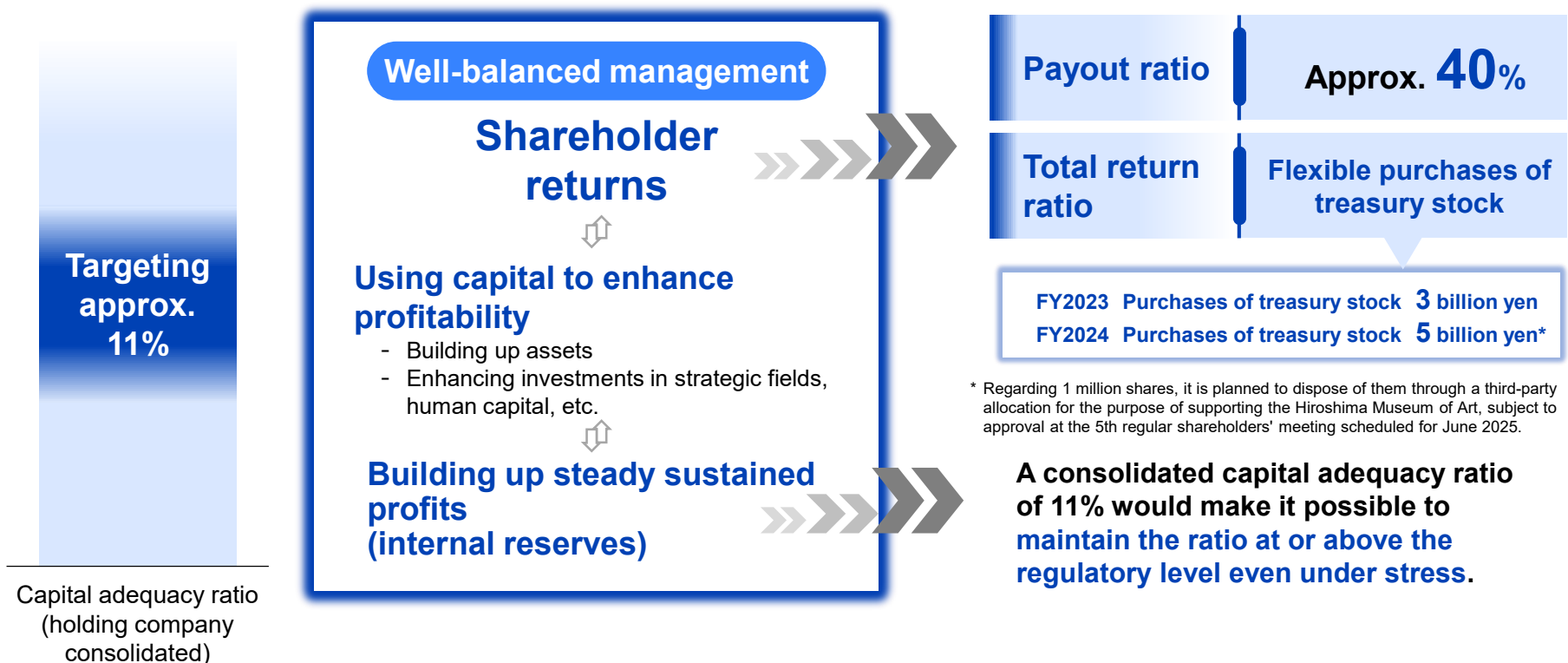
Controlling financial leverage

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



\* Regarding 1 million shares, it is planned to dispose of them through a third-party allocation for the purpose of supporting the Hiroshima Museum of Art, subject to approval at the 5th regular shareholders' meeting scheduled for June 2025.

# Financial leverage: Capital policies

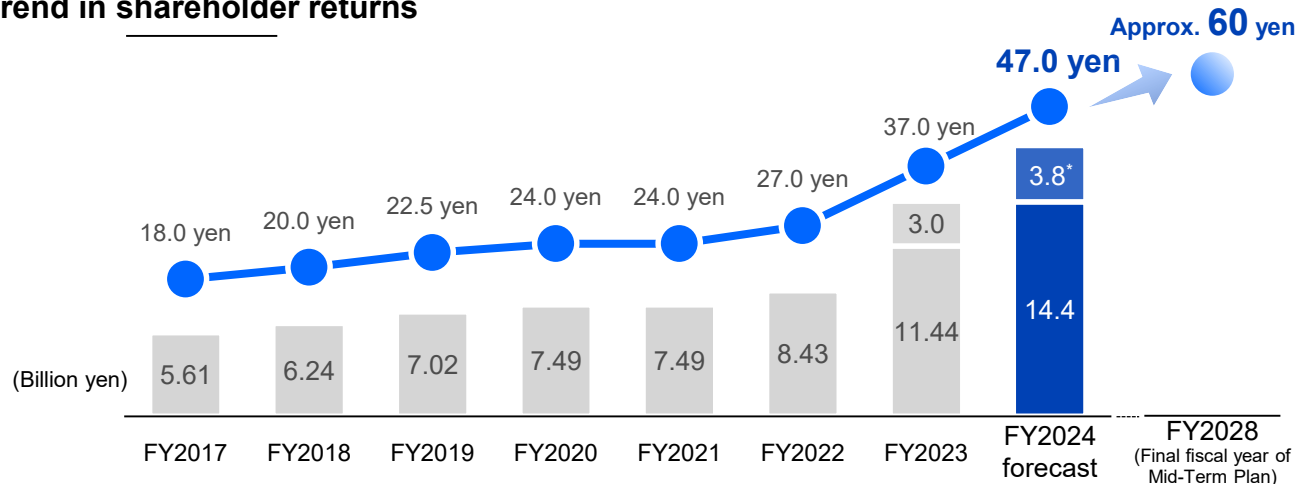
Improving RORA

Controlling financial leverage

Nonfinancial strategies

- ▶ In FY2024, we plan to pay annual dividends of 47.0 yen/share, up 10.0 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)

Total dividends  
(Including planned dividends)

FY2024  
5 billion yen\*

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024 forecast	FY2028 (Final fiscal year of Mid-Term Plan)
Payout ratio	21.7%	24.3%	28.8%	34.6%	32.5%	67.1%	41.0%	40.6%	... Approx. 40%
Total return ratio	21.7%	24.3%	28.8%	34.6%	32.5%	67.1%	52.2%	52.0%*	—
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	35.0 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).

\* Regarding 1 million shares, it is planned to dispose of them through a third-party allocation for the purpose of supporting the Hiroshima Museum of Art, subject to approval at the 5th regular shareholders' meeting scheduled for June 2025, so we estimated 3.8 billion yen for repurchase of treasury shares.

# Financial leverage: Reducing cross-shareholdings

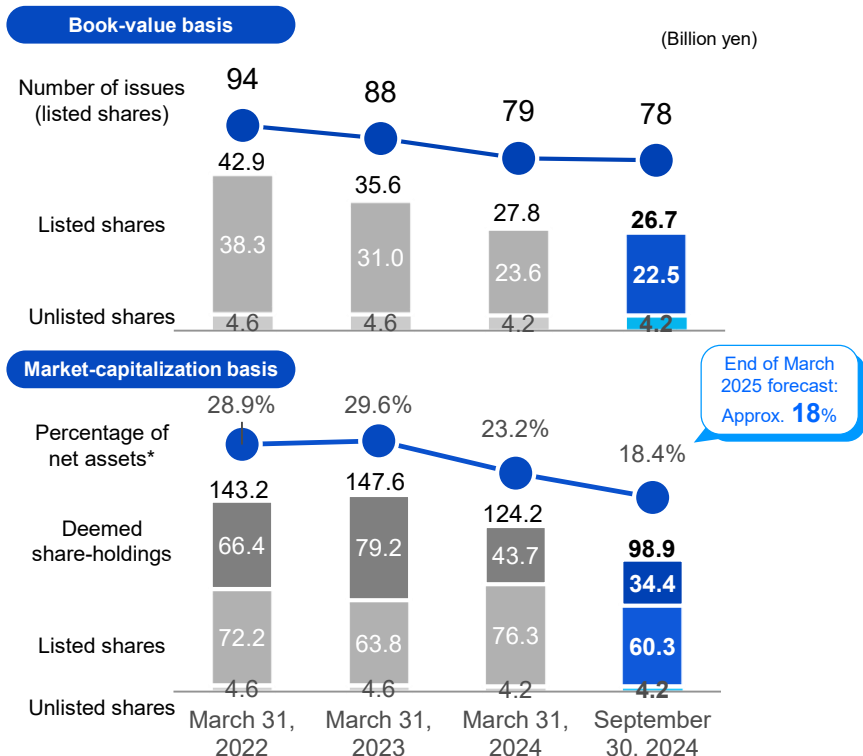
Improving RORA

Controlling financial leverage

Nonfinancial strategies

- ▶ Cross-shareholdings declined by 1.2 billion yen from the end of March 2024 (on a book-value basis) due to ongoing progress on discussions with the issuers.
- ▶ We will continue to reduce cross-shareholdings (including imputed holdings), targeting a current value balance of approximately 18% of consolidated net assets by the end of March 2025 and less than 15% by the end of March 2029.

## Reductions in cross-shareholdings



\* Percentage of net assets: (listed shares + unlisted shares + imputed holdings) / net assets

## Various policies on cross-shareholdings

### Reduction target

**Less than 15% of consolidated net assets**  
(market-capitalization basis)

\* By end of March 2029 (final fiscal year of Mid-Term Plan)

Point

Of the issuers of shares subject to reductions, agreement to sell all issues held purely as investments has been received for:

**10 issues/26.6 billion yen**

(Market-capitalization basis as of end of September 2024)

- Making decisions to hold **based on dividend yields and gains on future price increases**
- **Rigorous standards for the exercise of voting rights** will apply to shares held purely for investment purposes.

Point

### Status of cross-shareholdings (listed shares) by category

(As of end of Sept. 2024)	Number of issues	Market capitalization
In the region	<b>58 issues</b>	<b>47.0 billion yen</b>
Outside of the region	<b>20 issues</b>	<b>13.3 billion yen</b>
(Total)	<b>78 issues</b>	<b>60.3 billion yen</b>

To be reduced through ongoing dialogue

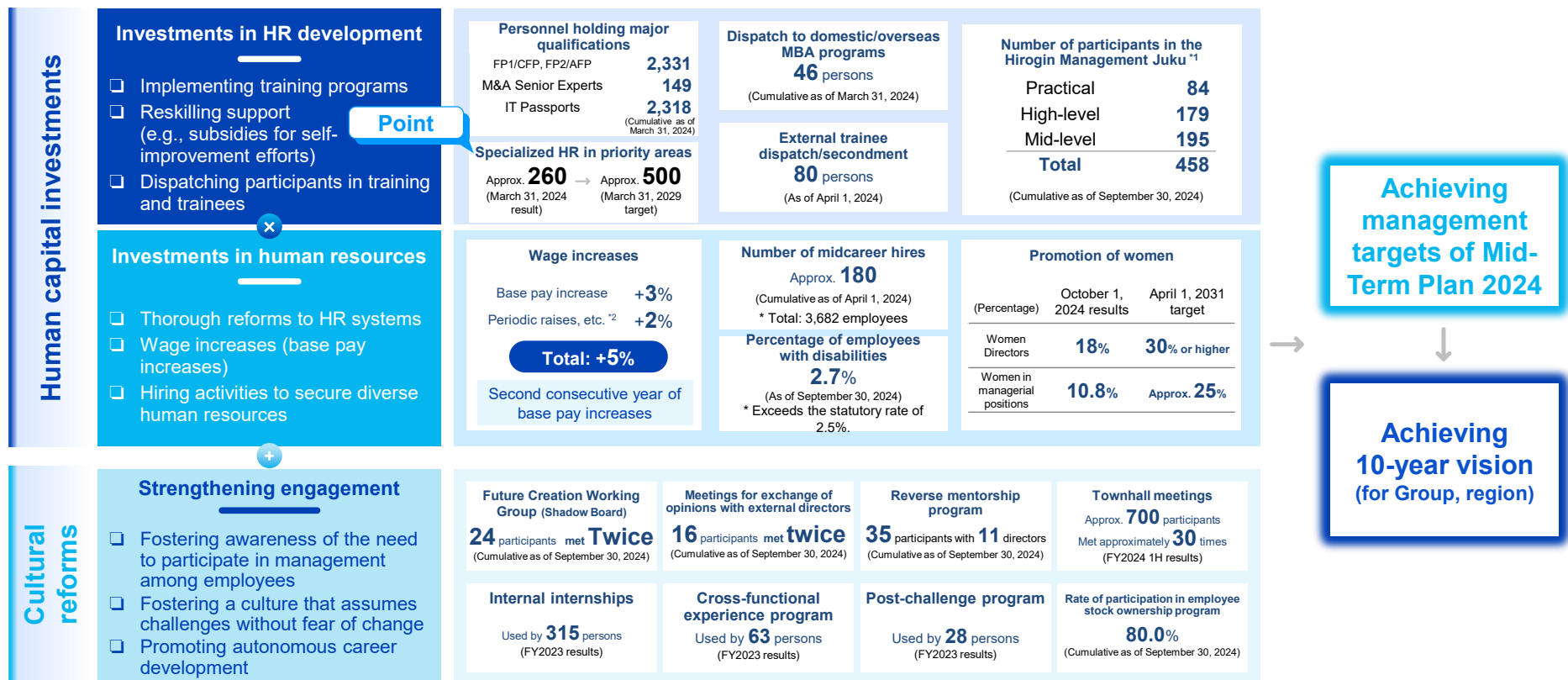
# Nonfinancial strategies: Human capital management

Improving RORA

Controlling financial leverage

Nonfinancial strategies

- ▶ Focusing more on achieving KPIs in priority areas and investing in HR development and human resources so that employees can demonstrate their abilities to the fullest
- ▶ Seeking through various engagement measures to foster a culture that assumes challenges without fear of change and promoting autonomous career development



\*1 Curriculum for prospective future managers

\*2 Details of periodic raises, etc. apply to Hiroshima Bank.

# Nonfinancial strategies: Sustainability transformation (SX) initiatives

Improving RORA

Controlling financial leverage

Nonfinancial strategies

- ▶ In addition to promoting engagement with customers through various solutions, promoting carbon neutrality by reducing total CO<sub>2</sub> emissions by the Group itself
- ▶ Promoting DE&I initiatives in the region to find solutions to the net outflow of population from Hiroshima Prefecture

## Efforts toward carbon neutrality

Medium-/long-term targets

- Achieving Scope 1 and 2 carbon neutrality by FY2030
- Achieving Scope 1, 2, and 3 carbon neutrality by FY2050



Point

### Enhancing dialogue with customer firms and support through various solutions

(Results of promoting and supporting sustainability management by customer firms)

#### SDGs initiative support service

Cumulative: **704** cases  
(Launched in January 2020)

#### Sustainability management adoption support service

Cumulative: **25** cases  
(Launched in January 2022)

Cumulative results as of  
September 30, 2024

Sustainable finance **667.7** billion yen  
Of which,  
environmental finance **474.4** billion yen

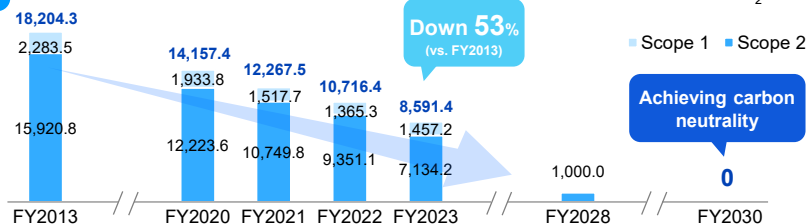


Cumulative target  
through March 31, 2031

**2** trillion yen  
**1** trillion yen

Point

### Group CO<sub>2</sub> emissions reductions



## DE&I initiatives

### Launching the HATAful program to find solutions to the net population outflow from Hiroshima Prefecture



Collaboration with Chugoku Electric Power, Mazda, and Hiroshima Prefecture

Implementing activities to strengthen the appeal of prefectural employers by making work more rewarding, eliminating unconscious biases (including gender bias), and encouraging men to take childcare leave and shortened working hours for childcare



### Specific HATAful initiatives

Connection measures

#### Creating job opportunities available only in Hiroshima

- Hiroshima Career Passport: Mutual announcement of projects and businesses by individual companies (for secondment and concurrent duties) to create systems for acquiring experience with various businesses and projects across company boundaries

#### Creating encounters available only in Hiroshima

- Hiroshima-linked jobs: Holding joint workcations among various companies and people, in places where participants can see what makes Hiroshima so appealing

Reform measures

#### Creating abundant lives and heartfelt connections possible only in Hiroshima

- HATAful workplace diagnostics: Through mutual workplace inspections, etc., increasing numbers of people taking part in realizing ideal work styles and communication

# Nonfinancial strategies: Digital transformation (DX) initiatives

Improving RORA

Controlling financial leverage

Nonfinancial strategies

- Assigning human resources to priority fields by improving business efficiency and harnessing DX as the basis for various businesses and measures

## Our DX strategies

### Digital innovation (New business creation)

#### Creating new value

- Understanding issues and needs by all business sections (e.g., more advanced marketing) and fusing digital and other technologies to create new businesses

**Speedy Salary Service**  
(tentative name)

Planned to start in January 2025

### Digitalization (Aggressive adoption of digital technologies)

#### Reforming existing businesses and processes

- Building new relations using digital technologies (digital X human)
- Using digital data in person-to-person sales

**Home mortgage business innovation project**

**Business-card management service**

### Digitation (Defensive adoption of digital technologies)

#### Digitalization of existing businesses (cost cutting, efficiency improvements)

- Eliminating waste to free all employees from routine tasks
- Thorough paperless operations

**e-Questionnaires**

**Paperless expense-account applications**

**e-Contracts**

## Specific digitalization initiatives

### Overview of the home mortgage business renovation project

- Swiftly digitalizing corporate and personal channels by adopting software packages in the front office
- In the back office, increasing productivity to the same levels achieved for online banking by establishing administrative flows that, in principle, require no human involvement, based on automation, digitalization, and realization of one-stop services and **solutions such as AI, OCR, and RPA**



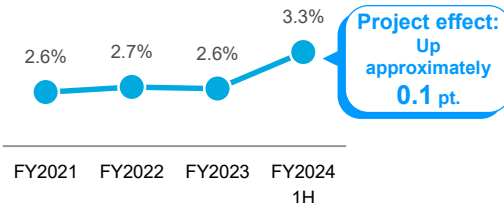
(Effects of project adoption)

**Operation time**  
**Reduced by 8,000 hours or more**

**10**

**Staffing made available**

(Home mortgage RORA trend)



## Actively using generative AI in other fields

- Identifying issues in various plans
- Translating contracts
- Handling internal checking, etc.

Note: RORA is calculated by subtracting deposit interest, personnel expenses, credit costs, and other costs from interest on loans, fees and commissions received, etc.

- ▶ Continuing to consider capital and business alliances with other firms where appropriate and necessary to achieve advanced value creation and establish stronger management foundations at Group companies

## Collaboration with other firms

### Collaboration with the Rakuten Group

Enhancing collaboration with the **Rakuten Group**, which offers strengths in digital platforms and fintech, to respond effectively to rapid advances in digitalization

(Main collaboration details)

April 2020	Hiroshima Bank begins offering Rakuten Securities financial instrument brokerage services online.
July 2024	<b>New</b> Hirogin Life Partners begins offering Rakuten Securities financial instrument brokerage services.
	<b>New</b> Hirogin Life Partners begins offering Rakuten Life life insurance products.
October 2024	<b>New</b> Conversion of Hiroshima Bank Hirogin Points to Rakuten Group Rakuten Points launched
November 2024	<b>New</b> Hiroshima Bank begins offering Rakuten Life life insurance commercial loan repayment guarantee trust services.
	<b>New</b> Begins accepting applications for and issuing Hirogin Rakuten Cards through an alliance between Hiroshima Bank and Rakuten Card.

### Collaboration with the Bank of Yokohama

Enhancing collaboration with the **Bank of Yokohama** in digital marketing fields

Exchange of human resources	<ul style="list-style-type: none"><li>• Dispatching seconded personnel for HR development and information exchange</li></ul>
Sharing measures	<ul style="list-style-type: none"><li>• Initiating information exchange and joint initiatives based on periodic and more frequent subcommittee meetings, etc.</li></ul> <div><ul style="list-style-type: none"><li>❑ Joint trials on personal digital marketing</li><li>❑ Joint research on customer analysis</li><li>❑ Joint planning on corporate digital marketing, etc.</li></ul></div>

## Establishing a joint venture

Back-ground

- ❑ With the continuing shrinking of the working age population, **more customers are accepting workers from abroad**
- ❑ Customers **are likely to face growing challenges in securing irregular labor**, due in part to issues related to social insurance for irregular workers and rising wages



Establishing **Hirogin World Business** to help regional businesses address labor shortages

(Joint venture with Japan World Business Corporation, with whom we have already established a business alliance)

(Main lines of business)

Support for companies accepting workers from abroad	<ul style="list-style-type: none"><li>• Support for designing systems and structures to accept workers from abroad, labor contracts, visa applications, etc.</li></ul>
Securing workers from abroad	<ul style="list-style-type: none"><li>• Strengthening overseas internship programs, support for transitioning from technical trainees to specified technicians (a system intended to secure labor), etc.</li></ul>
Living support for workers from abroad	<ul style="list-style-type: none"><li>• Support for learning Japanese, home sharing using vacant homes, use of prefectural and city housing, etc.</li></ul>
Cooperation with government agencies	<ul style="list-style-type: none"><li>• Support for subsidies and grants to facilitate the acceptance of workers from abroad</li></ul>
Financial services	<ul style="list-style-type: none"><li>• Account opening, international remittance, casualty insurance planning and proposals, rent guarantees, etc.</li></ul>

未来を、ひろげる。



Hirogin Holdings, Inc.

## III. Performance projections



# FY2024 business performance projections

FY2024 net income attributable to owners of the parent is projected to reach a record of 35.0 billion yen.

## FY2024 performance forecasts

	(Billion yen)			
	1H results	Interim performance projection	YoY change	vs. Initial forecast
Ordinary profit	26.5	50.5	16.4	6.5
Net income attributable to owners of the parent	18.4	35.0	7.4	5.0

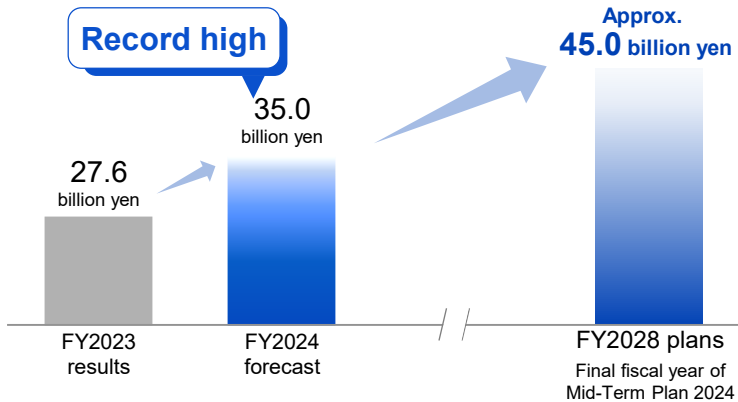
Reference: FY2024 nonconsolidated forecast for Hiroshima Bank  
(Billion yen)

	(Billion yen)			
	1H results	FY2024 performance projection	YoY change	vs. Initial forecast
Net interest income	41.2	82.5	8.4	4.5
Net non-interest income	10.3	21.0	3.2	3.0
Core business gross profit	51.6	103.5	11.5	7.5
Expenses (-)	28.2	57.5	4.5	1.5
Net income from core business	23.3	46.0	7.1	6.0
Gains/losses related to securities, etc.	-0.4	2.0	-3.8	-2.0
Credit costs (-)	-0.7	4.0	-10.4	-1.0
Ordinary profit	24.5	46.5	15.1	6.5
Net income	17.1	32.0	5.5	4.5

## Market scenario assumptions of performance forecasts

Yen interest rate	:	(Short-term) BoJ policy rate	0.25%	(Long-term) Rate on 10-year JGBs	1.20%
Foreign interest rates	:	(Short-term) FF rate	4.75%	(Long-term) Rate on 10-year US treasuries	3.80%
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 forecast	Mid-Term Plan 2024 FY2028 plans
Consolidated ROE	5.4%	6.5%	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

未来を、ひろげる。



Hirogin Holdings, Inc.

## IV. Conclusions



# Reasons to Invest in Hirogin Holdings

## FY2024 results

- ❑ Interim net income attributable to owners of the parent is 18.4 billion yen.
- ❑ FY2024 net income attributable to owners of the parent is projected to reach a record of 35 billion yen.
- ❑ The consolidated ROE is projected to be 6.5%.

## Progress on the Mid-Term Plan

- ❑ In the first fiscal year of the Mid-Term Plan, we invested management resources in priority areas. The recent results show steady progress.
- ❑ BoJ policy interest rate hikes are projected to push up profits by as much as 20 billion yen (at a policy rate of 1%). (Adjusted for these effects, profits for the final fiscal year of the Mid-Term Plan would be about 59 billion yen)eeding the cost of shareholder equity (return on equity) over the targeted 10-year period.

## Continually strengthening returns to shareholders

- ❑ Continuing from FY2023, we plan to purchase 5 billion yen in treasury stock.
- ❑ In line with record profits, we expect to pay a record dividend of 47 yen/share in FY2024.

<FY2024 forecasts>

**Payout ratio: 40.6%**

**Total return ratio: 52.0%**

未来を、ひろげる。



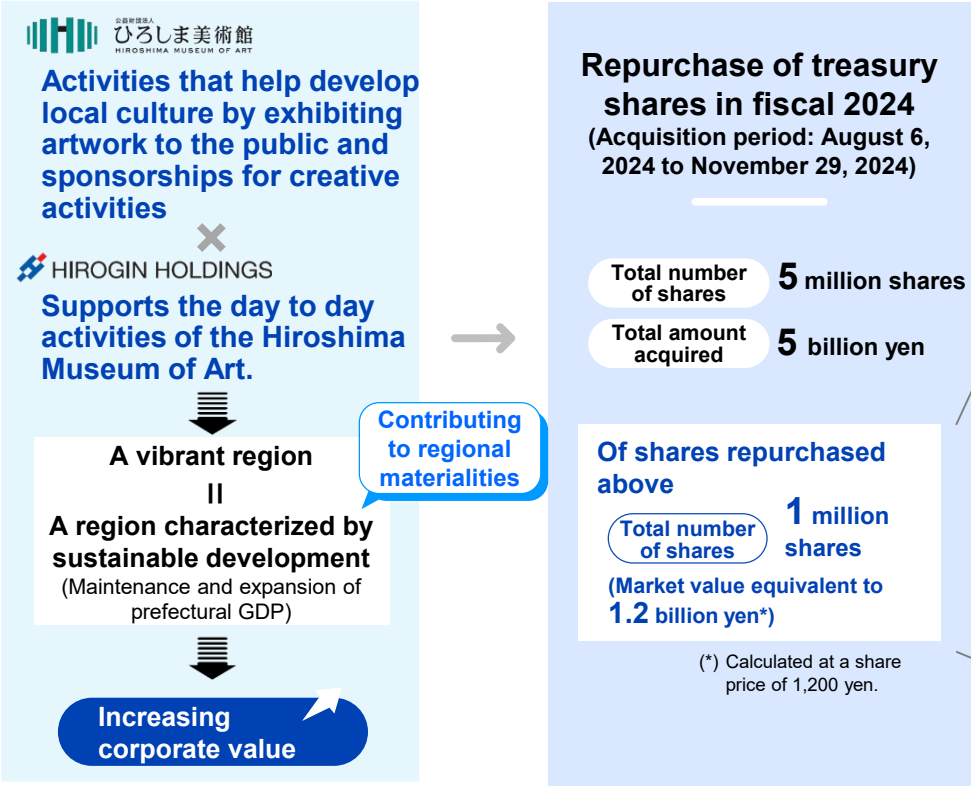
Hirogin Holdings, Inc.

# Appendix



# ESG: Contributing to local social and cultural development (supporting the Hiroshima Museum of Art)

- Plans to dispose of treasury shares through third-party allotment to provide continuous and stable support for the activities of the Hiroshima Museum of Art, a public interest incorporated foundation. This disposal is conditional upon approval at the ordinary general meeting of shareholders scheduled to be held in June 2025.



## Disposition by third-party allotment to a trust bank (trust agreement)

Date of disposal	<b>August 2025</b> (planned)
Number of shares to be disposed of	Common stock <b>1,000,000 shares</b> Percentage of total shares issued: approx. 0.3%
The disposal price	<b>1 yen per share</b> Total amount: 1,000,000 yen
Receiving party	<b>Master Trust Bank of Japan, Ltd.</b> Monetary trusts other than monetary trusts held for specific and exclusive management (beneficiary trusts) established with the Hiroshima Museum of Art as trustee
Voting rights held by trust	<b>Not exercised</b> (during trust period)

**Conditional on the passing of a special resolution to issue shares at an advantageous price at the Company's Annual General Meeting in June 2025**

The Purpose of the Trust

**The Hiroshima Museum of Art will add trust income earned from dividends generated by Hirogin HD shares to its operational funds.**

ESG: Contributing to local social and cultural development (supporting the Hiroshima Museum of Art)

Overview of treasury stock disposal

Date of disposal	<b>August 2025</b> (planned)
Number of shares to be disposed of	<b>Common stock 1,000,000 shares</b> Percentage of total shares issued: approx. 0.3%
Disposal price	<b>1 yen per share</b>
Funds raised	<b>1,000,000 yen</b>
Disposal method	<b>Disposition by third-party allotment</b>
Receiving party	<b>Master Trust Bank of Japan, Ltd.</b>
Other	<div><input type="checkbox"/> This disposal of treasury stock is <b>conditional on the approval of a special resolution related to favorable issuance at the Company's annual general meeting of shareholders to be held in June 2026.</b></div> <div><input type="checkbox"/> The date of disposal and other matters are to be resolved at a meeting of the Board of Directors to be held following the General Meeting of Shareholders.</div>

Overview of trust agreement

Trust type	<b>Monetary trusts other than monetary trusts held for specific and exclusive management</b> (beneficiary trusts)
Purpose of the trust	<b>To distribute dividends generated from common stock issued by the trustor as trust income for the beneficiaries to help beneficiary's social contribution activities.</b>
Trustor	<b>The Company</b>
Trustee	Mitsubishi UFJ Trust and Banking Corporation (Co-Trustee: Japan Trustee Services Bank, Ltd.)
Beneficiary	<b>Public interest incorporated foundation, Hiroshima Museum of Art</b>
Trust agreement date	August 2025 (plan)
Term of the Trust	<b>Two years (plan)</b> <ul style="list-style-type: none"><li>To continue automatically after trust period expires</li><li>Upon termination of the trust, the trust assets will be delivered to the beneficiaries as is.</li></ul>
Other	<div><input type="checkbox"/> Master Trust Bank of Japan, Ltd. agrees to <b>refrain from exercising voting rights associated with the treasury stock bequeathed to the trust for the period of the trust.</b></div> <div><input type="checkbox"/> The specifics of the trust agreement with the trustee, Mitsubishi UFJ Trust and Banking Corporation, are to be determined.</div>

# ESG: Corporate Governance

► We seek to promote a path toward sophisticated corporate governance. In FY2024, we appointed our first woman executive officer.

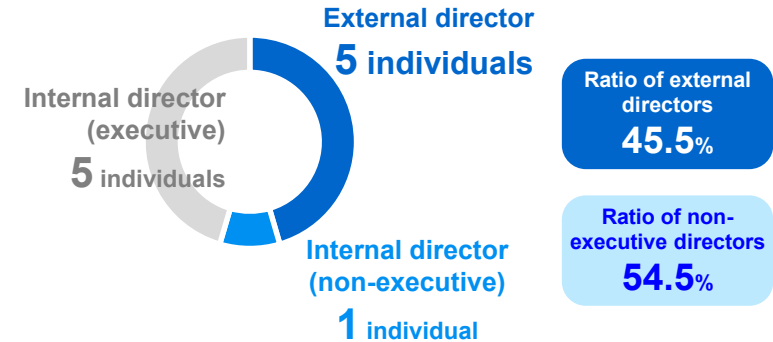
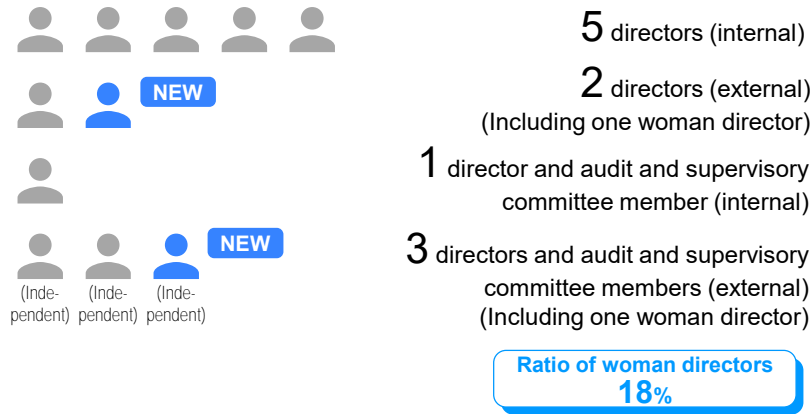
## Transition to Enhanced Corporate Governance



# ESG: Corporate Governance

▶ The composition of the Board of Directors is currently under review; the ratio of women directors is 18%. (As of July 1, 2024)

## Reviewed board composition



## Skills matrix of management

### Internal directors

Name	Position	Fields that require specific expertise			
		Management strategy Sustainability	Legal and risk management	Sales strategy	DX, IT, and Systems
Koji Ikeda	Chairman (Representative Director)	People	Shield	Upward arrow	Laptop
Toshio Heya	President (Representative Director)	People	Shield	Upward arrow	Laptop
Kazuo Kiyomune	Director	People	Shield	Upward arrow	
Shinichi Yokomi	Director	People		Upward arrow	
Yuji Hiroe	Director	People		Upward arrow	
Tatsuro Kumano	Director (Audit and Supervisory Committee Member)		Shield	Upward arrow	

### External directors

Name	Position	Areas of particular interest			
		Management strategy Sustainability	Economy and Finance	Finance and accounting	DX, IT, and Systems
Yoshinori Shinmen	Director		Calendar		
Harumi Matsumura	Director	People			
Hiroko Tani	Director (Audit and Supervisory Committee Member)			3+	
Toshiaki Kitamura	Director (Audit and Supervisory Committee Member)				Laptop
Yuji Okuma	Director (Audit and Supervisory Committee Member)	People			

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Hirogin Holdings, Inc.

# **Appendix**

## **(Explanatory materials on financial results)**

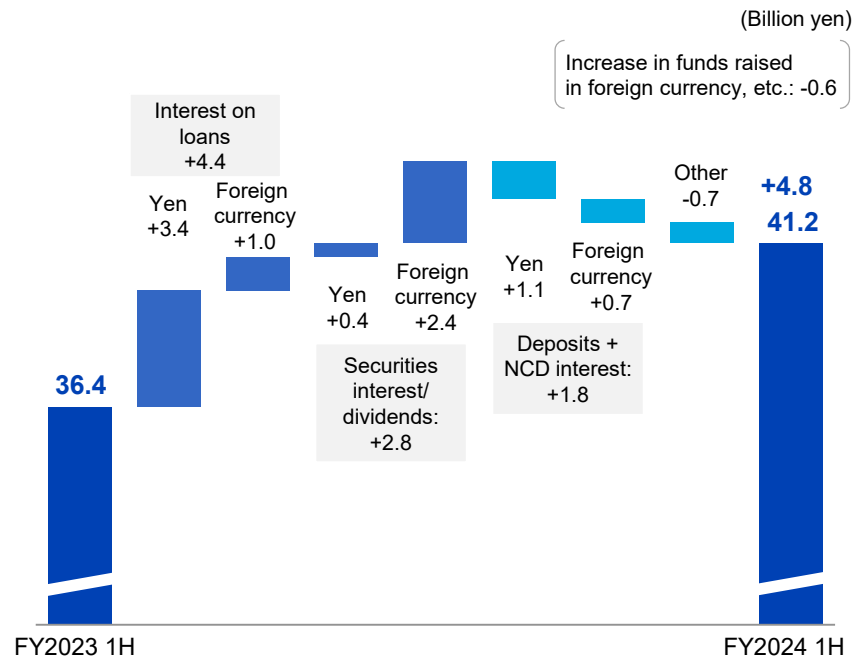


# Net interest income, net non-interest income

Hirogin Holdings  
consolidated

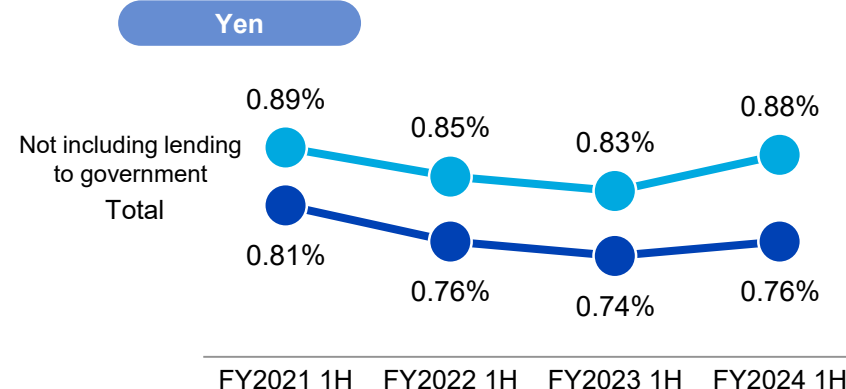
Hiroshima Bank  
nonconsolidated

## Factors contributing to changes in net interest income

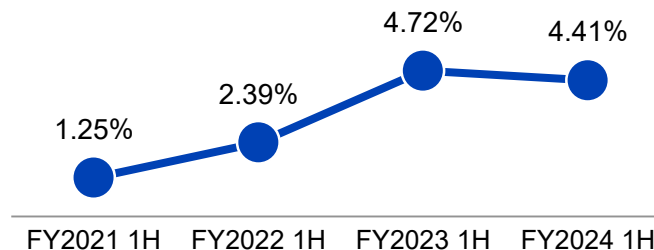


	Yen	Foreign currency
Change in interest on loans	+3.4 billion yen	+1.0 billion yen
Balance factors	+2.6 billion yen	+2.0 billion yen
Yield factors	+0.8 billion yen	-1.0 billion yen

## Trend in yields on loans



### Foreign currency



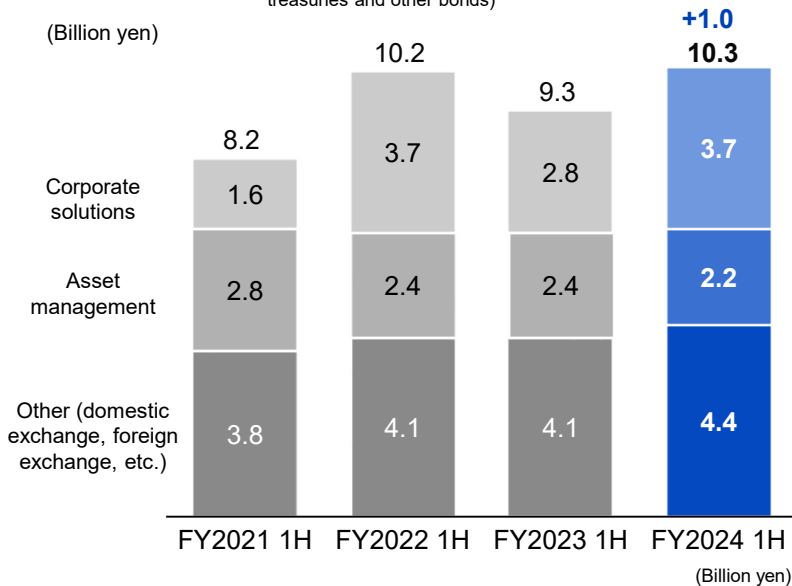
# Net non-interest income

Hirogin Holdings  
consolidated

Hiroshima Bank  
nonconsolidated

## Bank nonconsolidated: Net non-interest income

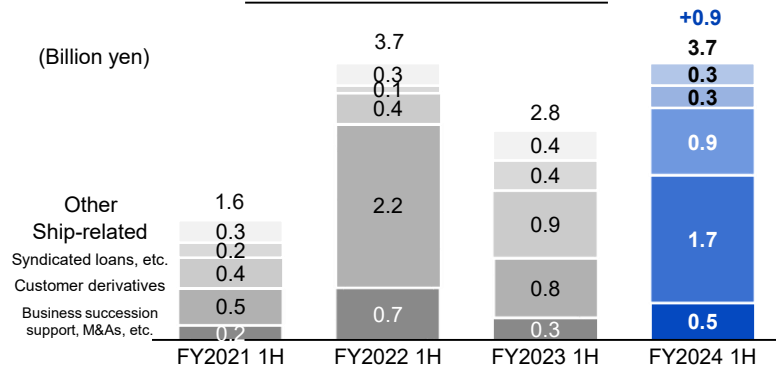
Net non-interest income = income on service transactions and other fees + income from specified transactions + other business income (not including gain/loss related to treasuries and other bonds)



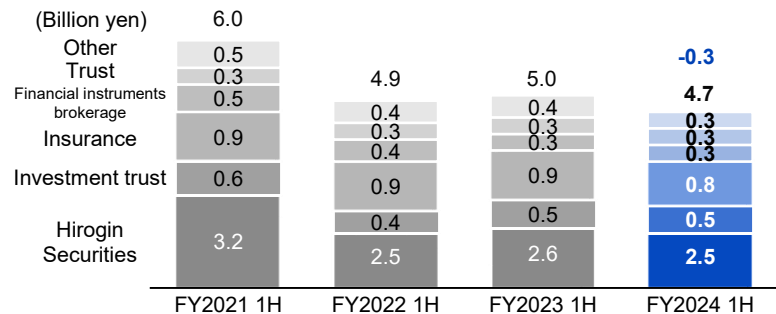
	FY2021 1H	FY2022 1H	FY2023 1H	FY2024 1H	YoY
Asset management (Hiroshima Bank + Hirogin Securities)	6.0	4.9	5.0	4.7	-0.3
Of which, Hiroshima Bank	2.8	2.4	2.4	2.2	- 0.2
Of which, Hirogin Securities*	3.2	2.5	2.6	2.5	-0.1

\* Net operating income (after deducting commissions paid to the Bank)

## Bank nonconsolidated: Breakdown of corporate solutions



## Hirogin Holdings consolidated: Breakdown of asset management (Hiroshima Bank + Hirogin Securities)



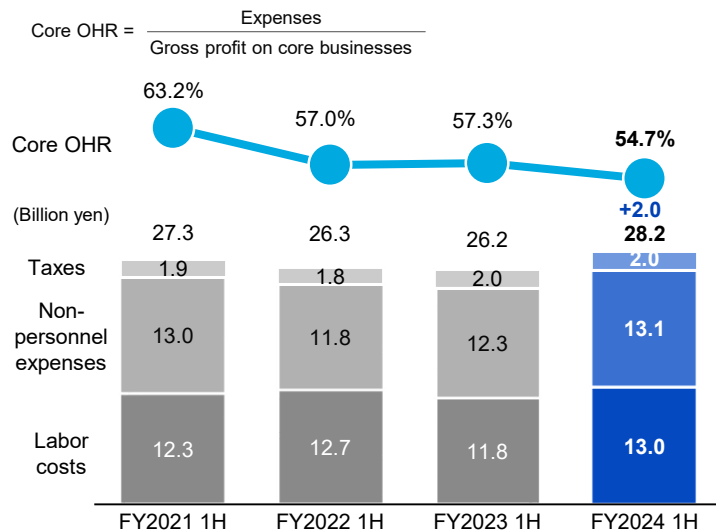
Share of stock revenues	15.0%	18.4%	18.0%	23.4%
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# Expenses, core OHR, net income

Hirogin Holdings  
consolidated

Hiroshima Bank  
nonconsolidated

## Expenses (excluding one-time disposal), core OHR

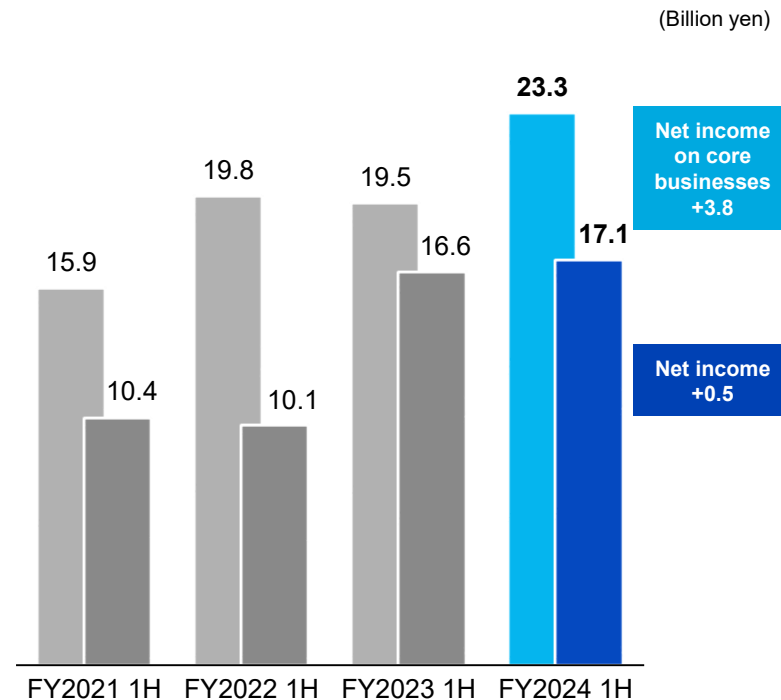


Reference: Main factors underlying changes in expenses

Labor costs	<b>+1.2 billion yen</b>	<ul style="list-style-type: none"> <li>Retirement benefit expenses: +0.6</li> <li>Bonuses (performance-linked, etc.): +0.3</li> <li>Salaries, allowances (wage increases, etc.): +0.2</li> </ul>
Non-personnel expenses	<b>+0.8 billion yen</b>	<ul style="list-style-type: none"> <li>Investments in growth (DX, HR development investment, etc.): +0.2</li> <li>Depreciation: +0.2</li> </ul>
Taxes	<b>+0 billion yen</b>	

**Total +2.0 billion yen**

## Net income on core businesses/net income

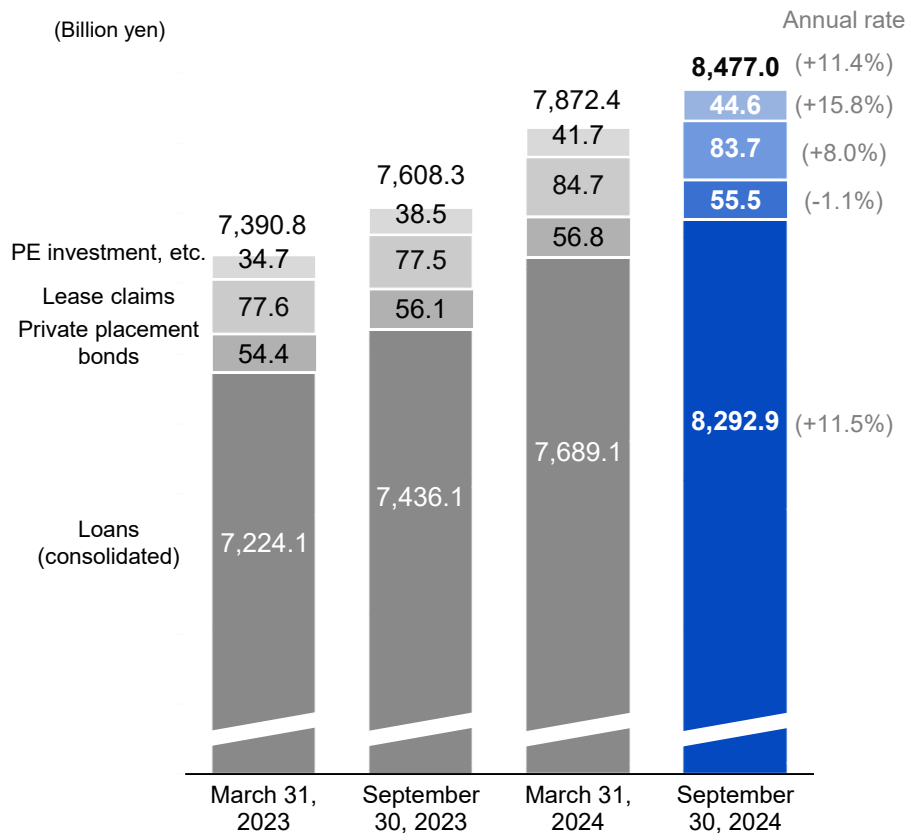


# Group total credit (ending balance), lending (ending balance)

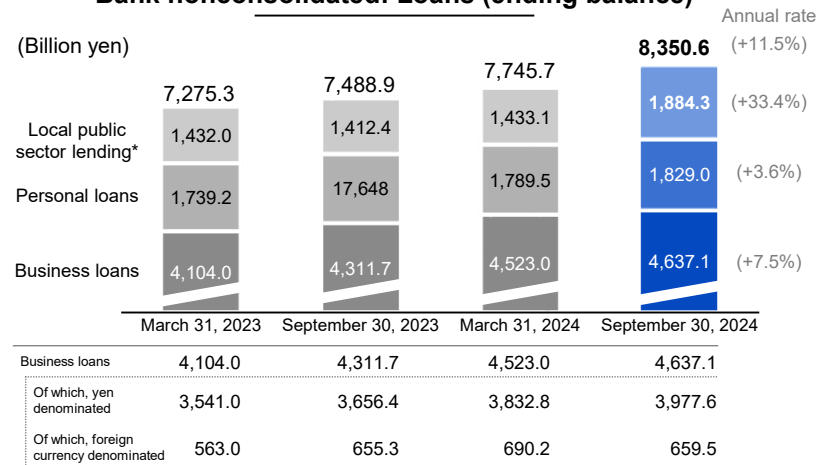
Hirogin Holdings  
consolidated

Hiroshima Bank  
nonconsolidated

## Hirogin Holdings consolidated: Group total credit (ending balance)



## Bank nonconsolidated: Loans (ending balance)



\* Local public sector loans: Loans to local public agencies, public corporations, and government

## Bank nonconsolidated: Breakdown of loans by region (ending balance)

(Billion yen)

	March 31, 2023	September 30, 2023	March 31, 2024	September 30, 2024	vs. Sept. 30, 2023	vs. Sept. 30, 2024
Balance of loans	7,275.3	7,488.9	7,745.7	8,350.6	861.7	604.9
Four local prefectures	5,484.0	5,666.4	5,815.9	5,876.6	210.2	60.7
Hiroshima Prefecture	4,296.5	4,424.4	4,519.7	4,587.4	163.0	67.7
Okayama Prefecture	356.1	356.9	372.1	373.6	16.7	1.5
Ehime Prefecture	598.6	658.7	688.7	677.4	18.7	-11.3
Yamaguchi Prefecture	232.8	226.4	235.4	238.0	11.6	2.6
Other regions	1,791.3	1,822.5	1,929.8	2,473.9	651.4	544.1
Of which, lending to government	783.5	753.2	785.5	1,235.3	482.1	449.8

# Total assets under management (Hiroshima Bank + Hirogin

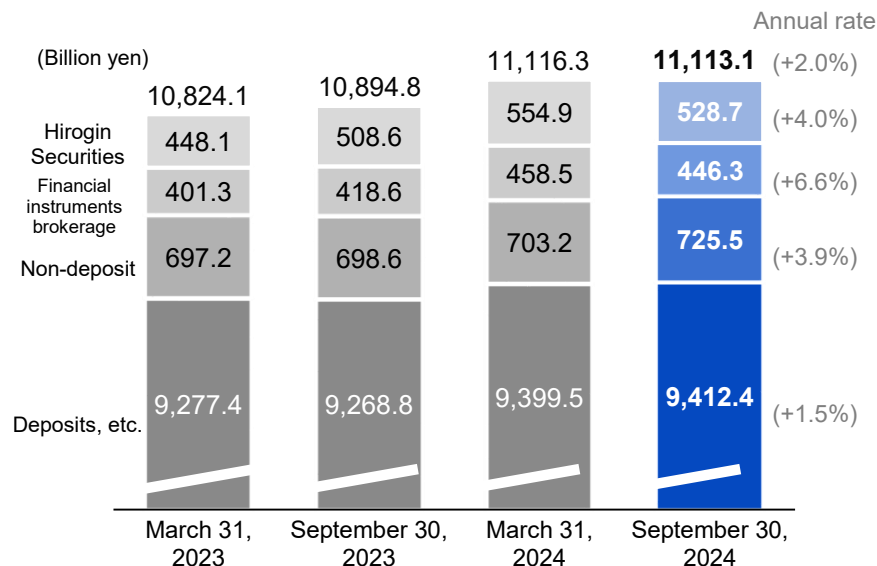
Hirogin Holdings  
consolidated

Hiroshima Bank  
nonconsolidated

## Securities,

## ending balance), deposits, etc. (ending balance)

Hirogin Holdings consolidated: Total assets under management  
(Hiroshima Bank + Hirogin Securities, ending balance)



\*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.

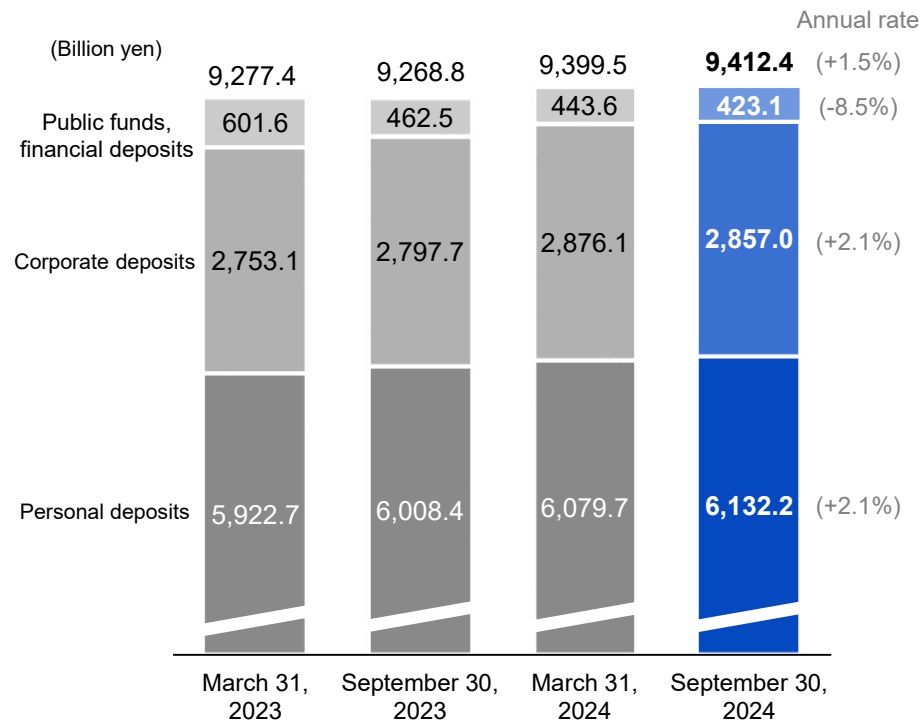
\*3 Excluding financial instruments brokerage through the Hirogin App. (Rakuten Securities, SBI Securities)

(Billion yen)

	March 31, 2023	September 30, 2023	March 31, 2024	September 30, 2024	vs. Sept. 30, 2024
Hirogin Securities balance (including financial instruments brokerage) *	842.5	923.5	1,022.0	985.0	-37.0
(Reference) Nikkei Average (yen)	2,804.1	3,185.8	4,036.9	3,792.0	-244.9

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

## Bank nonconsolidated: Deposits, etc. (ending balance)



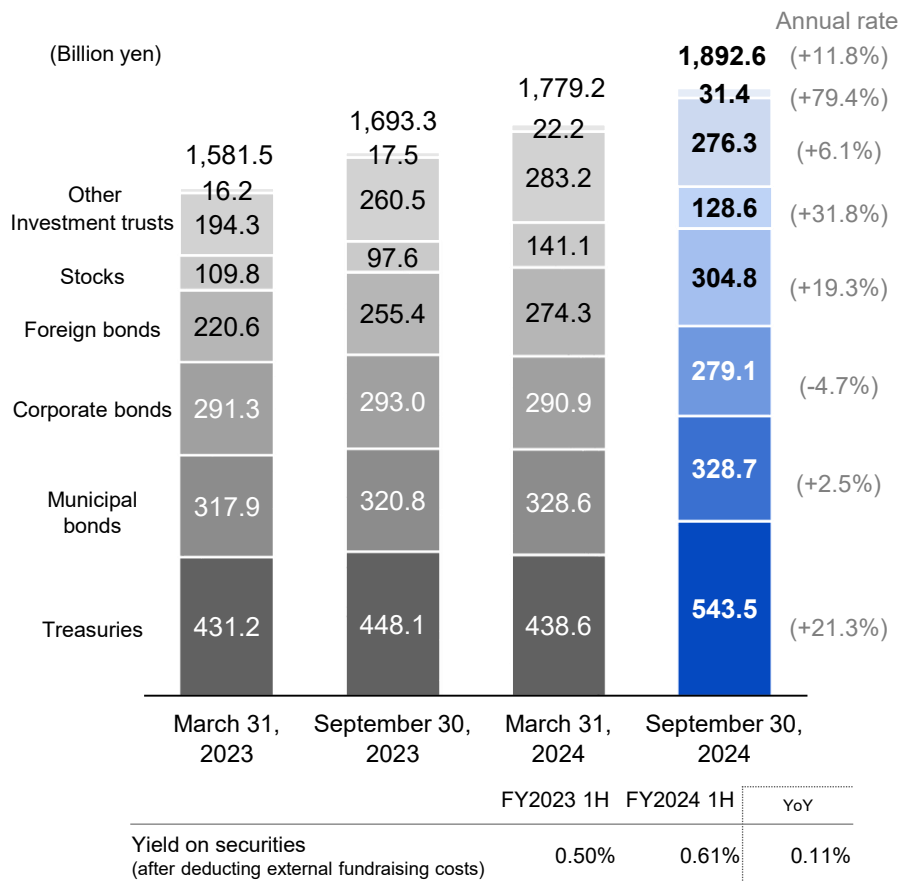
\* Deposits, etc. include negotiable deposits.

# Securities (ending balance), gain/loss on securities

Hirogin Holdings  
consolidated

Hiroshima Bank  
nonconsolidated

## Securities (ending balance)



## Gain/loss on securities

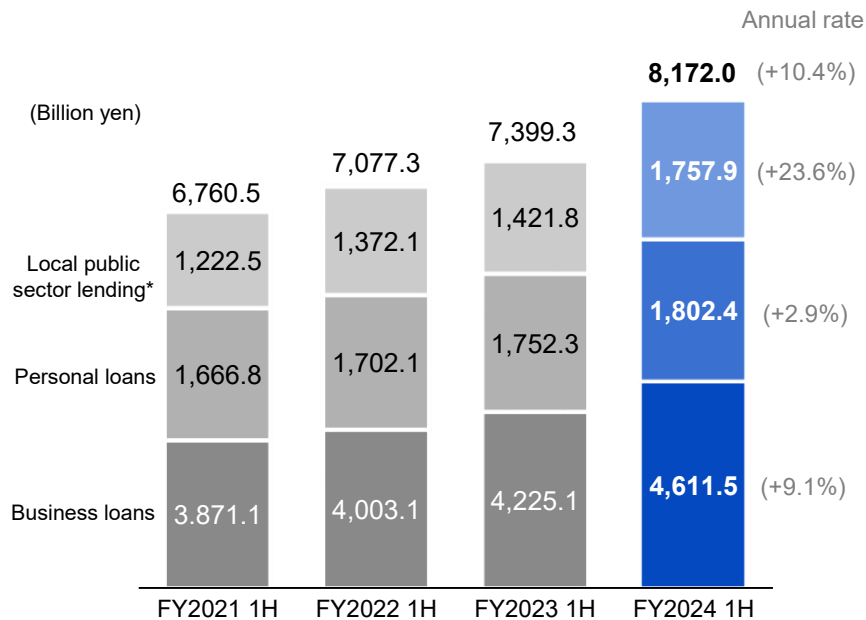
	(Billion yen)				
	March 31, 2023	September 30, 2023	March 31, 2024	September 30, 2024	vs. March 31, 2024
Held to maturity	0	-0.3	0	-0.2	-0.2
Bonds	0	-0.3	0	-0.2	-0.2
Other	-	-	-	-	-
Available-for-sale securities	-12.5	-24.0	33.4	25.7	-7.7
Bonds	-21.3	-36.7	-28.7	-31.5	-2.8
Treasuries	-14.0	-23.1	-16.9	-17.5	-0.6
Municipal bonds	-4.3	-7.6	-6.0	-6.9	-0.9
Corporate bonds	-3.0	-5.9	-5.7	-6.9	-1.2
Stocks	40.6	49.1	61.0	54.8	-6.2
Other	-31.8	-36.4	1.2	2.4	1.2
(Included) Foreign bonds	-22.4	-31.0	-20.6	-11.2	9.4
(Included) Investment trusts	-9.6	-5.6	21.6	12.6	-9.0
<b>Total</b>	<b>-12.5</b>	<b>-24.4</b>	<b>33.5</b>	<b>25.4</b>	<b>-8.1</b>

# Loans (average balance)

Hirogin Holdings  
consolidated

Hiroshima Bank  
nonconsolidated

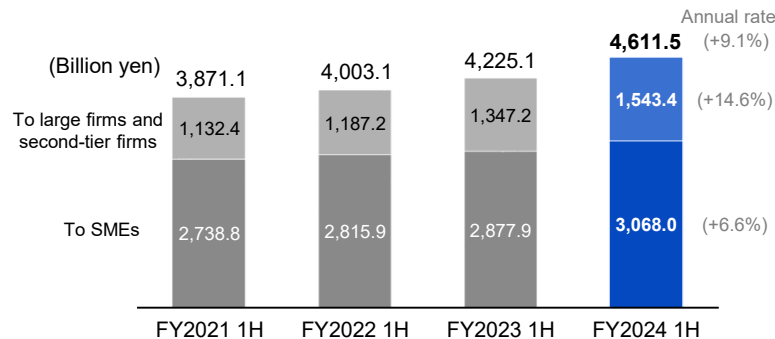
## Loans (average balance)



Business loans	3,871.1	4,003.1	4,225.1	4,611.5
Of which, yen denominated	3,444.5	3,484.8	3,613.9	3,911.8
Of which, foreign currency denominated	425.4	518.2	611.2	699.7

\* Local public sector loans: Loans to local public agencies, public corporations, and government

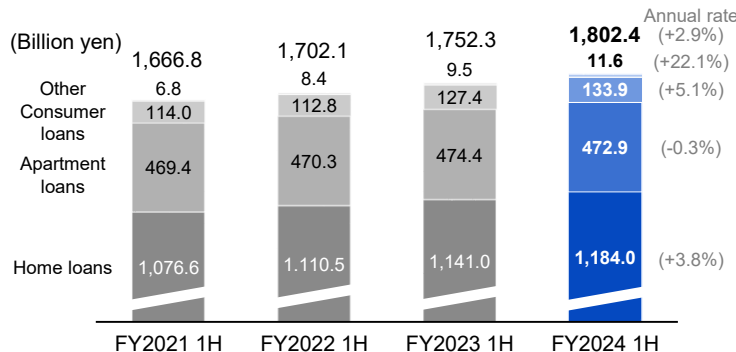
## Business loans (average balance)



Breakdown of interest rates  
on business loans  
(as of the end of March 2024)

Fixed interest rates	36%
Variable interest rates	64%
Short-term prime rates	25%
Market rates	39%

## Trends in balance of personal loans (average balance)



Breakdown of interest rates  
on business loans  
(as of the end of March 2024)

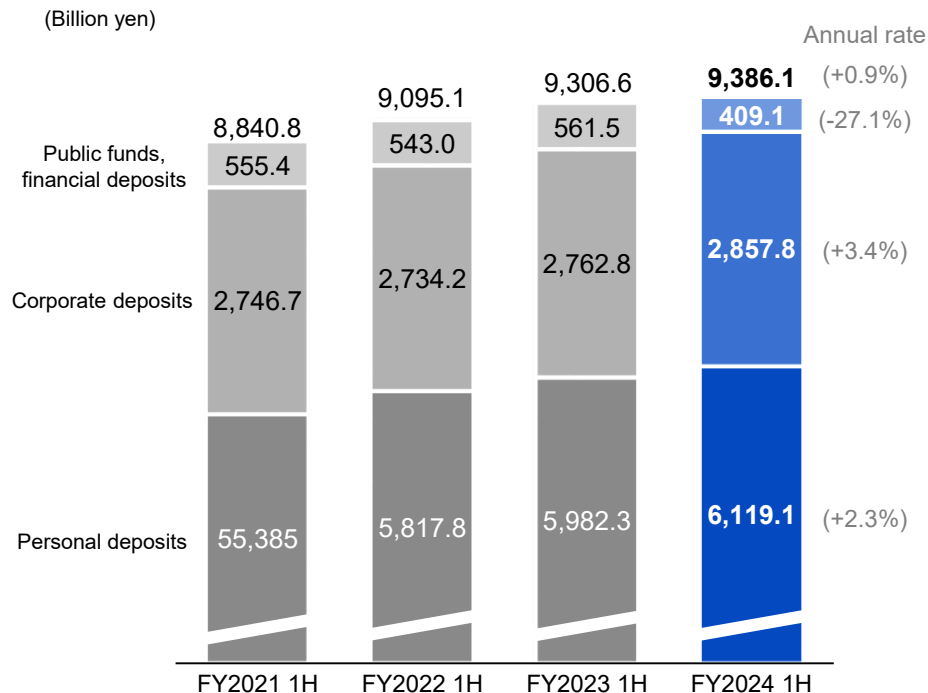
Fixed interest rates	32%
Variable interest rates	68%

# Deposits, etc. (average balance), securities (average balance)

Hirogin Holdings  
consolidated

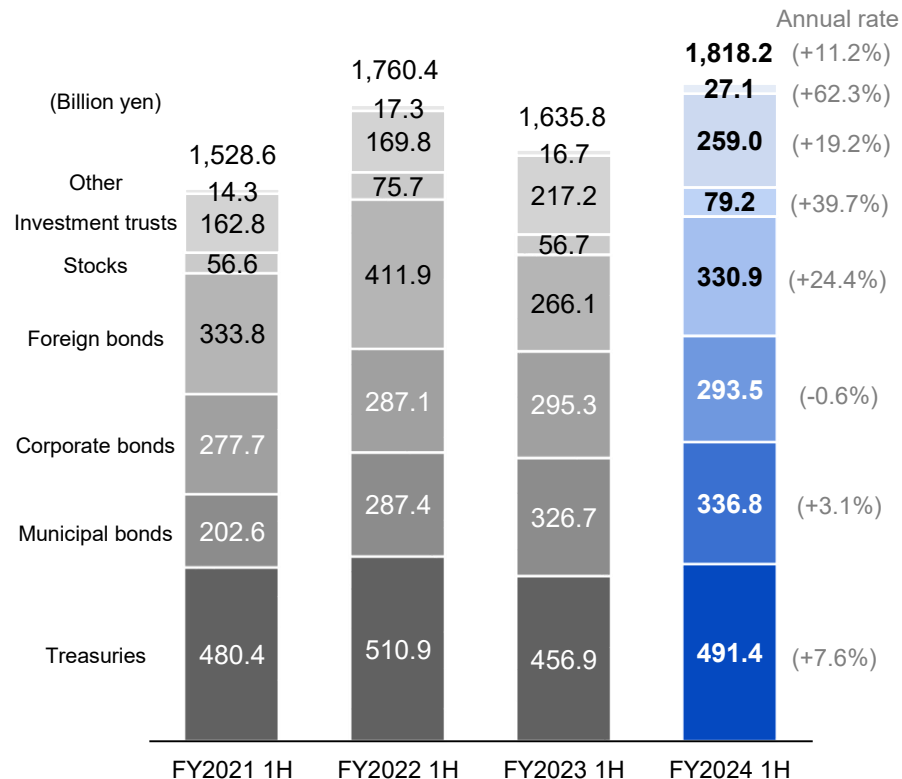
Hiroshima Bank  
nonconsolidated

## Deposits, etc. (average balance)

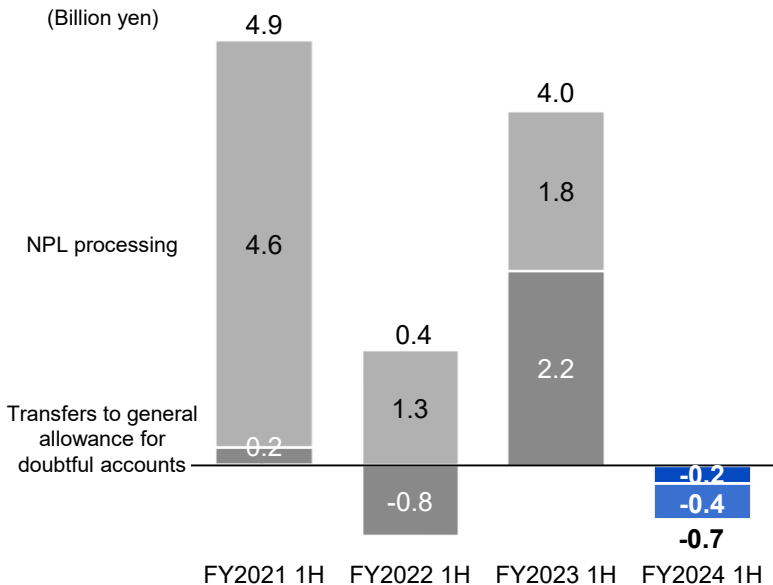


\* Deposits, etc. exclude negotiable deposits.

## Securities (average balance)



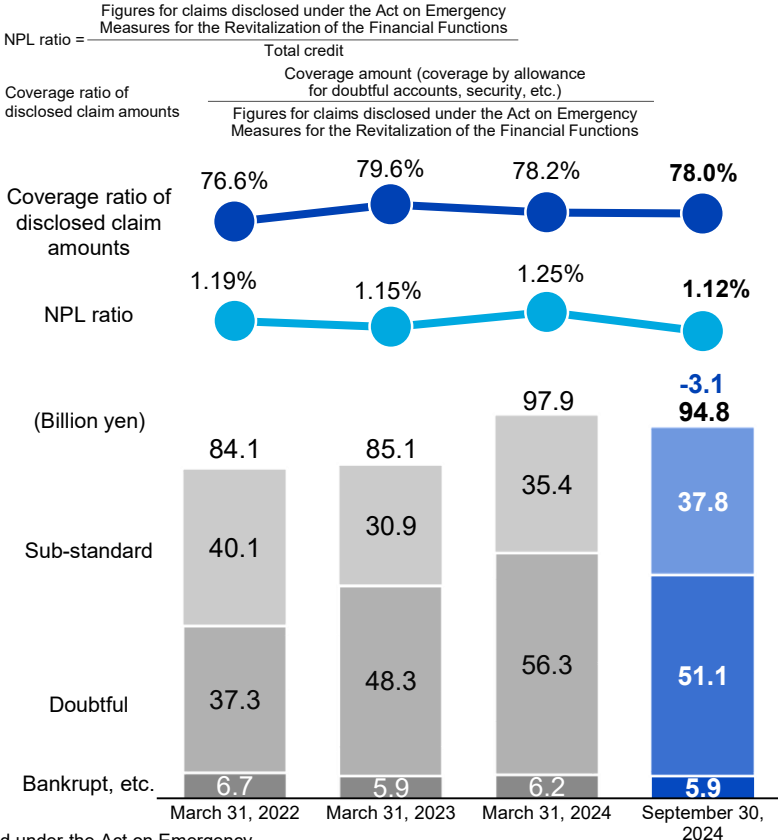
## Credit costs, credit cost ratio



	(Billion yen, %)			
	FY2021	FY2022	FY2023	FY2024 forecast
Credit costs	11.9	0.3	14.4	4.0
credit cost ratio *	0.17	0.00	0.18	0.04

\* Credit cost ratio = Credit costs ÷ Outstanding loan balance

## 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.

# Branding initiatives

- ▶ Clear statement of brand characteristics as an indicator intended to strengthen communication so that all stakeholders choose the Hirogin Group and to enable all Group employees to act with the brand in mind.
- ▶ The brand design has been updated to give the Hirogin Group a more inviting image.

**Purpose: To expand the horizons of the future alongside the regional community through wide-ranging services**

**Be Reliable**

Serving as a reliable presence customers and the entire region **can count on**

**Be Welcoming**

Serving as **a familiar and welcoming presence to all** those in the region

**Be Creative**

Serving as **a creative and appealing** organization that develops new and original solutions within the industry and the region

**Be Proactive**

Serving as **a proactive and vital** regional stimulus

**Always with Integrity**

**Acting with integrity at all times** in dealing with customers, the region, and colleagues

**This is the distinctive brand The Hirogin Group seeks to establish.**

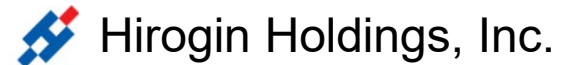
# Disclaimer

This document contains expectations, projections, plans, and other forward-looking statements concerning Hirogin Holdings, Inc. (“Company”) and its Group companies (“Group”). These statements are presented as the bases for forecasts as the time this document was prepared, based on information currently available to the Company. Certain assumptions were made in preparing such statements. These assumptions are by their nature subjective and may prove inaccurate or impractical due to numerous uncertainties and risks. For additional information on these assumptions, please refer to the Company’s summary financial statements, securities reports, and integrated reports. As described above, the forward-looking statements found in this document are current at the time the document was prepared (or as of other dates clearly identified). The Company is under no obligation and is not bound by policy to update this information. Information presented in this document concerning companies and other organizations other than the Company and the Group are drawn from published information and other sources. The Company has not verified and makes no guarantees regarding the accuracy or validity of such information.

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# **Overview of Financial Results for FY2024 1H**

## **– Company briefing materials –**

November 26, 2024



Hirogin Holdings, Inc.

## — Contents

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<b>II. Improving corporate value</b>	… p.10
<b>III. Performance projections</b>	… p.29
<b>IV. Conclusions</b>	… p.31
<b>Appendix</b>	… p.33

## Today's agenda

A blue circle with the text "Financial results" inside.

Financial results

FY2024 interim net income attributable to owners of the parent:  
**18.4 billion yen**

A blue circle with the text "Status of initiatives" inside.

Status of initiatives

In the first fiscal year of the Mid-Term Plan, various strategic initiatives are  
**proceeding according to plan.**

A blue circle with the text "Outlook" inside.

Outlook

We project both **record-high profits and returns to shareholders** for FY2024.

Hirogin Holdings | Overview of Financial Results for FY2024 1H 2

- FY2024 interim net income attributable to owners of the parent was strong at 18.4 billion yen.
- Various strategic initiatives are proceeding according to plan in the first fiscal year of the Mid-Term Plan.
- We project record-high profits and record-high returns to shareholders in FY2024.

## **I. Highlights of financial results for FY2024 1H**



# Overview of financial results for FY2024 1H

Interim net income attributable to owners of the parent grew by 1.8 billion yen to 18.4 billion yen.

## Summary of consolidated business performance

	(Billion yen)			
	FY2024 1H	YoY	(Change rate)	vs. Announced <sup>*2</sup>
Consolidated gross profit (excluding gain/loss related to treasuries and other bonds)	55.1	6.1	(12.5%)	
	1 57.5	7.2		
Net interest income	41.1	5.9		
Income on service transactions and other fees	12.5	0.8		
Income from specific transactions and other businesses (including gain/loss related to treasuries and other bonds)	1.4	-0.6		
	2 -2.4	-1.2		
Operating expenses (-)	3 31.5	3.0		
Credit costs (-)	4 -0.5	-4.8		
Gains/losses related to equities, etc.	5 1.9	-5.5		
Equity in earnings of affiliates	0	0		
Other	0.5	0.2		
Ordinary profit	26.5	2.6	(11.1%)	(6.5) 0.5
Extraordinary gains/losses	-0.2	-0.2		
Total income tax, etc. (-)	7.9	0.7		
Interim net income attributable to non-controlling interests (-)	0	0		
Interim net income attributable to owners of the parent	6 18.4	1.8	(10.7%)	(4.9) 0.4
(Ref.) Operating overhead ratio (*)	54.8%	-1.9%		

\*1: Operating overhead ratio = operating expenses / (consolidated gross profit/gain/loss from treasuries and other bonds)  
\*2: Comparisons to figures announced in "Notice of Revised Forecasts of Financial Results and Dividends (Increase in Dividends)" September 25, 2024  
Figures in parentheses are comparisons to figures announced at the beginning of the year (May 13, 2024).

## Key points of financial results for FY2024 1H

- 1 Consolidated gross profit (excluding gain/loss related to treasuries and other bonds)**
  - Various factors resulted in steady growth of core business revenue. These factors included an increasing balance of loans, primarily for regional borrowers, and higher interest on loans with rising interest rates in Japan.
- 2 Gain/loss related to treasuries and other bonds**
  - Low-yield bonds were disposed of while restructuring the securities portfolio to one that assures strong and stable earnings capabilities for the medium- to long-term.
- 3 Operating expenses**
  - Invested actively in human capital and in growth to strengthen management foundations.
- 4 Credit costs**
  - Posted reversal of allowance for doubtful accounts based on factors such as improved business performance of customers and recovery of major customers.
- 5 Gains/losses related to equities, etc.**
  - Decreased due to the absence of gain on sales of cross-shareholdings posted last year.
- 6 Interim net income attributable to owners of the parent**
  - Grew by 1.8 billion yen YoY to 18.4 billion yen.
  - This represents 53% of the projected figure for the full year (35.0 billion yen).

- Interim net income attributable to owners of the parent was up 1.8 billion yen YoY to 18.4 billion yen.  
(Up 400 million yen from the figure announced on September 25.)
- Key points of financial results for FY2024 1H:
- ① Consolidated gross profit not excluding gain/loss related to treasuries and other bonds**  
Revenues from core businesses, centered on net interest income, increased steadily thanks to factors including buildup of the balance of loans, chiefly through lending in the region, and higher interest on loans as a result of rising domestic interest rates. This resulted in a YoY increase of 7.2 billion yen.
  - ② Gain/loss related to treasuries and other bonds**  
As we proceed with trading of bonds to rebuild the securities portfolio into one capable of continually earning stable, higher returns from a medium- to long-term perspective, as called for in the Mid-Term Plan, we mainly sold off low-yield foreign-currency bonds, resulting in a decrease of 2.4 billion yen (down 1.2 billion yen YoY).
  - ③ Operating expenses**  
Under the Mid-Term Plan's policy of incurring costs to raise the top line, we actively invested in human capital and growth to enhance the management foundations, resulting in an increase of 3 billion yen YoY.
  - ④ Credit costs**
    - Credit costs were down 500 million yen due to recording of a reversal of allowances for doubtful accounts, reflecting improving borrower business conditions and collection of claims on major borrowers (down 4.8 billion yen YoY).
  - ⑤ Gains/losses related to equities etc.**  
While this figure was down 5.5 billion yen YoY due to the absence of gains on sale of cross shareholdings recorded last year, we continue to reduce cross shareholdings under the Mid-Term Plan, and the figure is 1.9 billion yen including these gains on sale

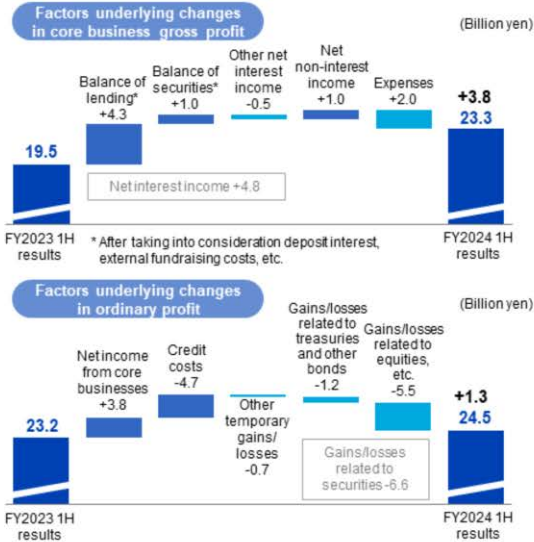
# Results for major Group companies: Bank

- ▶ Net income from our core businesses grew by 3.8 billion yen YoY, thanks to increases in the lending revenue-expenditure balance and the securities revenue-expenditure balance.
- ▶ Despite an overall decline in securities-related gains and losses, interim net income grew by 500 million yen YoY thanks in part to lower credit costs and to higher net income from our core businesses.

Hiroshima Bank summary results

	FY2024 1H	YoY	(Change rate)
Core business gross profit	51.6	5.9	(12.9%)
Net interest income	41.2	4.8	
Net non-interest income	10.3	1.0	
Corporate solutions	3.7	0.9	
Customer derivatives	1.7	0.9	
Asset management	2.2	-0.2	
Other (domestic exchange, foreign exchange, etc.)	4.4	0.3	
Expenses (excluding extraordinary disposal)	28.2	2.0	
Net income from core businesses	23.3	3.8	(19.8%)
Net income from core businesses (excluding gains/losses from cancellation of investment trusts)	23.3	3.8	(19.8%)
Gains/losses related to treasuries and other bonds	-2.4	-1.2	
Effective net income from business	20.9	2.7	(14.9%)
Credit costs	-0.7	-4.7	
Gains/losses related to equities, etc.	1.9	-5.5	
Other temporary gains/losses	0.9	-0.7	
Ordinary profit	24.5	1.3	(5.8%)
Extraordinary gains/losses	-0.1	-0.1	
Total income tax, etc.	7.2	0.8	
Interim net income	17.1	0.5	(2.8%)

Factors underlying changes in core business gross profit and ordinary profit



- Net interest income increased by 4.8 billion yen YoY thanks to improvements in the lending revenue-expenditure balance and securities revenue-expenditure balance after deducting interest on deposits, etc., and external fundraising costs, etc.
- In addition, corporate solutions performed well thanks to growth in derivatives contracts associated with higher customer demand for hedging; net non-interest income was up 1 billion yen YoY.
- As a result, core business revenues increased by 3.8 billion yen YoY to 23.3 billion yen.
- Despite a decline in securities-related gains and losses, the sum of gains and losses on treasuries and other bonds and gains and losses on equities (down 6.6 billion yen YoY), interim net income grew 500 million yen to 17.1 billion yen due to lower credit costs and growth in net income from core businesses.

# Results for major Group companies: Excluding Hiroshima Bank

- ▶ Overall results for financial consolidated subsidiaries increased steadily.
- ▶ While 1H results of nonfinancial consolidated subsidiaries were down YoY due to costs incurred in advance of their results, such as investments in growth, we project full-year profitability.

Financial consolidated subsidiary      Nonfinancial consolidated subsidiary

## Hirogin Securities

(Million yen)	FY2024 1H	YoY change
Gross income	2,369	-113
Ordinary profit	375	-110
Interim net income	246	-78

(Million yen)	FY2024 forecast	YoY change
Net income	526	-126

## Hirogin Lease

(Million yen)	FY2024 1H	YoY change
Gross income	1,440	226
Ordinary profit	804	232
Interim net income	548	157

(Million yen)	FY2024 forecast	YoY change
Net income	916	204

## Shimanami Servicer

(Million yen)	FY2024 1H	YoY change
Gross income	384	127
Ordinary profit	31	122
Interim net income	13	84

(Million yen)	FY2024 forecast	YoY change
Net income	116	75

## Hirogin Capital Partners

(Million yen)	FY2024 1H	YoY change
Gross income	82	11
Ordinary profit	4	-17
Interim net income	2	-12

(Million yen)	FY2024 forecast	YoY change
Net income	49	446

## Hirogin Credit Service\*

(Million yen)	FY2024 1H	YoY change
Gross income	1,956	132
Ordinary profit	961	103
Interim net income	628	67

(Million yen)	FY2024 forecast	YoY change
Net income	1,184	-35

## Hirogin Human Resources

(Million yen)	FY2024 1H	YoY change
Gross income	140	8
Ordinary profit	-29	-45
Interim net income	-27	-36

(Million yen)	FY2024 forecast	YoY change
Net income	21	-20

## Hirogin IT Solutions

(Million yen)	FY2024 1H	YoY change
Gross income	422	-127
Ordinary profit	-49	-175
Interim net income	-30	-113

(Million yen)	FY2024 forecast	YoY change
Net income	106	-157

## Hirogin Area Design

(Million yen)	FY2024 1H	YoY change
Gross income	15	-74
Ordinary profit	-85	-69
Interim net income	-92	-81

(Million yen)	FY2024 forecast	YoY change
Net income	18	-40

Hirogin Holdings | Overview of Financial Results for FY2024 1H 6

- Despite lower profits at the midway point in the year at some Group companies due to the cost of investment in human capital and forward-looking investment in growth intended to strengthen management foundations, all Group companies in FY2024 are projected to be in the black on a full-year basis.

# Results for major Group companies: Excluding Hiroshima Bank

➤ Both financial and nonfinancial subsidiaries made steady progress on growing their lines of business and advancing solutions.

Group companies		Results since the migration to a holding company structure (October 2020)		
Financial consolidated subsidiaries	Hirogin Securities	Balance of assets under management	Sept. 30, 2020 713.1 billion yen	Sept. 30, 2024 985.0 billion yen (.271.9 billion yen)
	Hirogin Lease	Number of customers	Sept. 30, 2020 6,158 customers	Sept. 30, 2024 6,436 customers (.278 customers)
	Hirogin Capital Partners	Amount invested (* total of fund and principal investment)	Sept. 30, 2020 100 million yen	Sept. 30, 2024 4.6 billion yen (.4.5 billion yen)
	Hirogin Credit Service	Balance of guarantees	Sept. 30, 2020 874.5 billion yen	Sept. 30, 2024 1,237 trillion yen (.149.2 billion yen)
	Shimanami Servicer	Balance of purchased claims	Sept. 30, 2020 1.4 billion yen	Sept. 30, 2024 2.1 billion yen (.700 million yen)
Nonfinancial consolidated subsidiaries	Hirogin Human Resources (Established in April 2021)	Number of companies with whom consulting contracts concluded	Cumulative since April 2021	Sept. 30, 2024 128 companies
	Hirogin IT Solutions (Made subsidiary in January 2021)	Number of contracts concluded	Cumulative since January 2021	Sept. 30, 2024 609 contracts
	Hirogin Area Design (Established in April 2021)	Orders received	Cumulative since April 2021	Sept. 30, 2024 98 contracts

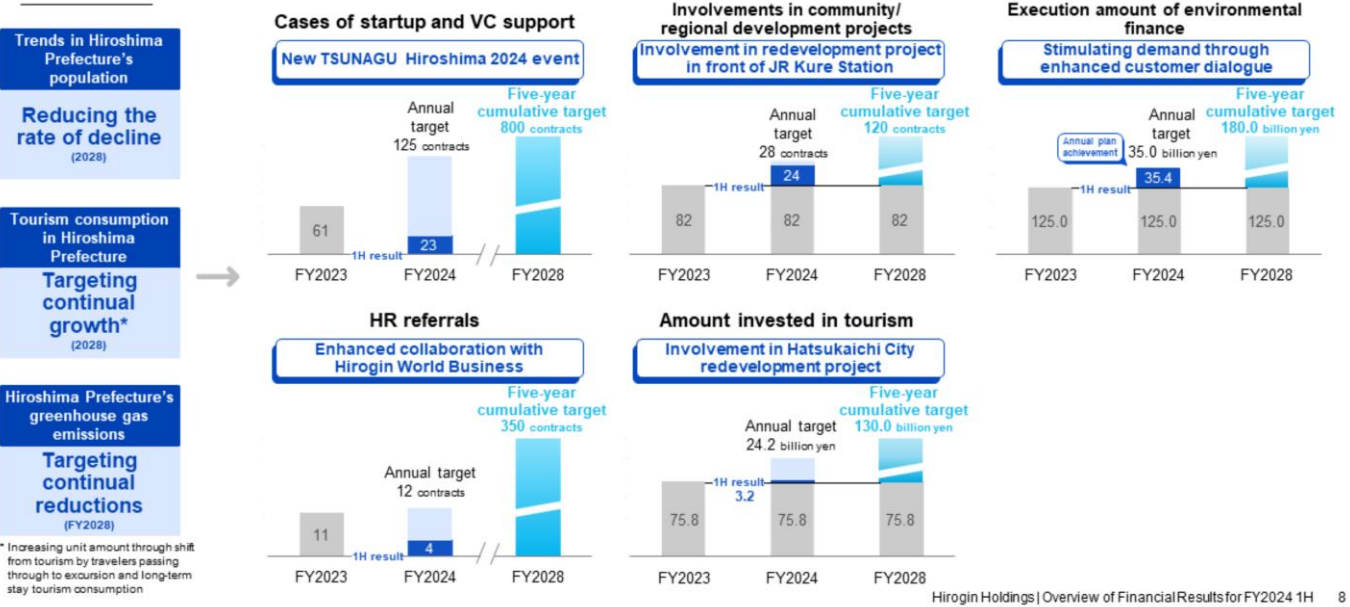
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- The balance of guarantees at Hirogin Credit Service, formed in April 2023 with the merger of Hirogin Card Service and Hirogin Securities, has surpassed the 1 trillion yen milestone for the first time in its history, including before the merger.
- The balance of assets under management at Hirogin Securities also is growing steadily.
- Both financial and nonfinancial subsidiaries are showing steady improvements, as the Group’s customer base continues to broaden.

Mid-Term Plan 2024: Progress of KPIs for regional revitalization and business performance

We plan to implement various strategies to achieve the regional revitalization KPIs of Mid-Term Plan 2024.

KPIs for regional revitalization

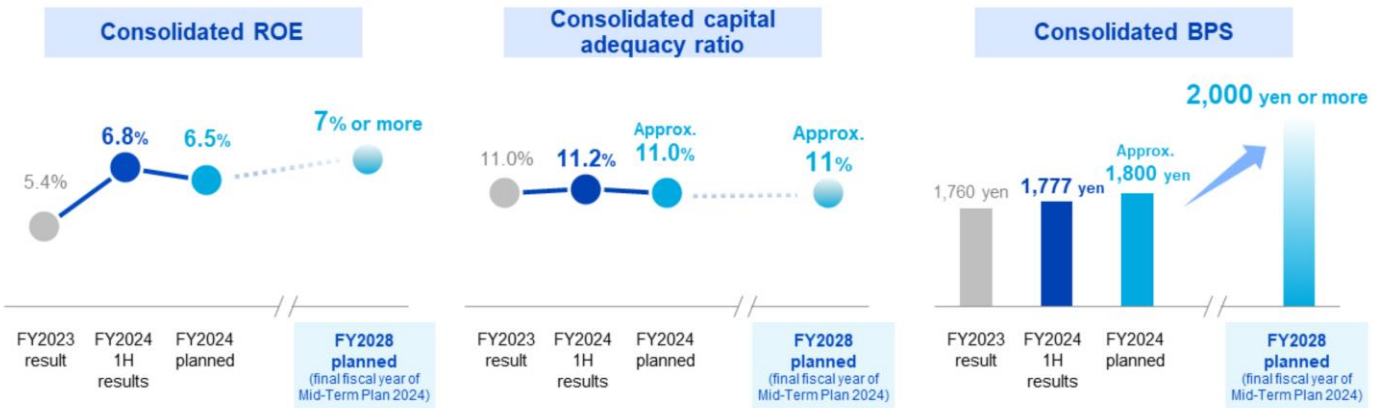


- This slide shows the progress of Group efforts targeting KPIs for regional revitalization.
- For startup and VC support, we held TSUNAGU Hiroshima 2024, a matching event to connect firms in Hiroshima Prefecture with startups, on November 19-20. (This event attracted 126 exhibitor firms and 3,400 attendees.)
- For involvement in community/regional development projects, we moved further upstream with involvement in community development. Efforts included participation in the redevelopment project for the area in front of JR Kure Station, alongside Group companies, outside alliance partners, and government agencies.
- For environmental finance, we achieved our plans for FY2024 while promoting customer engagement.
- For HR referrals, we will refer to local customer firms human resources returning or moving to the region from urban areas, chiefly through Hirogin Human Resources.
- Through investments to further tourism, we will support the creation of new value in the region through studies, networking to attract MICE business, and stronger joint efforts with government agencies and core local enterprises.

Mid-Term Plan 2024: Progress of KPIs for regional revitalization and business performance

➤ Steady progress on Group business performance KPIs toward the targets for the final fiscal year of Mid-Term Plan 2024

Group business performance KPIs (FY2028)



➤ We are making steady progress on the business performance KPIs identified in Mid-Term Plan 2024.

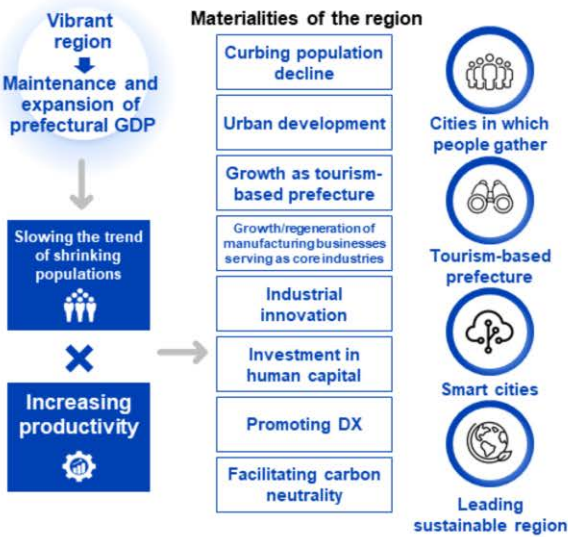
## II. Improving corporate value



# Overview of Mid-Term Plan 2024: Regional and Group vision

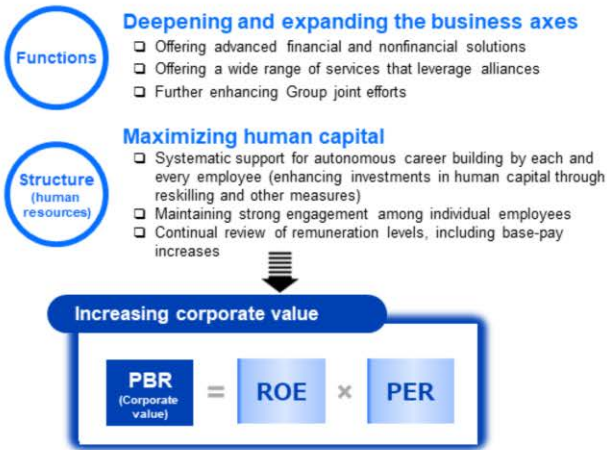
- ▶ Mid-Term Plan 2024 identifies clear regional materialities for realizing vibrant region (maintenance and expansion of prefectural GDP). The Group will demonstrate an overwhelming presence in the region through efforts to identify solutions to these issues.
- ▶ The Group will strengthen its corporate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

# 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

	FY2023 result	FY2024 1H results			Targets for FY2028, the final fiscal year of Mid-Term Plan 2024
<b>PBR</b> (corporate value)	0.61 times	0.63 times	$\frac{\text{Market capitalization}}{\text{Net assets}} = \frac{339.3 \text{ billion yen}}{538.0 \text{ billion yen}}$	➡	Approx. 1 time
<b>ROE</b>	5.4%	6.8%	$\frac{\text{Net income}}{\text{Net assets (balance)}} = \frac{18.4 \text{ billion yen}}{536.3 \text{ billion yen}}$		Approx. 7.5%
<b>RORA</b>	0.7%	0.9%	$\frac{\text{Net income}}{\text{Risk assets}} = \frac{18.4 \text{ billion yen}}{3.9899 \text{ trillion yen}}$	Improving RORA p. 13-21	Approx. 1%
<b>Financial leverage</b>	7.4 times	7.4 times	$\frac{\text{Risk assets}}{\text{Net assets}} = \frac{3.9899 \text{ trillion yen}}{538.0 \text{ billion yen}}$	Controlling financial leverage p. 22-24	Approx. 8 times
<b>PER</b>	12.1 times	9.2 times	$\frac{\text{Market capitalization}}{\text{Interim net income}} = \frac{339.3 \text{ billion yen}}{18.4 \text{ billion yen}}$	Nonfinancial strategies p. 25-28	Approx. 13 times

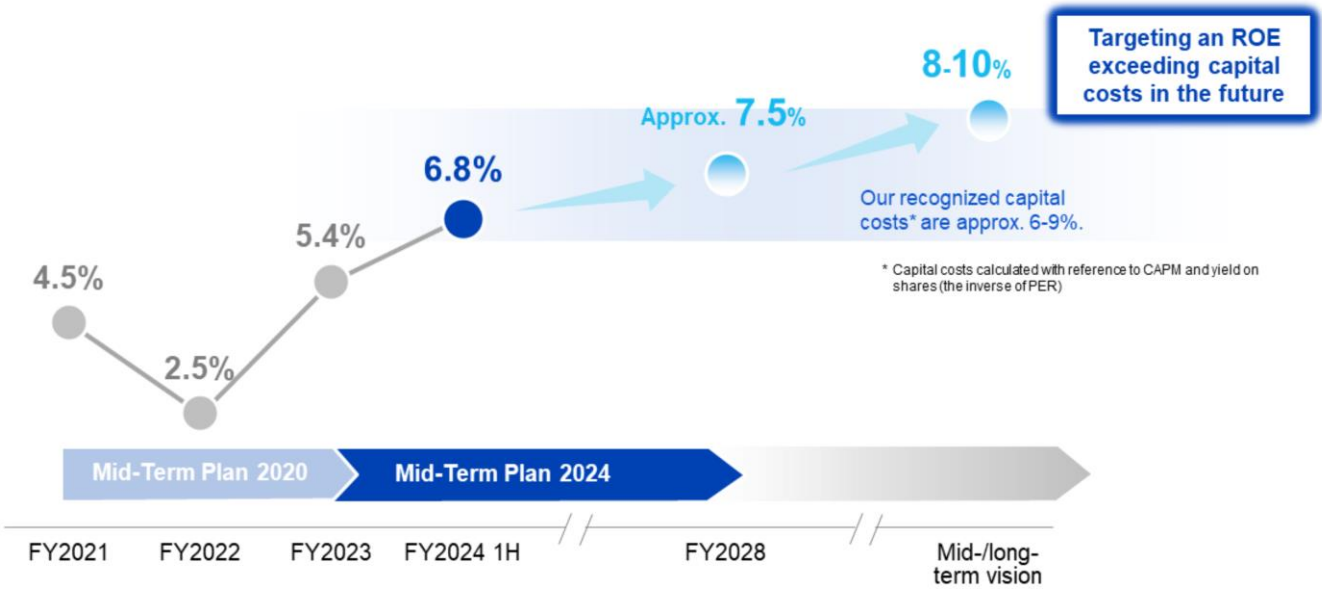
Note: FY2024 1H results are calculated by converting interim net income attributable to owners of the parent to a full-year figure.

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- To increase PBR (corporate value), we will increase ROE to 7.5%.
- We will strengthen efforts to improve RORA and control financial leverage.
- We will also strengthen nonfinancial strategies to improve ROE.

# Mid-/long-term ROE targets

▶ 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.



➤ To strengthen corporate value, we will target an ROE of 7.5% in the final fiscal year of Mid-Term Plan 2024 and of 8-10%, a level that would exceed the cost of capital, at some point in the future.

Efforts in priority areas to improve RORA

▶ We plan to improve RORA to 1% and achieve a PBR of 1 through strategies in each of the priority areas of the regional development business; ship finance; corporate solutions; wealth management; and securities asset management, ALM

Deploying businesses that draw on the Group's strengths

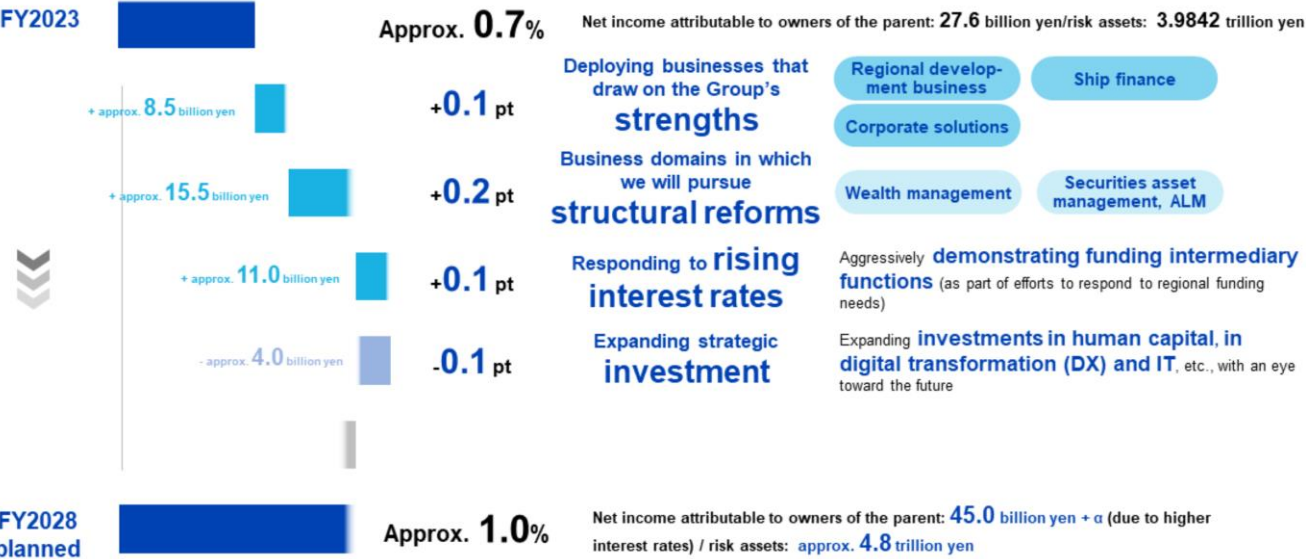


Strategies

- ❑ Establishing the Structured Finance Office (Hiroshima Bank) (April 2024)
- ❑ Participating in redevelopment project in front of JR Kure Station and Hatsukaichi City redevelopment project, centered on Hirogin Area Design
- ❑ Enhancing support for overseas expansion and finance, in collaboration with Hirogin Global Consulting (Singapore subsidiary; established in January 2024)
- ❑ Enhancing support for customer carbon-neutral initiatives related to the shipbuilding and sea shipping industries
- ❑ Establishing the new HiCAP5 fund (subsidiary investment fund) to meet the equity needs of customer firms
- ❑ Holding the new TSUNAGU Hiroshima 2024 matching event to support the launch of startups (November 2024)
- ❑ Achieving more effective customer service through the consolidation of consulting advisors at core offices (structure revised in April 2024)
- ❑ Expanding points of contact with retail customers by establishing the Hirogin Life Consulting Plaza (November 2024) and by supporting regional seminars, etc.
- ❑ Restructuring the asset portfolio by disposing of poorly performing investment trusts, etc. and purchasing more profitable equities, etc.
- ❑ Diversifying ALM strategies using interest rate swaps while accounting for market conditions and risk-taking conditions

- We have identified the regional development business, ship finance, and corporate solutions as the priority areas for business deployment through utilization of Group strengths. In addition, we have identified wealth management and securities asset management, and ALM as business domains in which the Group can promote structural reforms to issues it faces.
- We will improve RORA by steadily implementing strategies in each of these priority areas.
- In the regional development business, we are participating in the redevelopment project for the area in front of JR Kure Station and the Hatsukaichi City redevelopment project, centered on Hirogin Area Design.
- In ship finance, we are enhancing efforts to support overseas expansion by customers and customer financing, in partnership with Hirogin Global Consulting.
- In corporate solutions, we held the TSUNAGU Hiroshima 2024 matching event to support the launch of startups on November 19-20. (The event attracted 126 exhibitor firms and 3,400 attendees.)

▶ Improving RORA by deploying businesses that draw on the Group's strengths and implementing structural reforms under Mid-Term Plan 2024



Note: The changes in RORA for each item assume a BoJ policy interest rate of 0.25%, without accounting for expenses.

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- To increase PBR (corporate value), we will improve RORA in priority areas.
- RORA in FY2023 was about 0.7%.
- We will seek to achieve a RORA of about 1.0% in FY2028, the final fiscal year of Mid-Term Plan 2024, by achieving an improvement of 0.3 pt. in priority areas and 0.1 pt. based on our response to interest rate hikes.

# Efforts in priority areas to improve RORA

► Strengthening revenues in priority fields based on the steady investment of management resources

	FY2024 forecasts				FY2028 (final fiscal year of Mid-Term Plan 2024)				
	Investment of management resources		Revenues		Investment of management resources			Revenues	
	Risk assets (vs. FY2023)	Human resource assigned (vs. FY2023)	Revenues (vs. FY2023) * Interim results	RORA Interim results	Risk assets (vs. FY2023)	Human resource assigned (vs. FY2023)	Human capital investment	Revenues (vs. FY2023)	RORA Interim results
Regional development business	53.0 billion yen (+ approx. 10.0 billion yen)	37 persons (+4 persons)	2.4 billion yen (+400 million yen) * 1.2 billion yen	2.0%	80.0 billion yen (+ approx. 37.0 billion yen)	48 persons (+15 persons)	100 million yen	Approx. 3.5 billion yen (+ approx. 1.5 billion yen)	Approx. 1.9% (+ approx. 0.2%)
Ship finance	590.0 billion yen (+ approx. 20.0 billion yen)	35 persons (+4 persons)	11.4 billion yen (+1.1 billion yen) * 5.3 billion yen	1.6%	670.0 billion yen (+ approx. 100.0 billion yen)	43 persons (+12 persons)	30 million yen	Approx. 12.0 billion yen (+ approx. 2.0 billion yen)	Approx. 1.7% (+ approx. 0.1%)
Corporate solutions	40.0 billion yen (+ approx. 20.0 billion yen)	93 persons (+21 persons)	8.7 billion yen (+1.4 billion yen) * 3.7 billion yen	—	160.0 billion yen (+ approx. 140.0 billion yen)	160 persons (+88 persons)	280 million yen	Approx. 12.0 billion yen (+ approx. 5.0 billion yen)	—
Wealth management	—	—	9.7 billion yen (-800 million yen) * 4.7 billion yen	—	—	120 persons (no additional employees)	70 million yen	Approx. 11.5 billion yen (+ approx. 1.0 billion yen)	—
Securities asset management, ALM	720.0 billion yen (+ approx. 50.0 billion yen)	47 persons (+2 persons)	11.6 billion yen (+4.0 billion yen) * 5.5 billion yen	1.3%	720.0 billion yen (+ approx. 50.0 billion yen)	52 persons (+7 persons)	80 million yen	Approx. 22.0 billion yen (+ approx. 14.5 billion yen)	Approx. 1.8% (+ approx. 0.8%)

Notes: Human capital investment represents FY2023-2028 five-year cumulative total.  
Corporate solutions revenue include revenue related to the equity business.  
Securities asset management, ALM revenues are based on net interest income.  
RORA does not account for expenses.

- We will invest significant management resources (risk assets and human resources) in priority areas, targeting a total of 61 billion yen, up 23 billion yen from FY2023.
- We invested management resources in the first fiscal year of the Mid-Term Plan. Recent results show steady progress.

Efforts in priority areas to improve RORA: Securities asset management		Improving RORA	Controlling financial leverage	Nonfinancial strategies
▶ Restructuring the securities portfolio to one that assures strong and stable earnings capabilities for the medium- to long-term				
Issues to date		Responses to issues		
Overall policy		Asset management based on a perspective that fails to account for medium- to long-term perspectives		
Portfolio	Yen bonds	<ul style="list-style-type: none"> <li>Long duration, low yields</li> <li>Balances concentrated on specific durations</li> </ul>		
	Foreign bonds	<ul style="list-style-type: none"> <li>Remaining presence of fixed-term bonds with negative spreads</li> </ul>		
	Stocks, investment trusts, etc.	<ul style="list-style-type: none"> <li>Purpose of investments in stock assets (individual stocks, ETFs, etc.) unclear</li> <li>Remaining presence of poor-performing issues</li> </ul>		
Approaches to asset management	Stance	<ul style="list-style-type: none"> <li>Focus on securing immediate returns, with no clear investment policy</li> <li>Focus mainly on achievement of single-year plans (only single-year investment plans formulated)</li> </ul>		
	Structure, human capital	<ul style="list-style-type: none"> <li>Inadequate efforts to develop human resources for markets</li> <li>Funds and securities sections include middle office functions.</li> </ul>		
	Governance	<ul style="list-style-type: none"> <li>Failure of capital allocation to account for medium- to long-term perspectives</li> <li>Insufficient information provided to management on issues related to securities asset management</li> </ul>		
		Restructuring the securities portfolio to one that assures strong and stable earnings capabilities for the medium- to long-term <ul style="list-style-type: none"> <li>Shortening durations and restructuring the portfolio to one with a balance of individual durations</li> <li>Investing in asset swaps linked to yields when policy interest rates rise</li> <li>Eliminating balance with negative spreads (low yields)</li> <li>Shifting toward variable rate bonds whose returns are less susceptible to fluctuations in fundraising costs</li> <li>While disposing of poor-performing issues, actively striving to make purposes of investment, such as receipt of dividends or unrealized gains, clear</li> <li>Practicing investment with risk scenarios in mind, while focusing mainly on investment to secure stable, continually high earning abilities from a medium- to long-term perspective</li> <li>Multi-year investment plans (formulated for three years, based on market scenarios)</li> <li>Strategic assignment of human resources and active dispatch to external firms * Increase of seven in human resources (from 45 to 52); investment in development: 150 million yen or more (during Mid-Term Plan)</li> <li>Separating and making a middle office independent to strengthen risk management structure</li> <li>Sharing with management information regarding capital allocation for portfolio restructuring</li> <li>Improving means of providing information to management</li> </ul>		

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- In the securities asset management field, we have to date prioritized assuming credit risks in the regional lending business. The allocation of risk assets to securities has been limited.
- To strengthen risk management following the 2008 global financial crisis, asset management focused on interest rate risk, with a heavy emphasis on liquidity and stability.
- We realize that due to this focus on short-term trading to secure revenues under specific credit conditions, our portfolio encountered difficulty in securing stable and sustained earnings.
- We will address this issue by restructuring the portfolio to one capable of ensuring stable and sustained high earnings from a medium- to long-term perspective.

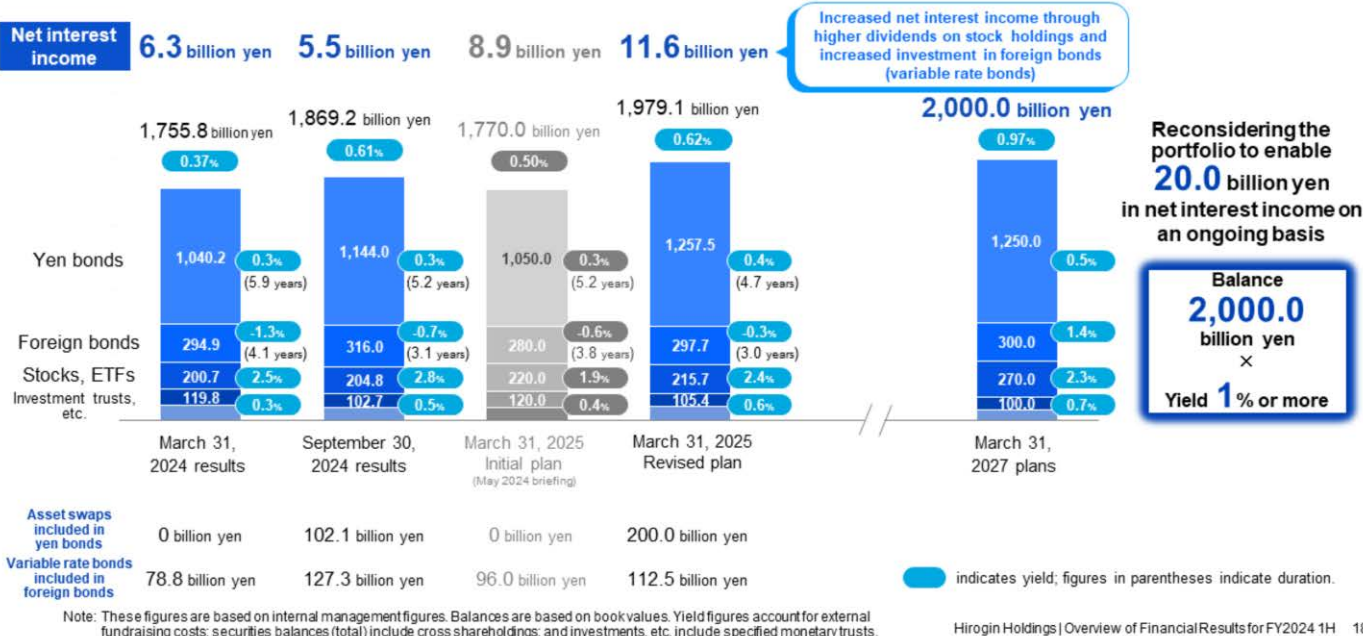
Priority areas to improve RORA:  
Securities asset management

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



- In the securities field, we will take a more aggressive approach to risks than before, striving to build a portfolio with a balance of 2 trillion yen and a yield of 1% after deducting fundraising costs in the final fiscal year of the Mid-Term Plan.
- We will diversify our ALM strategy by disposing of poorly performing investment trusts and replacing them with more profitable equities and using interest rate swaps in accordance with the market environment and risk-taking conditions.

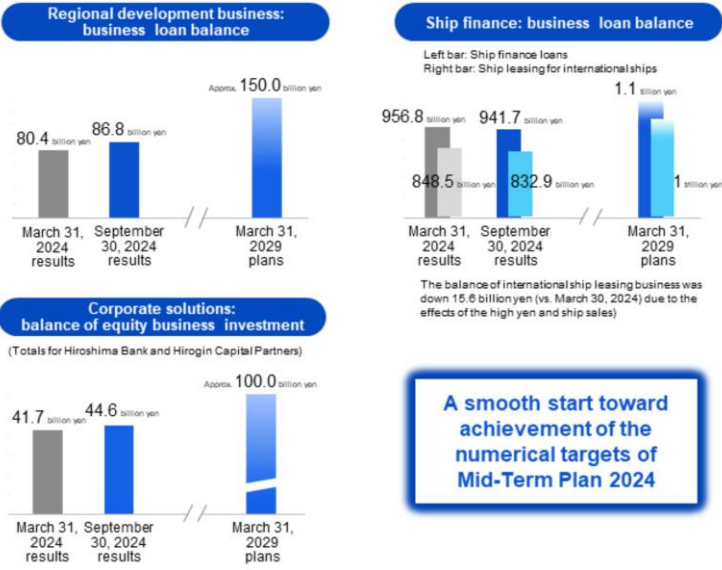
RORA trends

Yen bonds Foreign bonds



Note: RORA does not account for expenses.  
Interest rates on loans are based on spreads. Securities are calculated based on interest and dividends received.

Figures for priority areas



A smooth start toward achievement of the numerical targets of Mid-Term Plan 2024

# Responding to rising interest rates

▶ Building up earnings through appropriate pricing reflecting rising policy interest rates in Japan

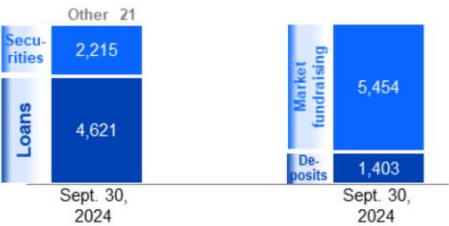
## Japanese yen balance sheet

(Billion yen)



## Foreign currency balance sheet

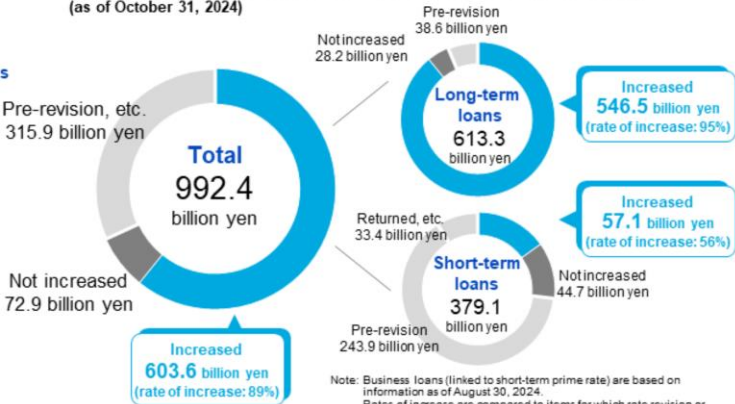
(USD million)



## Increases in the short-term prime rate

	Before	After increase (in September 1, 2024)	Increase
Short-term prime rate	1.975%	2.125%	+0.150%

## Balance of business loans (linked to short-term prime rate) (as of October 31, 2024)



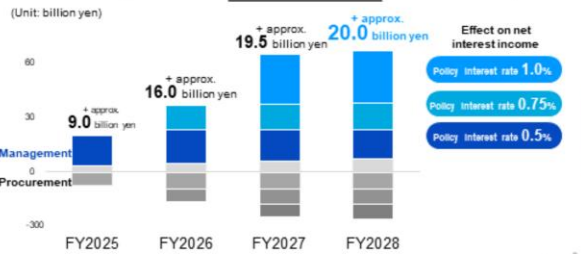
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- ▶ Since the shares of both deposits and loans with fixed interest rates are expected to grow with future yen interest rate hikes, we will control interest rate risk dynamically while focusing on structural changes in the balance sheet.
- ▶ For foreign currency, we will control the foreign currency balance sheet based on stability and profitability. We will consider expanding the foreign currency balance sheet in light of the leeway for raising foreign currency funds.
- ▶ With the short-term prime rate hike in September, rates have climbed for around 90% of the balance of commercial loans linked to short-term prime rates. This is contributing to higher net interest income.

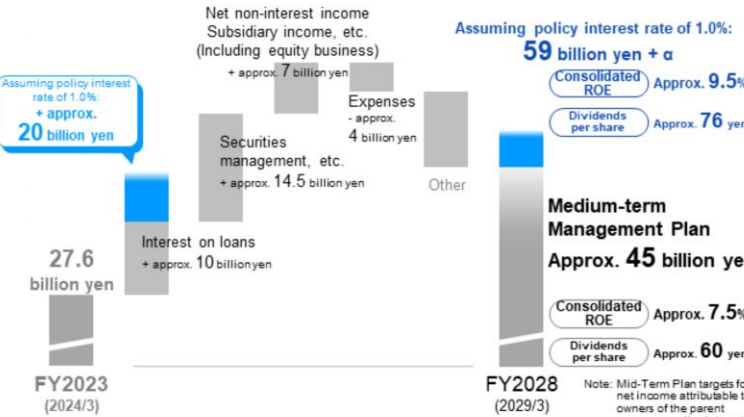
Responding to rising interest rates

▶ We expect net income attributable to owners of the parent in the final fiscal year of Mid-Term Plan 2024 to be approximately 59.0 billion yen in the event of an increase in the policy interest rate to 1.0%.

Simulation of rise in policy interest rate  
(yen interest rates) (excluding securities investments)



Impact of rising policy interest rate on the goals specified in the Medium-term Management Plan 2024  
(Net income attributable to owners of parent / consolidated ROE / dividends per share)



(Assumptions and interest rate scenarios)  
□ Asset and liability balances remain unchanged from September 30, 2024.  
□ Increases are compared to a policy interest rate of 0.25%.  
□ Assumes policy interest rates of 0.25% during FY2024, rising to 0.5% in April 2025 or later, 0.75% in April 2026 or later, and 1.0% in April 2027 or later.  
□ The pass-through rate for loan interest rates is 100% of the policy rate for short-term prime rates, market-linked rates, and long-term fixed rates altogether.  
□ The pass-through rate for deposit interest rates rises to 40% of the policy rate for liquid deposits and to around 40% of long-term interest rates for time deposits, etc.  
□ Various interest rate scenarios are provided below.

Policy interest rate		0.5%	0.75%	1.00%
Base rate	Short-term prime rate	2.375%	2.625%	2.875%
	Fixed-rate (five-year period)	0.90%	1.15%	1.40%
Deposit interest rate	Liquid deposits	0.20%	0.30%	0.40%
	Term deposits (one-year period)	0.24%	0.34%	0.44%

Impact of rising interest rate on gains/losses on securities valuations

Note: Estimate in the event of a parallel shift of 10 basis points

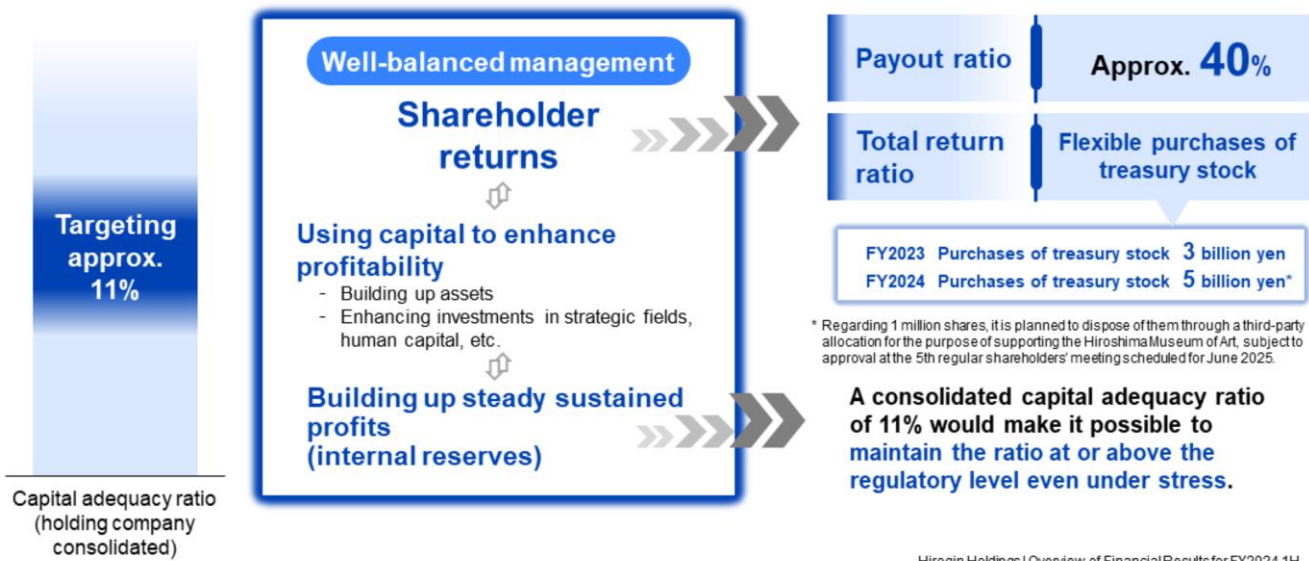
Yen bonds	Approx. -5.5 billion yen	Foreign bonds	Approx. -1.3 billion yen
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- ▶ An increase in the policy interest rate to 1.0% would lead to an increase of approximately 20 billion yen in net interest income (vs. a policy interest rate of 0.25%) on a single-year basis in FY2028. We expect to increase net income attributable to owners of the parent to about 59 billion yen.
- ▶ We expect consolidated ROE to increase to about 9.5%, higher than the cost of capital recognized under current conditions (roughly 6-9%).

- ▶ 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

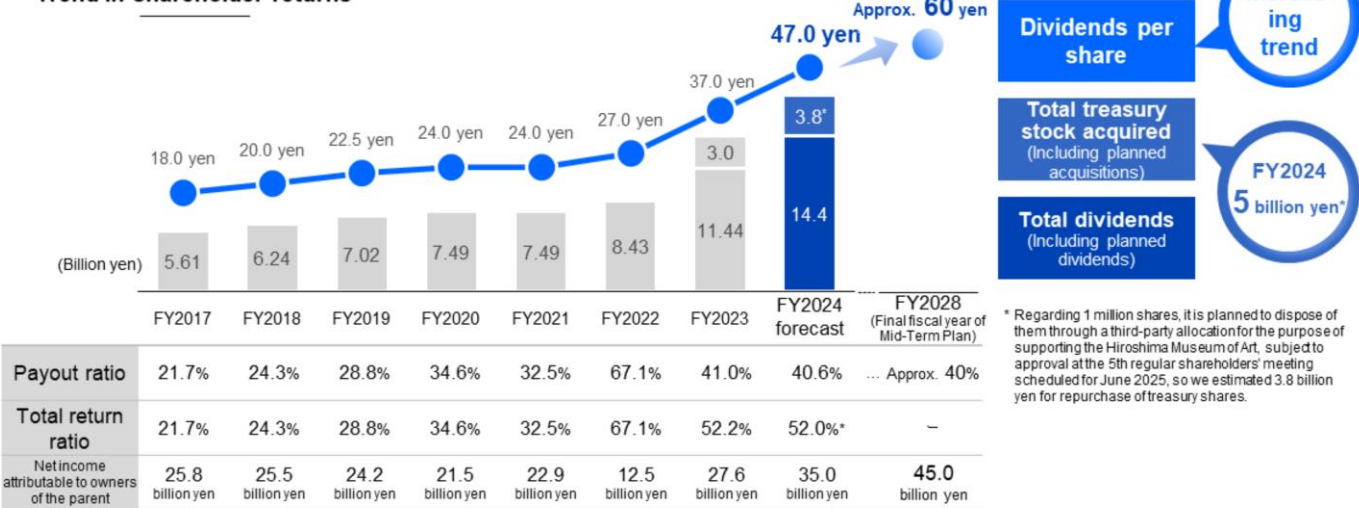


- ▶ We will deploy management reflecting capital adequacy ratio levels, targeting a consolidated capital adequacy ratio of 11% for the holding company.
- ▶ With respect to policies on returns to shareholders, in addition to a dividend policy targeting a payout ratio of about 40%, we will implement flexible purchasing of treasury stocks.
- ▶ We purchased 3 billion yen in treasury stocks in FY2023.
- ▶ In FY2024, we are purchasing 5 billion yen in treasury stocks, a purchase we expect to complete at the end of November.
- ▶ We plan to dispose of 1 million of the treasury stocks acquired in FY2024 through third-party allocation to support the Hiroshima Museum of Art, conditional upon the approval in the fifth annual general meeting of shareholders to be held in June 2025.

Financial leverage: Capital policies

- ▶ In FY2024, we plan to pay annual dividends of 47.0 yen/share, up 10.0 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



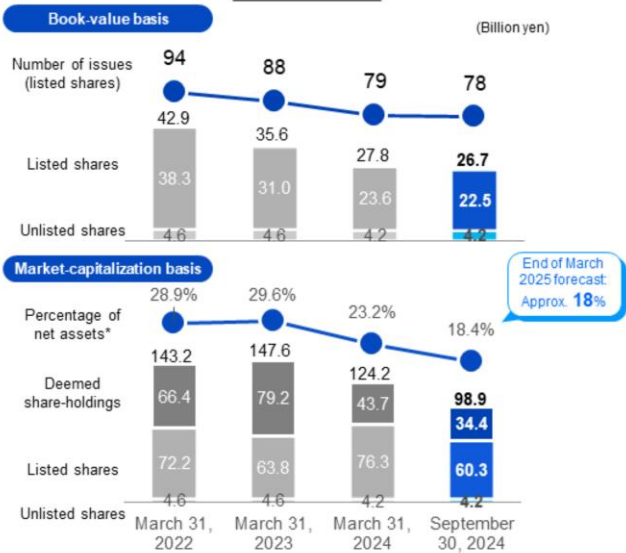
Notes:  
1. Dividends per share in FY2017 have been adjusted to reflect the reverse stock split (1:2 shares) implemented on October 1, 2017.  
2. Hirogin Holdings was established on October 1, 2020. The figures shown for FY2020 represent totals paid by Hiroshima Bank, including interim dividends of 12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

- We plan to pay a dividend of 47 yen/share in FY2024 (a record high), up 10 yen YoY.
- We expect the total return ratio to be above 50% for the third consecutive year.
- By increasing dividends in line with higher profit levels during the period of the Mid-Term Plan, we will target a dividend of 60 yen/share on net income of 45 billion yen in the final fiscal year of the Mid-Term Plan.
- Dividends may rise still higher with higher profit levels in the event of further hikes in policy interest rates.

Financial leverage: Reducing cross-shareholdings

- ▶ Cross-shareholdings declined by 1.2 billion yen from the end of March 2024 (on a book-value basis) due to ongoing progress on discussions with the issuers.
- ▶ We will continue to reduce cross-shareholdings (including imputed holdings), targeting a current value balance of approximately 18% of consolidated net assets by the end of March 2025 and less than 15% by the end of March 2029.

Reductions in cross-shareholdings



Various policies on cross-shareholdings

**Reduction target**

Less than **15% of consolidated net assets** (market-capitalization basis)  
\* By end of March 2029 (final fiscal year of Mid-Term Plan)

**Point** Of the issuers of shares subject to reductions, agreement to sell all issues held purely as investments has been received for:

**10 issues/26.6 billion yen**  
(Market-capitalization basis as of end of September 2024)

- ❑ Making decisions to hold based on dividend yields and gains on future price increases
- ❑ Rigorous standards for the exercise of voting rights will apply to shares held purely for investment purposes.

**Point** **Status of cross-shareholdings (listed shares) by category**

(As of end of Sept. 2024)	Number of issues	Market capitalization
In the region	58 issues	47.0 billion yen
Outside of the region	20 issues	13.3 billion yen
(Total)	78 issues	60.3 billion yen

To be reduced through ongoing dialogue

- We are making steady progress on reducing cross-shareholdings. As of the end of September 2024, the total current value balance of listed shares, unlisted shares, and imputed shareholdings represented 18.4% of consolidated net assets.
- We expect this percentage to be about 18% at the end of March 2025, based on the current status of discussions.
- We will work to achieve further reductions through continuing discussions with issuers, targeting a level of less than 15% at the end of March 2029, the final fiscal year of the Mid-Term Plan.
- Among issues of shares subject to reduction, agreement has been reached on sales of all issues held as pure investments.
- We continue to hold such issues based on dividend yields and gains on future price increases. We apply strict standards on the exercise of corresponding voting rights since they are shares held as pure investments.

- ▶ Focusing more on achieving KPIs in priority areas and investing in HR development and human resources so that employees can demonstrate their abilities to the fullest
- ▶ Seeking through various engagement measures to foster a culture that assumes challenges without fear of change and promoting autonomous career development



\*1 Curriculum for prospective future managers

\*2 Details of periodic raises, etc. apply to Hiroshima Bank

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- We will work to advance the management of specialized human resources to achieve KPIs in priority areas and to allow employees to demonstrate their abilities to the fullest.
- We will boost specialized human resources in priority areas to 500.
- We have established a Shadow Board and a reverse mentoring program to increase awareness of the need to participate in management among employees. We will implement internal internships and other programs to foster a culture that encourages the pursuit of challenges.
- Through these and other human resource management initiatives, we will achieve the management targets set for Mid-Term Plan 2024 and our vision for the Group and the region ten years into the future.

## Nonfinancial strategies: Sustainability transformation (SX) initiatives

Improving RORA

Controlling financial leverage

Nonfinancial strategies

- ▶ In addition to promoting engagement with customers through various solutions, promoting carbon neutrality by reducing total CO<sub>2</sub> emissions by the Group itself
- ▶ Promoting DE&I initiatives in the region to find solutions to the net outflow of population from Hiroshima Prefecture

### Efforts toward carbon neutrality

Medium-/long-term targets	<ul style="list-style-type: none"> <li>□ Achieving Scope 1 and 2 carbon neutrality by FY2030</li> <li>□ Achieving Scope 1, 2, and 3 carbon neutrality by FY2050</li> </ul>
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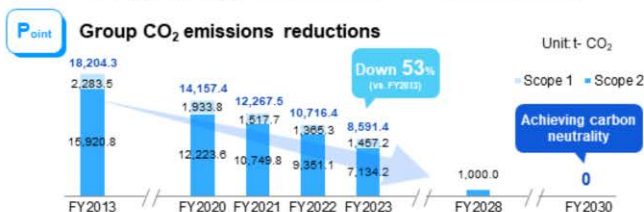
### Point Enhancing dialogue with customer firms and support through various solutions (Results of promoting and supporting sustainability management by customer firms)

**SDGs initiative support service**  
Cumulative: **704** cases  
(Launched in January 2020)

**Sustainability management adoption support service**  
Cumulative: **25** cases  
(Launched in January 2022)

Cumulative results as of September 30, 2024

Sustainable finance	<b>667.7</b> billion yen	Cumulative target through March 31, 2031	<b>2</b> trillion yen
Of which, environmental finance	<b>474.4</b> billion yen		<b>1</b> trillion yen



### DE&I initiatives

### Launching the HATAful program to find solutions to the net population outflow from Hiroshima Prefecture



Collaboration with Chugoku Electric Power, Mazda, and Hiroshima Prefecture

Implementing activities to strengthen the appeal of prefectural employers by making work more rewarding, eliminating unconscious biases (including gender bias), and encouraging men to take childcare leave and shortened working hours for childcare



### Specific HATAful initiatives

Connection measures	<p><b>Creating job opportunities available only in Hiroshima</b></p> <ul style="list-style-type: none"> <li>Hiroshima Career Passport: Mutual announcement of projects and businesses by individual companies (for secondment and concurrent duties) to create systems for acquiring experience with various businesses and projects across company boundaries</li> </ul> <p><b>Creating encounters available only in Hiroshima</b></p> <ul style="list-style-type: none"> <li>Hiroshima-linked jobs: Holding joint workcations among various companies and people, in places where participants can see what makes Hiroshima so appealing</li> </ul>
Reform measures	<p><b>Creating abundant lives and heartfelt connections possible only in Hiroshima</b></p> <ul style="list-style-type: none"> <li>HATAful workplace diagnostics: Through mutual workplace inspections, etc., increasing numbers of people taking part in realizing ideal work styles and communication</li> </ul>

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- We are striving to achieve Scope 1 and 2 carbon neutrality by FY2030 and Scope 1, 2, and 3 carbon neutrality by FY2050.
- To do so, in addition to enhancing dialogue with customers and support through various solutions, we are also making progress on Group CO<sub>2</sub> emissions reductions, working to achieve carbon neutrality for the region and the Company.
- One new DE&I initiative is the HATAful program launched to consider solutions to the net outflow of population from Hiroshima Prefecture, in partnership with Chugoku Electric Power, Mazda, and Hiroshima Prefecture.
- We plan to broaden the scope of this initiative, which seeks to increase the appeal of workplaces at which all can realize their full potential in Hiroshima, through joint efforts among people from multiple organizations.

▶ Assigning human resources to priority fields by improving business efficiency and harnessing DX as the basis for various businesses and measures

Our DX strategies

**Digital innovation**  
(New business creation)

**Creating new value**

- Understanding issues and needs by all business sections (e.g., more advanced marketing) and fusing digital and other technologies to create new businesses

**Speedy Salary Service**  
(tentative name)

Planned to start in January 2025

**Digitalization**  
(Aggressive adoption of digital technologies)

**Reforming existing businesses and processes**

- Building new relations using digital technologies (digital X human)
- Using digital data in person-to-person sales

**Home mortgage business innovation project**

Business-card management service

**Digitation**  
(Defensive adoption of digital technologies)

**Digitalization of existing businesses (cost cutting, efficiency improvements)**

- Eliminating waste to free all employees from routine tasks
- Thorough paperless operations

e-Questionnaires

Paperless expense-account applications

e-Contracts

Specific digitalization initiatives

**Overview of the home mortgage business renovation project**

- Swiftly digitalizing corporate and personal channels by adopting software packages in the front office
- In the back office, increasing productivity to the same levels achieved for online banking by establishing administrative flows that, in principle, require no human involvement, based on automation, digitalization, and realization of one-stop services and solutions such as AI, OCR, and RPA

(Effects of project adoption)

**Operation time**

**Reduced by 8,000** hours or more

**Staffing made available**

**10**

(Home mortgage RORA trend)

Period	RORA (%)
FY2021	2.6%
FY2022	2.7%
FY2023	2.6%
FY2024 1H	3.3%

Project effect: Up approximately 0.1 pt.

**Actively using generative AI in other fields**

- Identifying issues in various plans
- Translating contracts
- Handling internal checking, etc.

Note: RORA is calculated by subtracting deposit interest, personnel expenses, credit costs, and other costs from interest on loans, fees and commissions received, etc.

- As a new service, we plan to launch the Speedy Salary Service in January 2025.
- We are promoting a home mortgage business renovation project to upgrade existing businesses and processes.
- We will improve business efficiency through digital transformation (DX), generative AI, and other technologies to assign human resources to priority areas.

- ▶ Continuing to consider capital and business alliances with other firms where appropriate and necessary to achieve advanced value creation and establish stronger management foundations at Group companies

Collaboration with other firms

Collaboration with the Rakuten Group

Enhancing collaboration with the Rakuten Group, which offers strengths in digital platforms and fintech, to respond effectively to rapid advances in digitalization

(Main collaboration details)

April 2020	Hiroshima Bank begins offering Rakuten Securities financial instrument brokerage services online.
July 2024	<b>New</b> Hirogin Life Partners begins offering Rakuten Securities financial instrument brokerage services.
July 2024	<b>New</b> Hirogin Life Partners begins offering Rakuten Life life insurance products.
October 2024	<b>New</b> Conversion of Hiroshima Bank Hirogin Points to Rakuten Group Rakuten Points launched
November 2024	<b>New</b> Hiroshima Bank begins offering Rakuten Life life insurance commercial loan repayment guarantee trust services.
November 2024	<b>New</b> Begins accepting applications for and issuing Hirogin Rakuten Cards through an alliance between Hiroshima Bank and Rakuten Card.

Collaboration with the Bank of Yokohama

Enhancing collaboration with the Bank of Yokohama in digital marketing fields

Exchange of human resources	<ul style="list-style-type: none"><li>• Dispatching seconded personnel for HR development and information exchange</li></ul>
Sharing measures	<ul style="list-style-type: none"><li>• Initiating information exchange and joint initiatives based on periodic and more frequent subcommittee meetings, etc.<ul style="list-style-type: none"><li>❑ Joint trials on personal digital marketing</li><li>❑ Joint research on customer analysis</li><li>❑ Joint planning on corporate digital marketing, etc.</li></ul></li></ul>

Establishing a joint venture

Back-ground

- ❑ With the continuing shrinking of the working age population, **more customers are accepting workers from abroad**
- ❑ Customers **are likely to face growing challenges in securing irregular labor**, due in part to issues related to social insurance for irregular workers and rising wages



Establishing Hirogin World Business to help regional businesses address labor shortages

(Joint venture with Japan World Business Corporation, with whom we have already established a business alliance)

Business slated for launch in January 2025

(Main lines of business)

Support for companies accepting workers from abroad	<ul style="list-style-type: none"><li>• Support for designing systems and structures to accept workers from abroad, labor contracts, visa applications, etc.</li></ul>
Securing workers from abroad	<ul style="list-style-type: none"><li>• Strengthening overseas internship programs, support for transitioning from technical trainees to specified technicians (a system intended to secure labor), etc.</li></ul>
Living support for workers from abroad	<ul style="list-style-type: none"><li>• Support for learning Japanese, home sharing using vacant homes, use of prefectural and city housing, etc.</li></ul>
Cooperation with government agencies	<ul style="list-style-type: none"><li>• Support for subsidies and grants to facilitate the acceptance of workers from abroad</li></ul>
Financial services	<ul style="list-style-type: none"><li>• Account opening, international remittance, casualty insurance planning and proposals, rent guarantees, etc.</li></ul>

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- To broaden our interactions with younger customers, who have few points of contact with Hiroshima Bank, and to adapt to the rapid pace of digitalization, we are strengthening our joint efforts with the Rakuten Group, including Rakuten Securities and Rakuten Card.
- We are enhancing joint efforts with the Bank of Yokohama in digital marketing, including dispatching seconded personnel and joint planning on corporate digital marketing.
- With the availability of human resources emerging as a pressing issue for regional firms due to the shrinking workforce, low birth rates, and the aging population, we have established Hirogin World Business to provide support for companies accepting workers from overseas, a joint venture with Japan World Business Corporation, with whom we are already engaged in a business alliance.

### III. Performance projections



# FY2024 business performance projections

► FY2024 net income attributable to owners of the parent is projected to reach a record of 35.0 billion yen.

## FY2024 performance forecasts

	1H results	Interim performance projection	YoY change	vs. Initial forecast
Ordinary profit	26.5	50.5	16.4	6.5
Net income attributable to owners of the parent	18.4	35.0	7.4	5.0

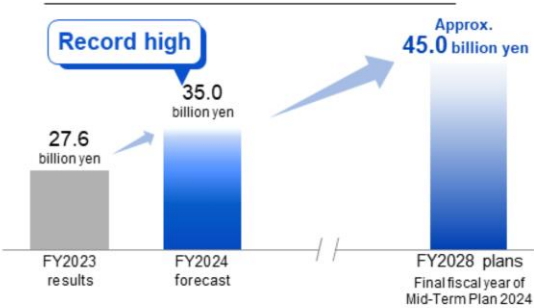
Reference: FY2024 nonconsolidated forecast for Hiroshima Bank

	1H results	FY2024 performance projection	YoY change	vs. Initial forecast
Net interest income	41.2	82.5	8.4	4.5
Net non-interest income	10.3	21.0	3.2	3.0
Core business gross profit	51.6	103.5	11.5	7.5
Expenses (-)	28.2	57.5	4.5	1.5
Net income from core business	23.3	46.0	7.1	6.0
Gains/losses related to securities, etc.	-0.4	2.0	-3.8	-2.0
Credit costs (-)	-0.7	4.0	-10.4	-1.0
Ordinary profit	24.5	46.5	15.1	6.5
Net income	17.1	32.0	5.5	4.5

## Market scenario assumptions of performance forecasts

Yen interest rate : (Short-term)BoJ policy rate 0.25% (Long-term)Rate on 10-year JGBs 1.20%  
Foreign interest rates : (Short-term) FF rate 4.75% (Long-term)Rate on 10-year US treasuries 3.80%  
Exchangerate (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 forecast	Mid-Term Plan 2024 FY2028 plans
Consolidated ROE	5.4%	6.5%	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

- FY2024 net income attributable to owners of the parent is projected to reach a record high of 35.0 billion yen.
- FY2024 forecasts for Group management indicators in Mid-Term Plan 2024 project a consolidated ROE of 6.5%, a consolidated capital adequacy ratio of about 11%, and consolidated BPS of about 1,800 yen.

## IV. Conclusions



## Reasons to Invest in Hirogin Holdings

### FY2024 results

- ❑ Interim net income attributable to owners of the parent is 18.4 billion yen.
- ❑ FY2024 net income attributable to owners of the parent is projected to reach a record of 35 billion yen.
- ❑ The consolidated ROE is projected to be 6.5%.

### Progress on the Mid-Term Plan

- ❑ In the first fiscal year of the Mid-Term Plan, we invested management resources in priority areas. The recent results show steady progress.
- ❑ BoJ policy interest rate hikes are projected to push up profits by as much as 20 billion yen (at a policy rate of 1%). (Adjusted for these effects, profits for the final fiscal year of the Mid-Term Plan would be about 59 billion yen) leading the cost of shareholder equity (return on equity) over the targeted 10-year period.

### Continually strengthening returns to shareholders

- ❑ Continuing from FY2023, we plan to purchase 5 billion yen in treasury stock.
- ❑ In line with record profits, we expect to pay a record dividend of 47 yen/share in FY2024.

<FY2024 forecasts>

Payout ratio: 40.6%

Total return ratio: 52.0%

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### ➤ FY2024 results

- Interim net income attributable to owners of the parent is 18.4 billion yen.
- FY2024 net income attributable to owners of the parent is projected to reach a record high of 35 billion yen.
- Consolidated ROE is projected to be 6.5%.

### ➤ Progress on Mid-Term Plan 2024

- In the first fiscal year of the Mid-Term Plan, we invested management resources in priority areas. The recent results indicate steady progress.
- BoJ policy interest rate hikes are projected to push up profits by as much as 14 billion yen (at a policy rate of 1%).
- Adjusted for these effects, profits in the final fiscal year of the Mid-Term Plan would be about 59 billion yen.

### ➤ Continually strengthening returns to shareholders

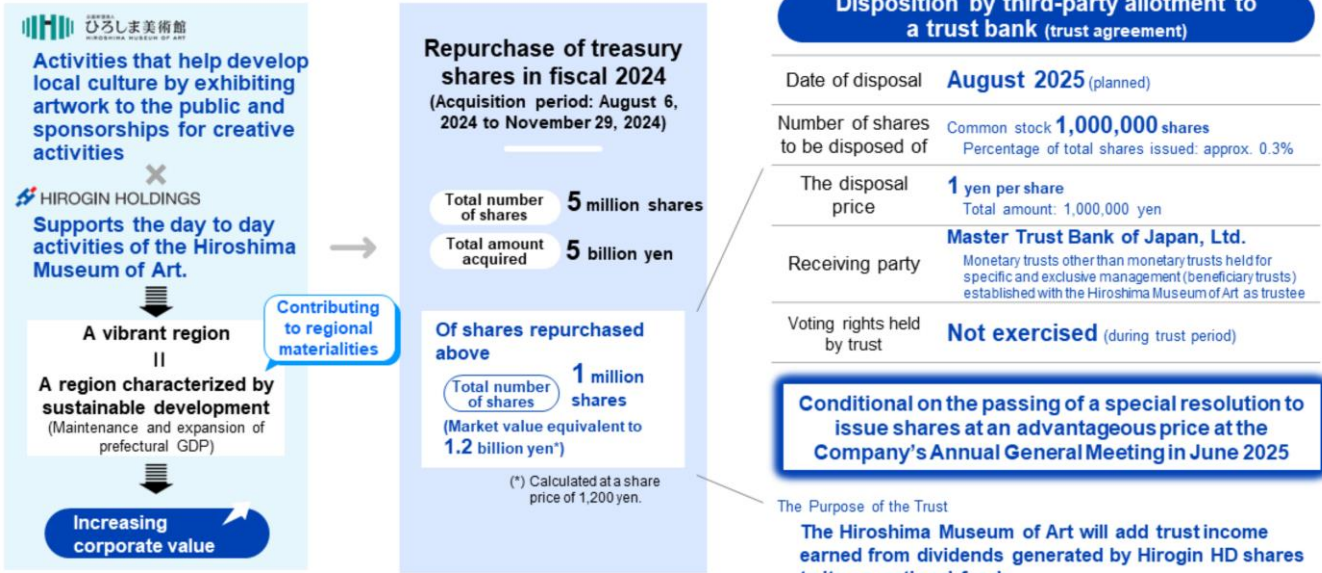
- Continuing from FY2023, we plan to purchase 5 billion yen in treasury stock.
- In line with record high profits, we expect to pay a record high dividend of 47 yen per share in FY2024.

# Appendix



ESG: Contributing to local social and cultural development (supporting the Hiroshima Museum of Art)

- Plans to dispose of treasury shares through third-party allotment to provide continuous and stable support for the activities of the Hiroshima Museum of Art, a public interest incorporated foundation. This disposal is conditional upon approval at the ordinary general meeting of shareholders scheduled to be held in June 2025.



ESG: Contributing to local social and cultural development (supporting the Hiroshima Museum of Art)

Overview of treasury stock disposal

Date of disposal	August 2025 (planned)
Number of shares to be disposed of	Common stock 1,000,000 shares Percentage of total shares issued: approx. 0.3%
Disposal price	1 yen per share
Funds raised	1,000,000 yen
Disposal method	Disposition by third-party allotment
Receiving party	Master Trust Bank of Japan, Ltd.
Other	<div><input type="checkbox"/> This disposal of treasury stock is conditional on the approval of a special resolution related to favorable issuance at the Company's annual general meeting of shareholders to be held in June 2026.</div> <div><input type="checkbox"/> The date of disposal and other matters are to be resolved at a meeting of the Board of Directors to be held following the General Meeting of Shareholders.</div>

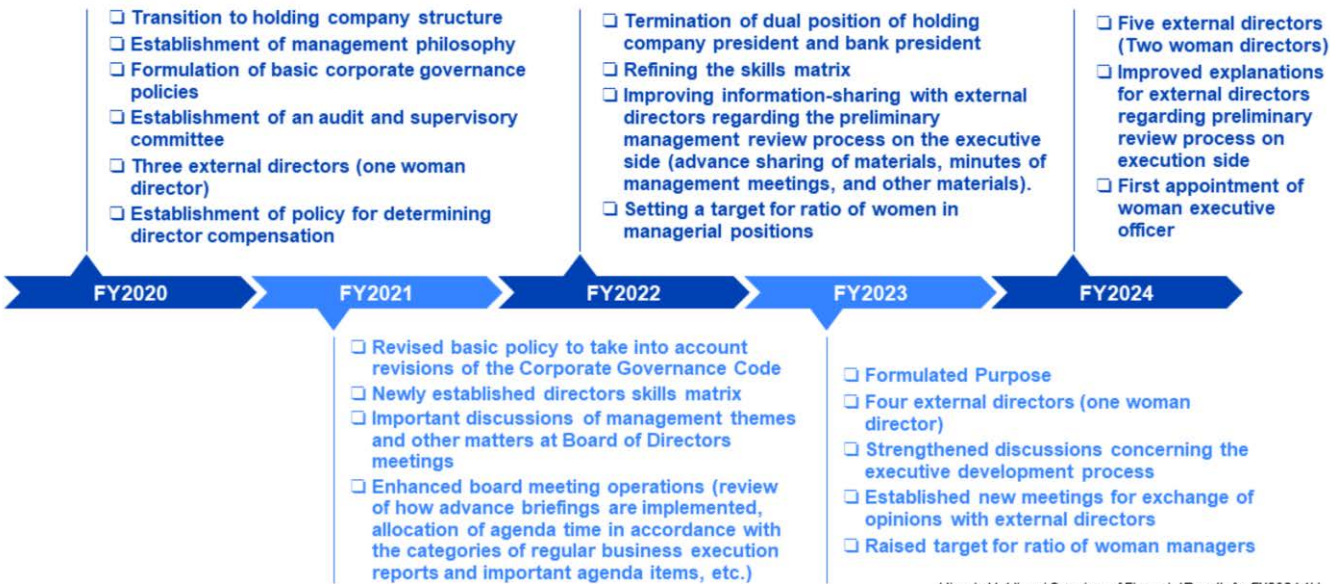
Overview of trust agreement

Trust type	Monetary trusts other than monetary trusts held for specific and exclusive management (beneficiary trusts)
Purpose of the trust	To distribute dividends generated from common stock issued by the trustor as trust income for the beneficiaries to help beneficiary's social contribution activities.
Trustor	The Company
Trustee	Mitsubishi UFJ Trust and Banking Corporation (Co-Trustee: Japan Trustee Services Bank, Ltd.)
Beneficiary	Public interest incorporated foundation, Hiroshima Museum of Art
Trust agreement date	August 2025 (plan)
Term of the Trust	<div>Two years (plan)<ul style="list-style-type: none"><li>To continue automatically after trust period expires</li><li>Upon termination of the trust, the trust assets will be delivered to the beneficiaries as is.</li></ul></div>
Other	<div><input type="checkbox"/> Master Trust Bank of Japan, Ltd. agrees to refrain from exercising voting rights associated with the treasury stock bequeathed to the trust for the period of the trust.</div> <div><input type="checkbox"/> The specifics of the trust agreement with the trustee, Mitsubishi UFJ Trust and Banking Corporation, are to be determined.</div>

# ESG: Corporate Governance

► We seek to promote a path toward sophisticated corporate governance. In FY2024, we appointed our first woman executive officer.

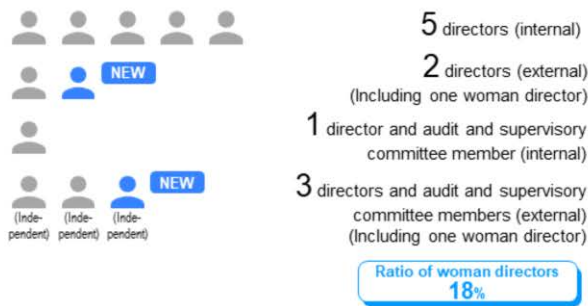
## Transition to Enhanced Corporate Governance



# ESG: Corporate Governance

▶ The composition of the Board of Directors is currently under review; the ratio of women directors is 18%. (As of July 1, 2024)

## Reviewed board composition



## Skills matrix of management

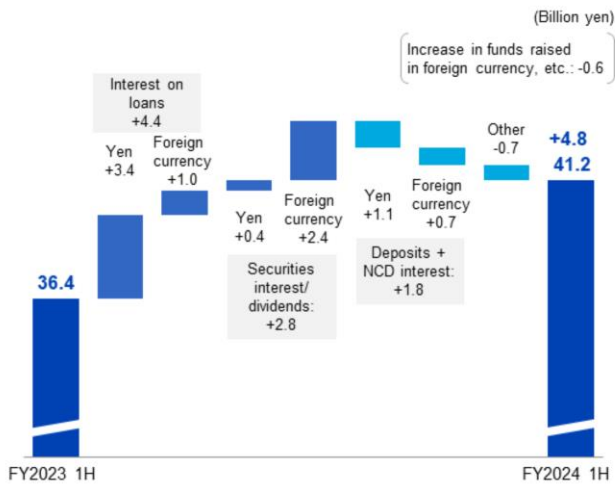
Internal directors		Fields that require specific expertise			
Name	Position	Management strategy Sustainability	Legal and risk management	Sales strategy	DX, IT, and Systems
Koji Ikeda	Chairman (Representative Director)	People	Shield	Upward arrow	Laptop
Toshio Heya	President (Representative Director)	People	Shield	Upward arrow	Laptop
Kazuo Kiyomune	Director	People	Shield	Upward arrow	
Shinichi Yokomi	Director	People		Upward arrow	
Yuji Hiroe	Director	People		Upward arrow	
Tatsuro Kumano	Director (Audit and Supervisory Committee Member)		Shield	Upward arrow	

External directors		Areas of particular interest			
Name	Position	Management strategy Sustainability	Economy and Finance	Finance and accounting	DX, IT, and Systems
Yoshinori Shinmen	Director		Calendar		
Harumi Matsumura	Director	People			
Hiroko Tani	Director (Audit and Supervisory Committee Member)			Document	
Toshiaki Kitamura	Director (Audit and Supervisory Committee Member)				Laptop
Yuji Okuma	Director (Audit and Supervisory Committee Member)	People			

## **Appendix** **(Explanatory materials on financial results)**

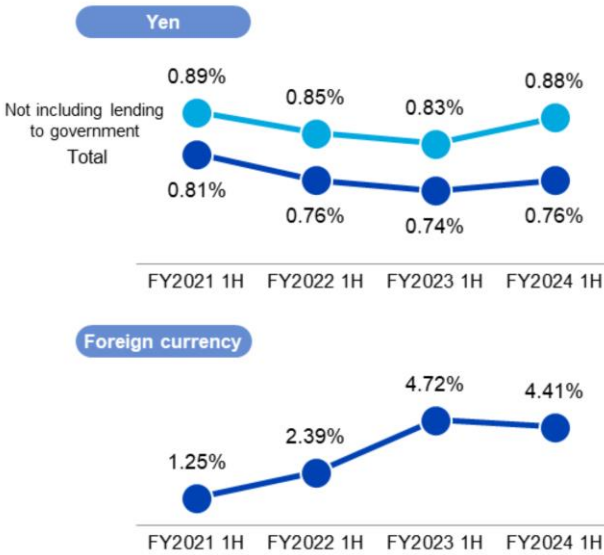


Factors contributing to changes in net interest income



	Yen	Foreign currency
Change in interest on loans	+3.4 billion yen	+1.0 billion yen
Balance factors	+2.6 billion yen	+2.0 billion yen
Yield factors	+0.8 billion yen	-1.0 billion yen

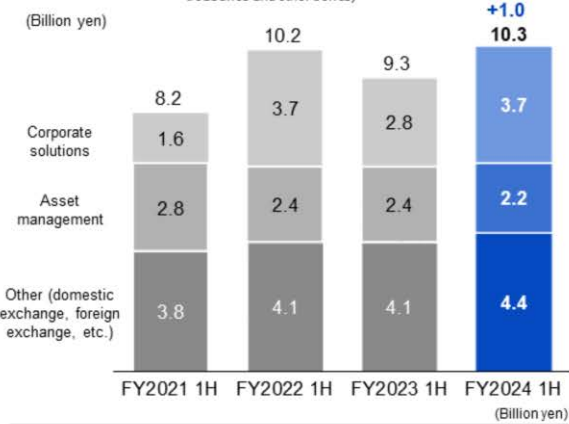
Trend in yields on loans



Net non-interest income

Bank nonconsolidated: Net non-interest income

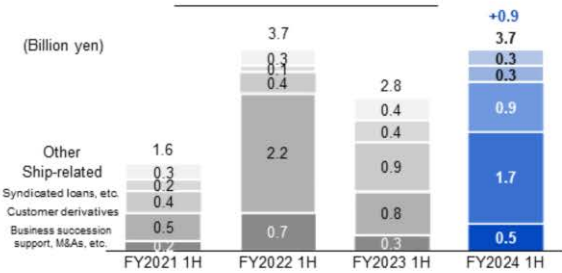
Net non-interest income = income on service transactions and other fees + income from specified transactions + other business income (not including gain/loss related to treasuries and other bonds)



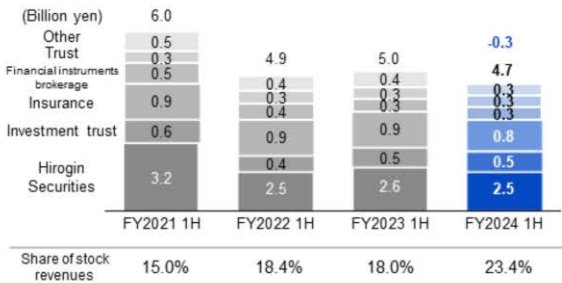
	FY2021 1H	FY2022 1H	FY2023 1H	FY2024 1H	YoY
Asset management (Hiroshima Bank + Hirogin Securities)	6.0	4.9	5.0	4.7	-0.3
Of which, Hiroshima Bank	2.8	2.4	2.4	2.2	-0.2
Of which, Hirogin Securities*	3.2	2.5	2.6	2.5	-0.1

\* Net operating income (after deducting commissions paid to the Bank)

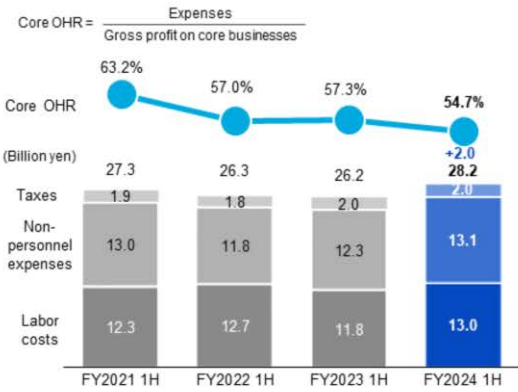
Bank nonconsolidated: Breakdown of corporate solutions



Hirogin Holdings consolidated: Breakdown of asset management (Hiroshima Bank + Hirogin Securities)



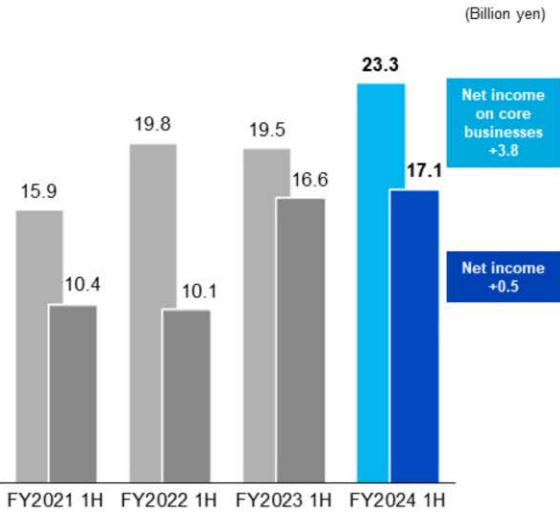
Expenses (excluding one-time disposal), core OHR



Reference: Main factors underlying changes in expenses

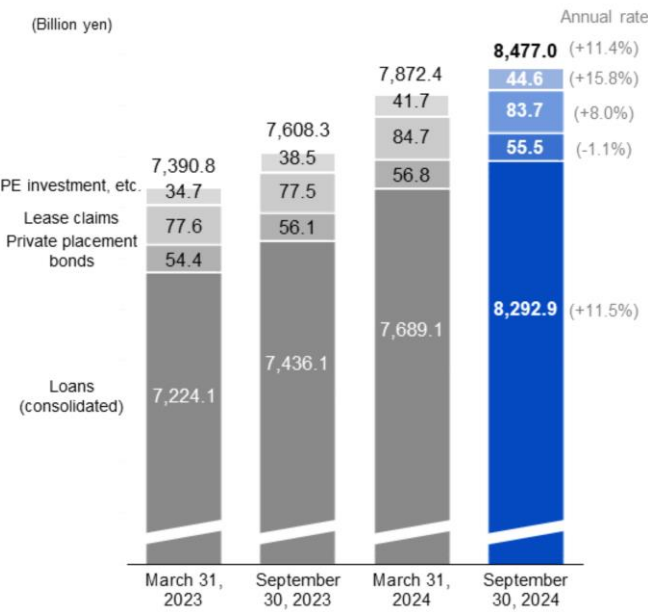
Labor costs	+1.2 billion yen	■ Retirement benefit expenses: +0.6 ■ Bonuses (performance-linked, etc.): +0.3 ■ Salaries, allowances (wage increases, etc.): +0.2
Non-personnel expenses	+0.8 billion yen	■ Investments in growth (DX, HR development investment, etc.): +0.2 ■ Depreciation: +0.2
Taxes	+0 billion yen	
Total		+2.0 billion yen

Net income on core businesses/net income

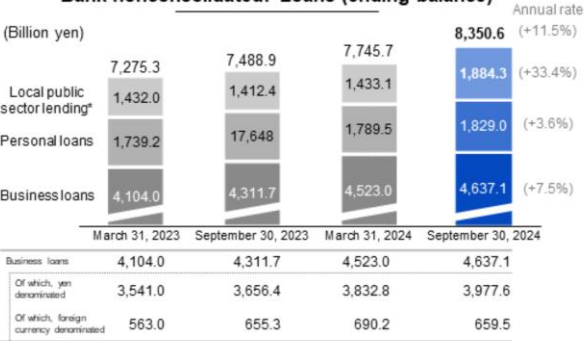


Group total credit (ending balance), lending (ending balance)

Hirogin Holdings consolidated: Group total credit (ending balance)



Bank nonconsolidated: Loans (ending balance)



\* Local public sector loans: Loans to local public agencies, public corporations, and government

Bank nonconsolidated: Breakdown of loans by region (ending balance)

(Billion yen)

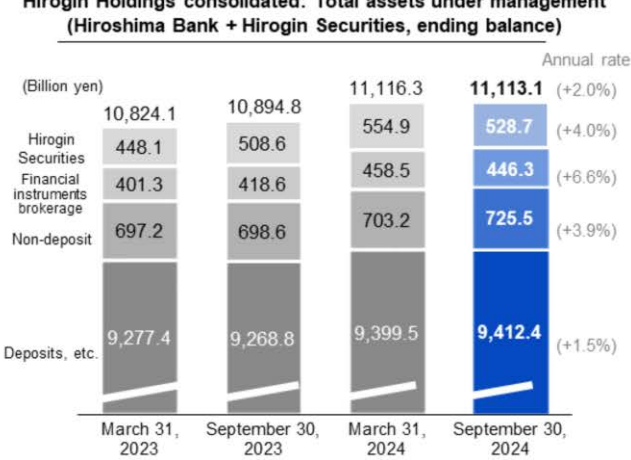
	March 31, 2023	September 30, 2023	March 31, 2024	September 30, 2024	vs. Sept. 30, 2023	vs. Sept. 30, 2024
Balance of loans	7,275.3	7,488.9	7,745.7	8,350.6	861.7	604.9
Four local prefectures	5,484.0	5,666.4	5,815.9	5,876.6	210.2	60.7
Hiroshima Prefecture	4,296.5	4,424.4	4,519.7	4,587.4	163.0	67.7
Okayama Prefecture	356.1	356.9	372.1	373.6	16.7	1.5
Ehime Prefecture	598.8	658.7	688.7	677.4	18.7	-11.3
Yamaguchi Prefecture	232.8	226.4	235.4	238.0	11.6	2.6
Other regions	1,791.3	1,822.5	1,929.8	2,473.9	651.4	544.1
Of which, lending to government	783.5	753.2	785.5	1,235.3	482.1	449.8

Total assets under management (Hiroshima Bank + Hirogin Securities, ending balance), deposits, etc. (ending balance)

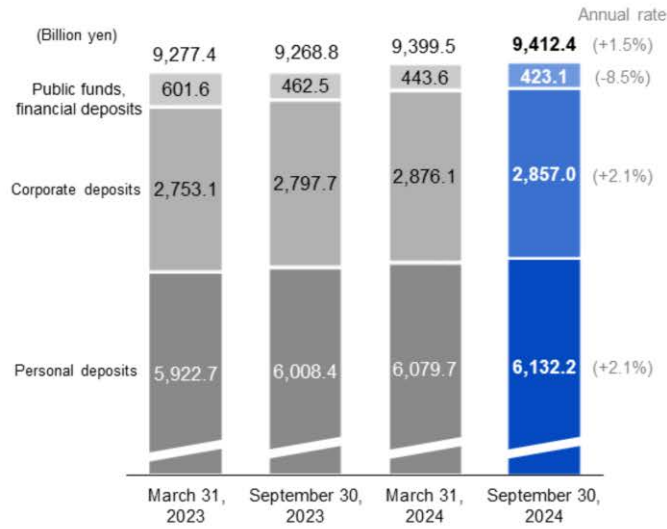
Hirogin Holdings consolidated

Hiroshima Bank nonconsolidated

Hirogin Holdings consolidated: Total assets under management (Hiroshima Bank + Hirogin Securities, ending balance)



Bank nonconsolidated: Deposits, etc. (ending balance)



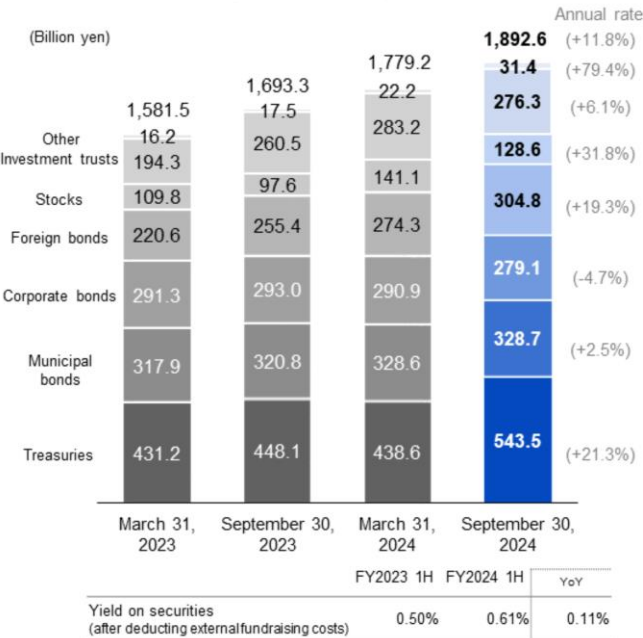
\*1 Balances of Hirogin Securities and non-deposit balances are not included in financial instruments brokerage.  
\*2 Hirogin Securities balances are shown on a mark-to-market basis.  
\*3 Excluding financial instruments brokerage through the Hirogin App. (Rakuten Securities, SBI Securities)

	March 31, 2023	September 30, 2023	March 31, 2024	September 30, 2024	vs. Sept. 30, 2024
Hirogin Securities balance (including financial instruments brokerage) *	842.5	923.5	1,022.0	985.0	-37.0
(Reference) Nikkei Average (yen)	2,804.1	3,185.8	4,036.9	3,792.0	-244.9

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

Securities (ending balance), gain/loss on securities

Securities (ending balance)



Gain/loss on securities

(Billion yen)

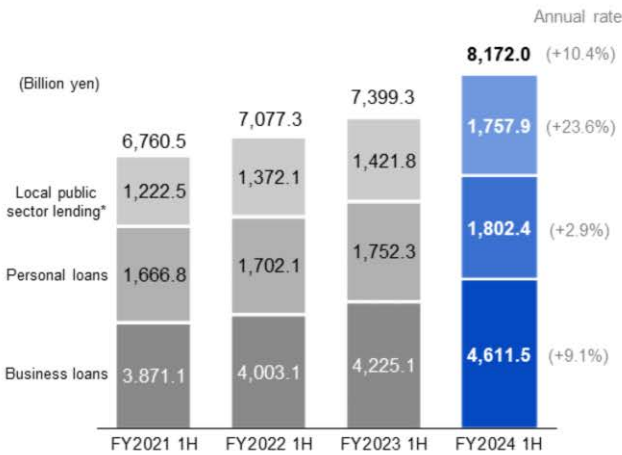
	March 31, 2023	September 30, 2023	March 31, 2024	September 30, 2024	vs. March 31, 2024
Held to maturity	0	-0.3	0	-0.2	-0.2
Bonds	0	-0.3	0	-0.2	-0.2
Other	-	-	-	-	-
Available-for-sale securities	-12.5	-24.0	33.4	25.7	-7.7
Bonds	-21.3	-36.7	-28.7	-31.5	-2.8
Treasuries	-14.0	-23.1	-16.9	-17.5	-0.6
Municipal bonds	-4.3	-7.6	-6.0	-6.9	-0.9
Corporate bonds	-3.0	-5.9	-5.7	-6.9	-1.2
Stocks	40.6	49.1	61.0	54.8	-6.2
Other	-31.8	-36.4	1.2	2.4	1.2
(Included) Foreign bonds	-22.4	-31.0	-20.6	-11.2	9.4
(Included) Investment trusts	-9.6	-5.6	21.6	12.6	-9.0
Total	-12.5	-24.4	33.5	25.4	-8.1

Loans (average balance)

Hirogin Holdings  
consolidated

Hiroshima Bank  
nonconsolidated

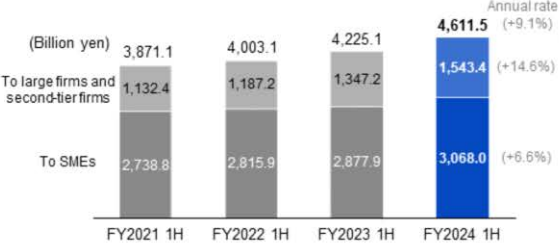
Loans (average balance)



Business loans	3,871.1	4,003.1	4,225.1	4,611.5
Of which, yen denominated	3,444.5	3,484.8	3,613.9	3,911.8
Of which, foreign currency denominated	425.4	518.2	611.2	699.7

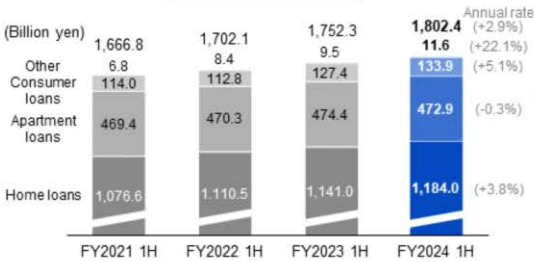
\* Local public sector loans: Loans to local public agencies, public corporations, and government

Business loans (average balance)



Breakdown of interest rates on business loans (as of the end of March 2024)	
Fixed interest rates	36%
Variable interest rates	64%
Short-term prime rates	25%
Market rates	39%

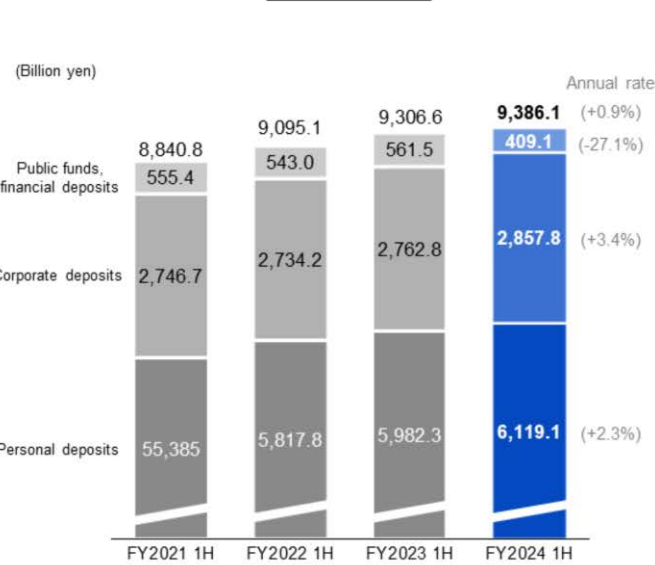
Trends in balance of personal loans (average balance)



Breakdown of interest rates on business loans (as of the end of March 2024)	
Fixed interest rates	32%
Variable interest rates	68%

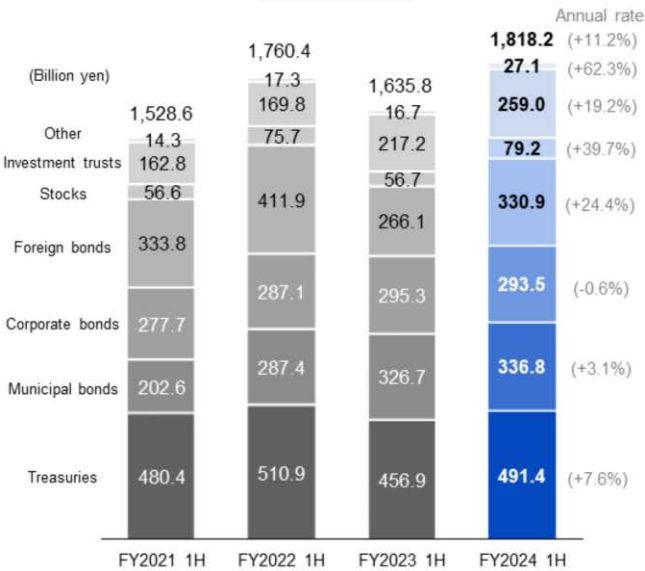
Deposits, etc. (average balance), securities (average balance)

Deposits, etc. (average balance)

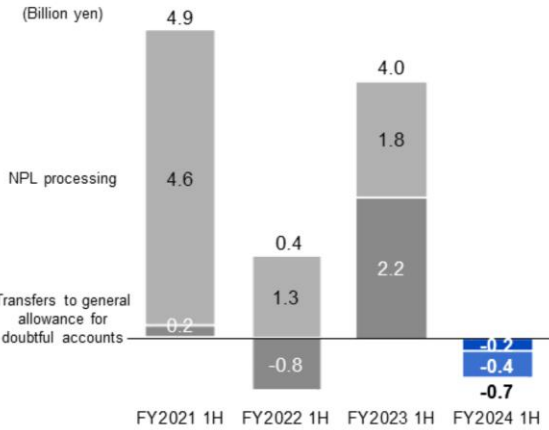


\* Deposits, etc. exclude negotiable deposits.

Securities (average balance)



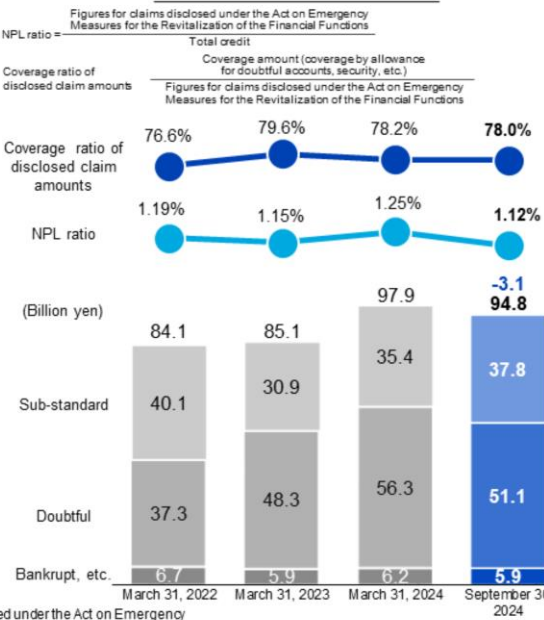
Credit costs, credit cost ratio



	(Billion yen, %)			
	FY2021	FY2022	FY2023	FY2024 forecast
Credit costs	11.9	0.3	14.4	4.0
credit cost ratio *	0.17	0.00	0.18	0.04

\* Credit cost ratio = Credit costs ÷ Outstanding loan balance

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.      Hirogin Holdings | Overview of Financial Results for FY2024 1H    47

# Branding initiatives

- ▶ Clear statement of brand characteristics as an indicator intended to strengthen communication so that all stakeholders choose the Hirogin Group and to enable all Group employees to act with the brand in mind.
- ▶ The brand design has been updated to give the Hirogin Group a more inviting image.

**Purpose:** To expand the horizons of the future alongside the regional community through wide-ranging services

Be Reliable
Be Welcoming
Be Creative
Be Proactive
Always with Integrity

Serving as a reliable presence customers and the entire region **can count on**

Serving as **a familiar and welcoming presence to all** those in the region

Serving as **a creative and appealing** organization that develops new and original solutions within the industry and the region

Serving as **a proactive and vital** regional stimulus

**Acting with integrity at all times** in dealing with customers, the region, and colleagues

**This is the distinctive brand The Hirogin Group seeks to establish.**

## Disclaimer

This document contains expectations, projections, plans, and other forward-looking statements concerning Hirogin Holdings, Inc. ("Company") and its Group companies ("Group"). These statements are presented as the bases for forecasts as the time this document was prepared, based on information currently available to the Company. Certain assumptions were made in preparing such statements. These assumptions are by their nature subjective and may prove inaccurate or impractical due to numerous uncertainties and risks. For additional information on these assumptions, please refer to the Company's summary financial statements, securities reports, and integrated reports. As described above, the forward-looking statements found in this document are current at the time the document was prepared (or as of other dates clearly identified). The Company is under no obligation and is not bound by policy to update this information. Information presented in this document concerning companies and other organizations other than the Company and the Group are drawn from published information and other sources. The Company has not verified and makes no guarantees regarding the accuracy or validity of such information.

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# Reference Materials

November 2024



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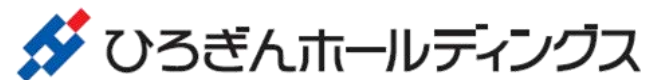
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未来を、ひろげる。



# **Part 1**

## **Economic Data for Hiroshima Prefecture**



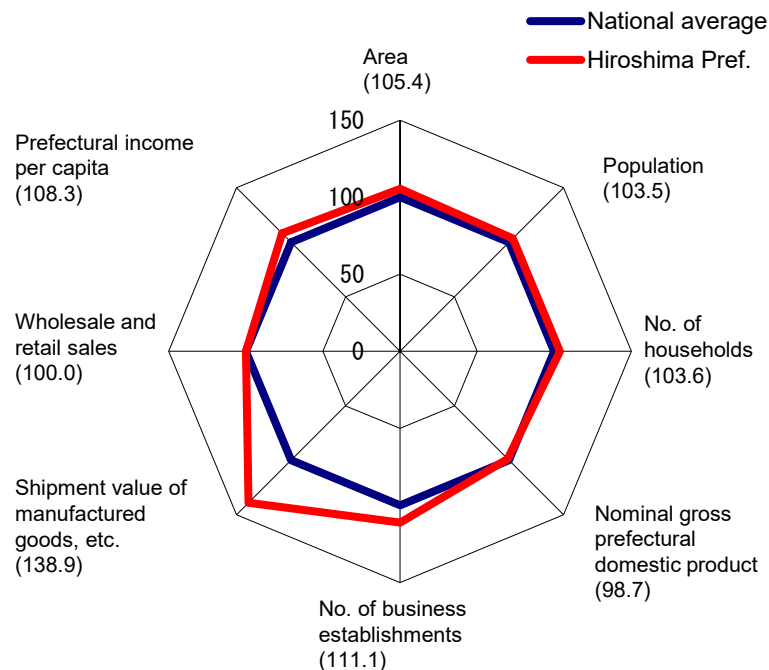
# 1. Profile of Hiroshima Prefecture

- ▶ 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 <sup>2</sup>	8,478	11th/47	2.2	July. 2024
	Population	Thousand People	2,751	12th/47	2.2	January. 2024
	No. of households	Thousand households	1,340	11th/47	2.2	January. 2024
Economy	Nominal gross prefectural domestic product	Trillion yen	12.1	12th/47	2.1	FY2021
	No. of business establishments	Thousand establishments	123	11th/47	2.4	2021
	Shipment value of manufactured goods, etc.	Trillion yen	10.7	10th/47	3.0	2022
	Wholesale and retail sales	Trillion yen	11.5	10th/47	2.1	2021
	Prefectural income per capita	Thousand yen	3,179	12th/47	—	FY2021
Finance	Deposits outstanding	Trillion yen	16.1	12th/47	1.6	March. 2024
	Loans outstanding	Trillion yen	11.8	9th/47	2.0	March. 2024

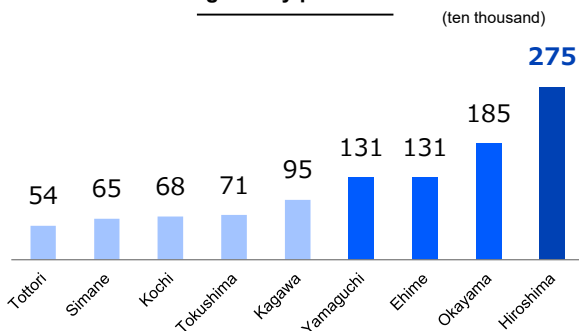
## Comparison between Hiroshima and national average



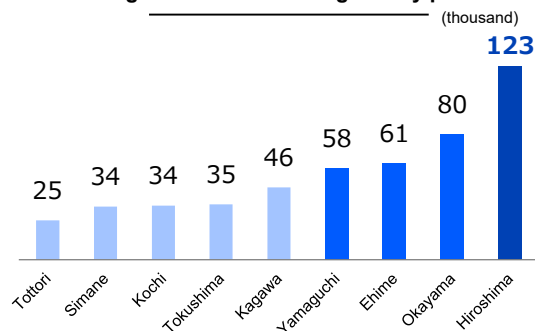
Note: Each index of Hiroshima Prefecture is calculated based on a national average=100.

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

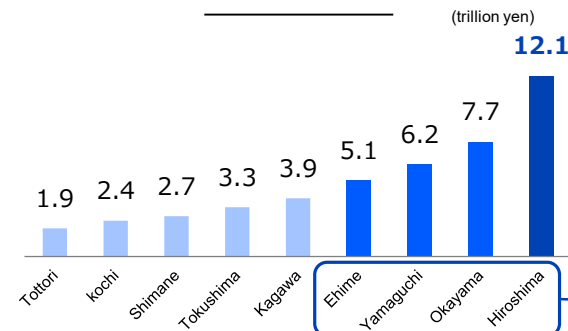
Population in the Chugoku and Shikoku regions by prefecture



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



Prefectural GDP (nominal)



Population ranking by prefecture

(ten thousand people)

1 <sup>st</sup>	Tokyo	1,391
2 <sup>nd</sup>	Kanagawa	921
3 <sup>rd</sup>	Osaka	878
4 <sup>th</sup>	Aichi	750
5 <sup>th</sup>	Saitama	738
⋮		
12 <sup>th</sup>	Hiroshima	275
⋮		
20 <sup>th</sup>	Okayama	185
⋮		
28 <sup>th</sup>	Ehime	131
29 <sup>th</sup>	Yamaguchi	131
⋮		
Total		12,489

**Total of 4 local prefectures**  
**6<sup>th</sup> place** equivalent

Number of business establishments ranking by prefecture

(thousand)

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

**Total of 4 local prefectures**  
**3<sup>rd</sup> place** equivalent

Country/region

GDP(nominal)

Romania	32.6trillion yen
<b>Four local prefectures</b>	<b>31.1trillion yen</b>
Portugal	29.1trillion yen
New Zealand	28.4trillion yen
⋮	
Kenya	12.5trillion yen
Ecuador	12.2trillion yen
<b>Hiroshima Prefecture</b>	<b>12.1trillion yen</b>
Puerto rico	12.1trillion yen
Ethiopia	11.3trillion yen

Note: Nominal gross prefectural domestic product figures are from FY2021; GDP (nominal) figures are from 2021.

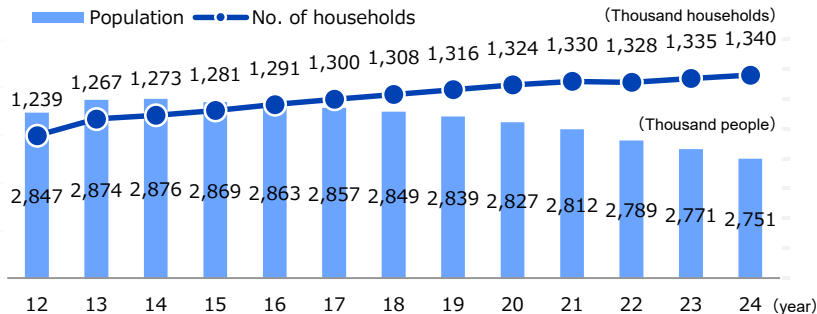
Source: IMF, Cabinet Office, Bank of Japan

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 2024)

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」

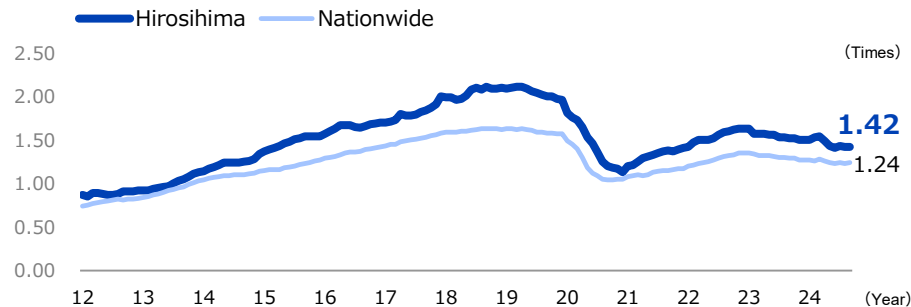
Estimates for future population Prefectures (Chugoku and Shikoku regions)

	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

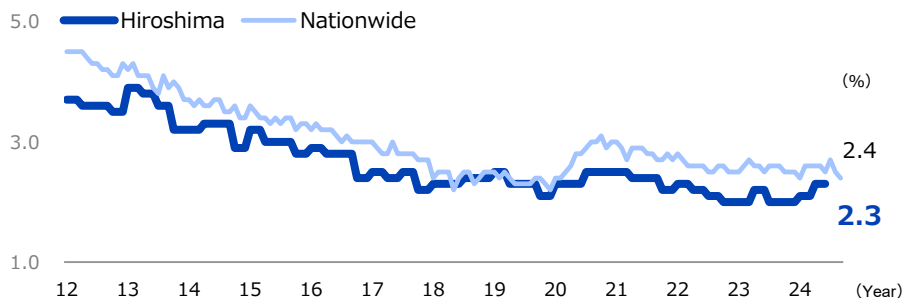
Source: National Institute of Population and Social Security Research,「March 2023 Estimates」

Changes in job-offers-to-seekers ratio



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

Changes in unemployment rate

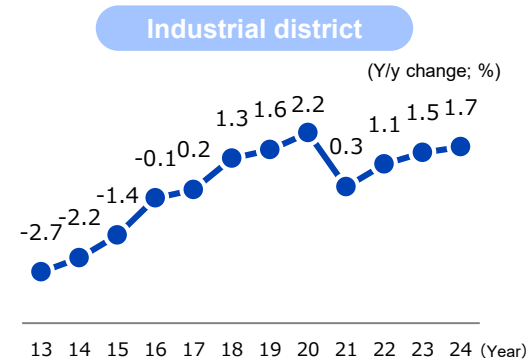
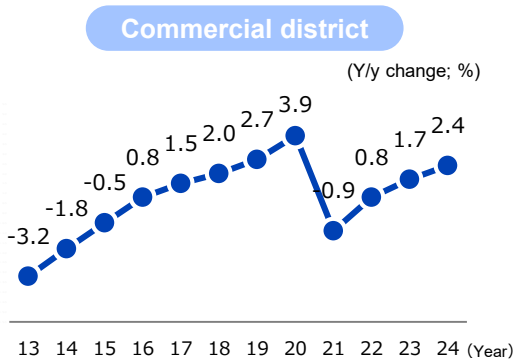
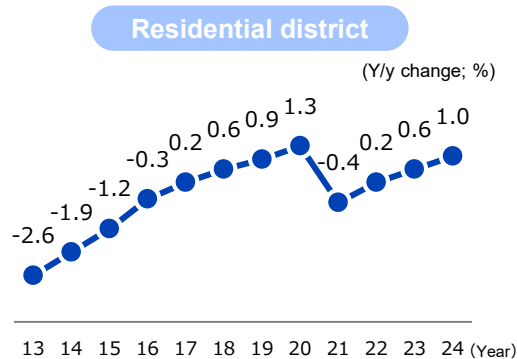


Note: The most recent figures are from April-June 2024 for Hiroshima and as of September 2024 for Japan overall.

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

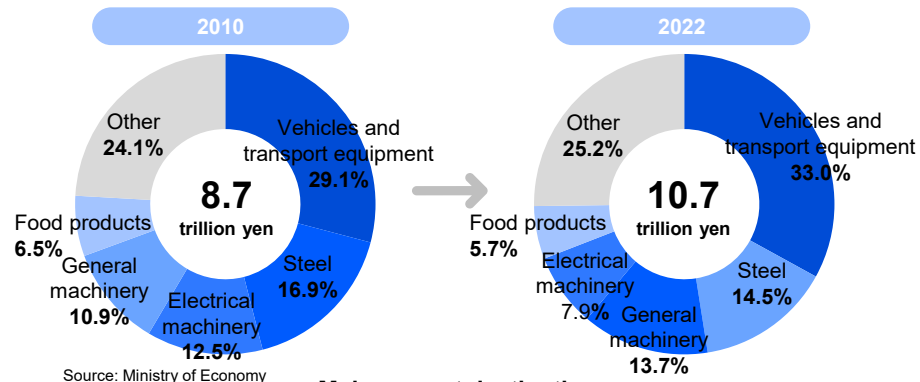
### Highest land price in 4 local prefectures

(Unit: Thousand yen/m<sup>2</sup>)

<b>Hiroshima</b>	Residential district	1,590	<b>Yamaguchi</b>	Residential district	91
	Commercial district	3,890		Commercial district	181
<b>Okayama</b>	Residential district	190	<b>Ehime</b>	Residential district	239
	Commercial district	1,780		Commercial district	850

## 5. Production Activities in Hiroshima Prefecture

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

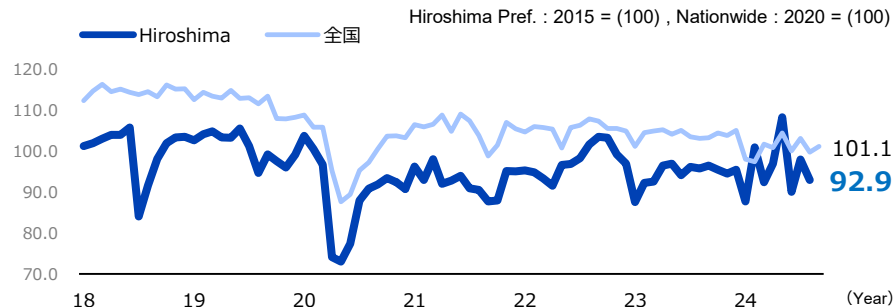


Major export destination  
countries and regions (Hiroshima Prefecture)

(JPY Bn)	2010	2023	Increase/ Decrease	Rate of Increase/ Decrease
<b>Total</b>	1,989.2	3,023.4	1,034.2	52.0%
<b>Asia</b>	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%
<b>North America</b>	324.7	890.7	566.0	174.3%
United States	269.9	789.3	519.4	192.4%
<b>Western Europe</b>	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

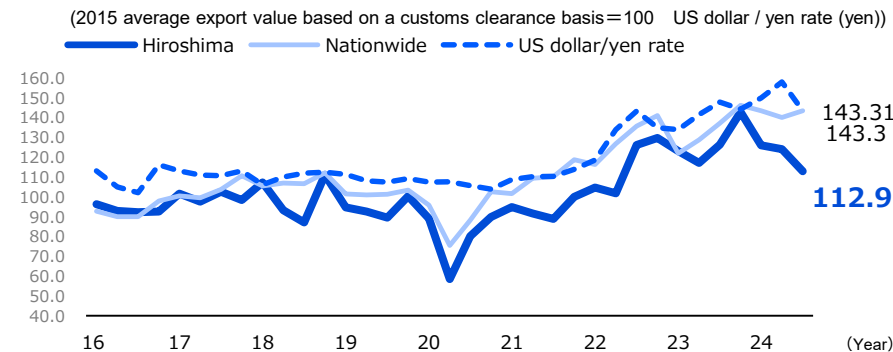
Industrial Production Index (Hiroshima Prefecture)



Note: The most recent figures are as of August for Hiroshima and as of September for Japan overall.

Source: Ministry of Economy, Hiroshima Prefecture

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



Note: The most recent figures are as of September.

Source: Kobe Customs, Bank of Japan

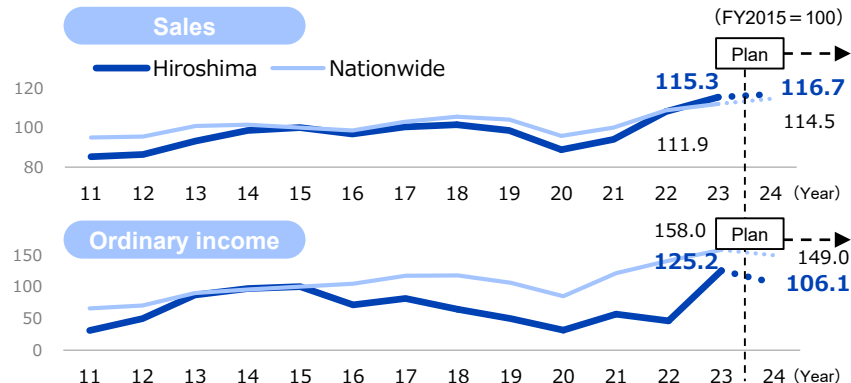
## 6. Overview of Hiroshima Prefecture's economy

### Latest business confidence

Movements by item			
October 2023		October 2024	
Hiroshima	Overview	Slowly recovering	A gentle recovering trend
	Private Consumption	Slowly Recovering	A gentle recovering trend
	Business investment	Slowly recovering	Increasing
	Production	A gentle recovering trend	More or less unchanged
	Exports	A recovering trend as supply-chain restrictions ease	More or less unchanged

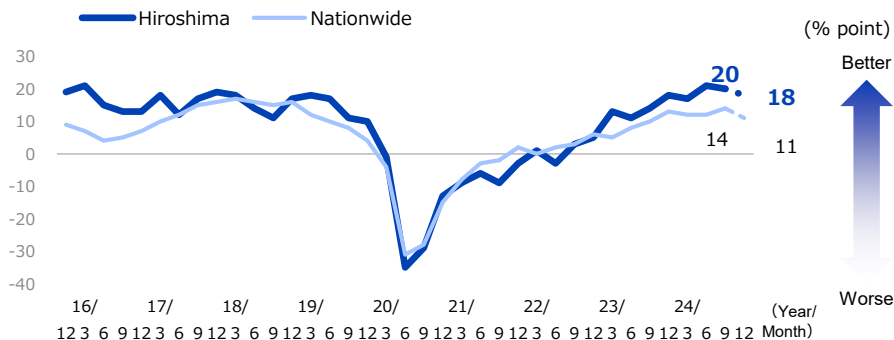
Source: Monthly report of recent economy and financial developments by Bank of Japan

### 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

(Prospected)

### Amounts of capital investment

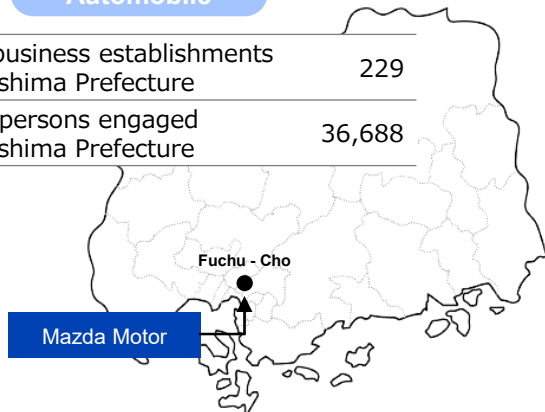
	(YoY change)		
	FY2022 results	FY2023 results	FY2024 plans
All industries	9.5%	9.1%	28.3%
Manufacturing	0.2%	3.5%	9.1%
Major companies	1.1%	5.4%	12.2%
Mid-sized companies	-9.8%	3.0%	19.2%
SMEs	15.8%	-5.3%	-28.4%
Non-manufacturing	15.9%	12.3%	39.3%
Major companies	17.3%	12.0%	44.9%
Mid-sized companies	-3.4%	12.9%	1.6%
SMEs	40.3%	21.1%	-21.0%

Source: Tankan by Bank of Japan

## 7. Major Industry Trends -Transportation Equipment-

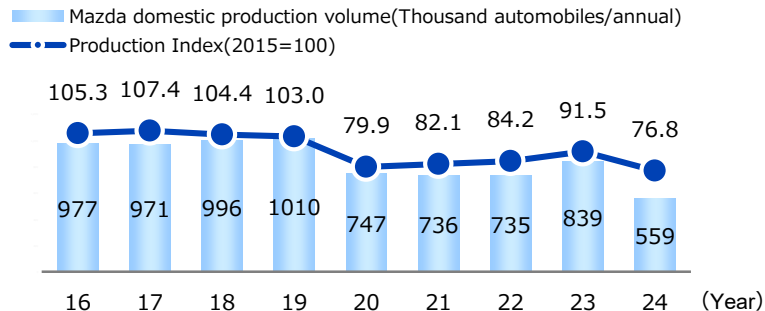
### Automobile

No. of business establishments in Hiroshima Prefecture	229
No. of persons engaged in Hiroshima Prefecture	36,688



Source: Hiroshima Prefecture, 2023 Census of Manufactures

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

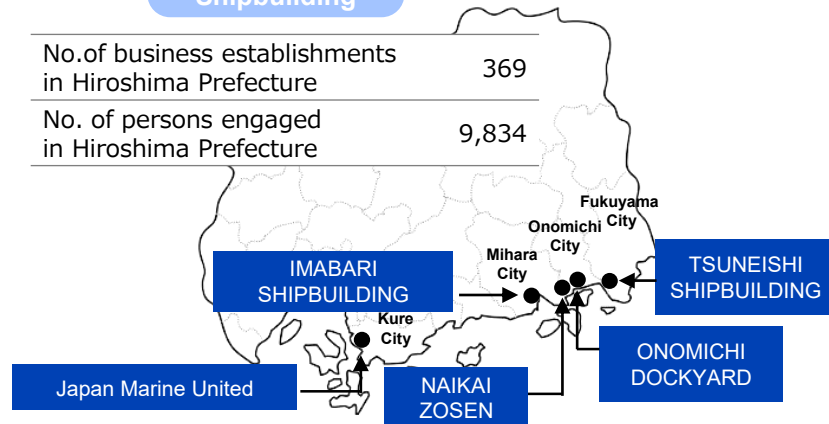


Note: Figures for 2024 Mazda domestic production volume are from January-September; Production index is based on January-August figures.

Sources: Hiroshima Prefecture, Mazda Motor Corporation

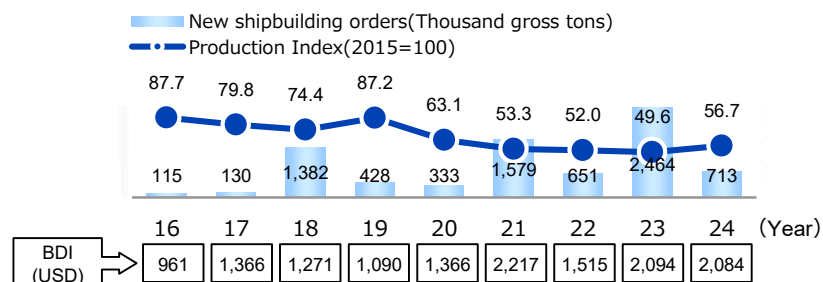
### Shipbuilding

No. of business establishments in Hiroshima Prefecture	369
No. of persons engaged in Hiroshima Prefecture	9,834



Source: Hiroshima Prefecture, 2023 Census of Manufactures

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



Note: Figures for new shipbuilding orders are from January - July, Figures for production index are January - August, and figures for BDI is as of the end of September.

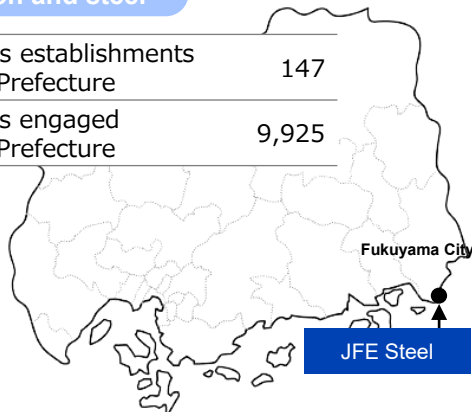
Sources: Hiroshima Prefecture, Chugoku District Transport Bureau and Bloomberg L.P.

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

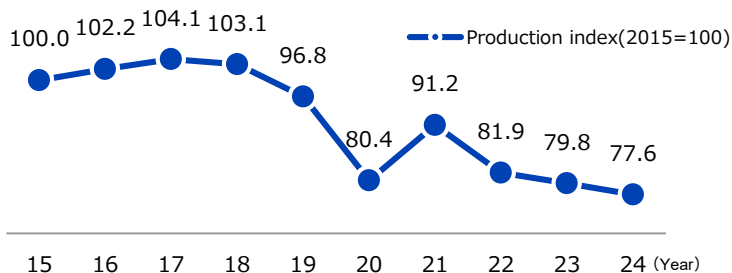
### Iron and steel

No. of business establishments in Hiroshima Prefecture	147
No. of persons engaged in Hiroshima Prefecture	9,925



Source: Hiroshima Prefecture, Economic census 2023

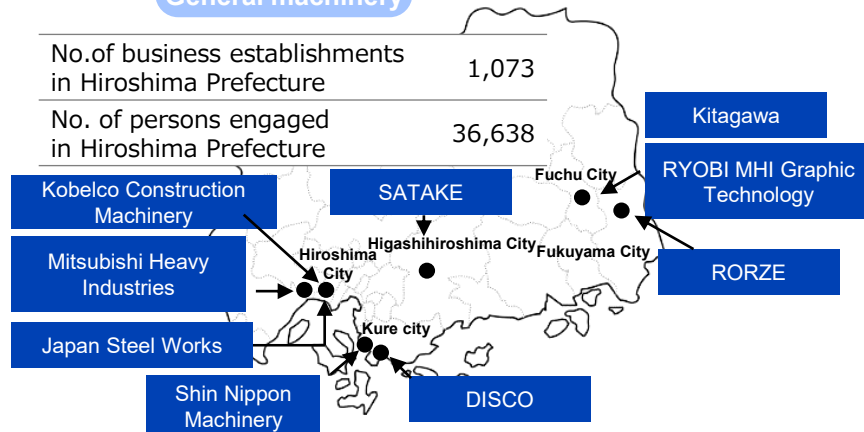
### Industrial Production Index of the iron and steel sector (Hiroshima Prefecture)



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

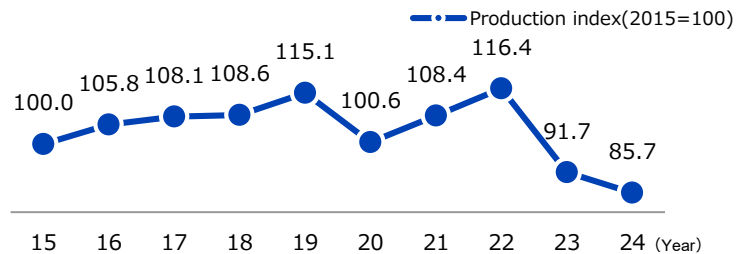
### General machinery

No. of business establishments in Hiroshima Prefecture	1,073
No. of persons engaged in Hiroshima Prefecture	36,638



Source: Hiroshima Prefecture, Economic census 2023

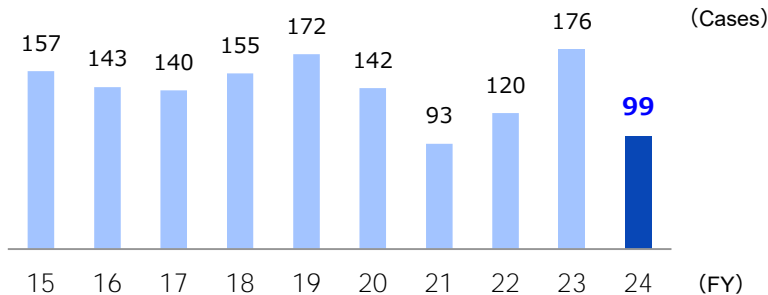
### Industrial Production Index of the general machinery sector (Hiroshima Prefecture)



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

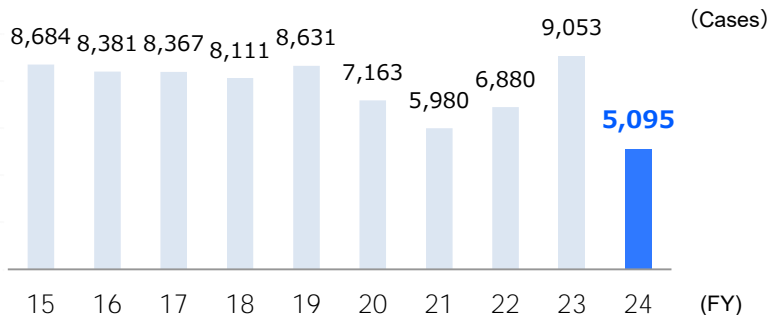
## 9. Bankruptcies in Hiroshima Prefecture

### Number of bankruptcies in Hiroshima Prefecture



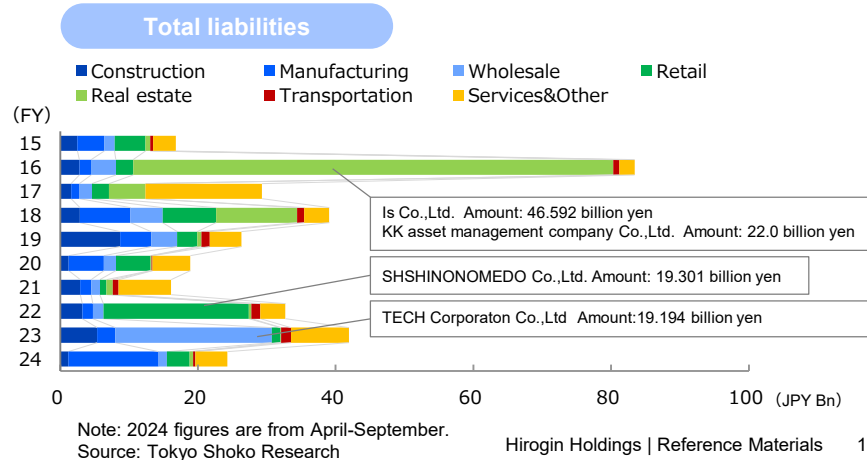
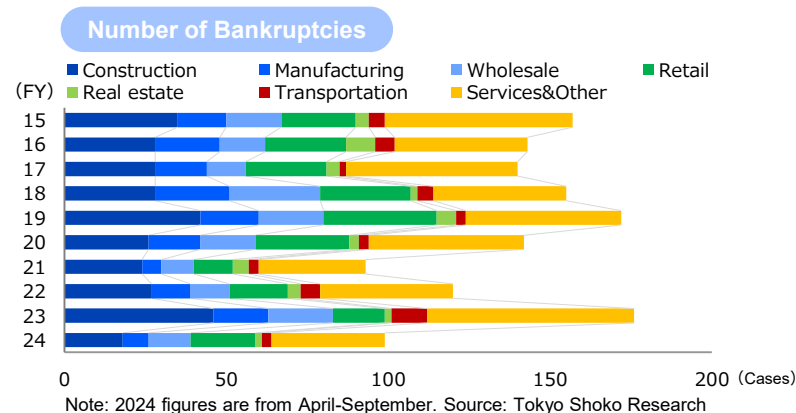
Note: 2024 figures are from April-September. Source: Tokyo Shoko Research

#### <Reference> Number of bankruptcies nationwide



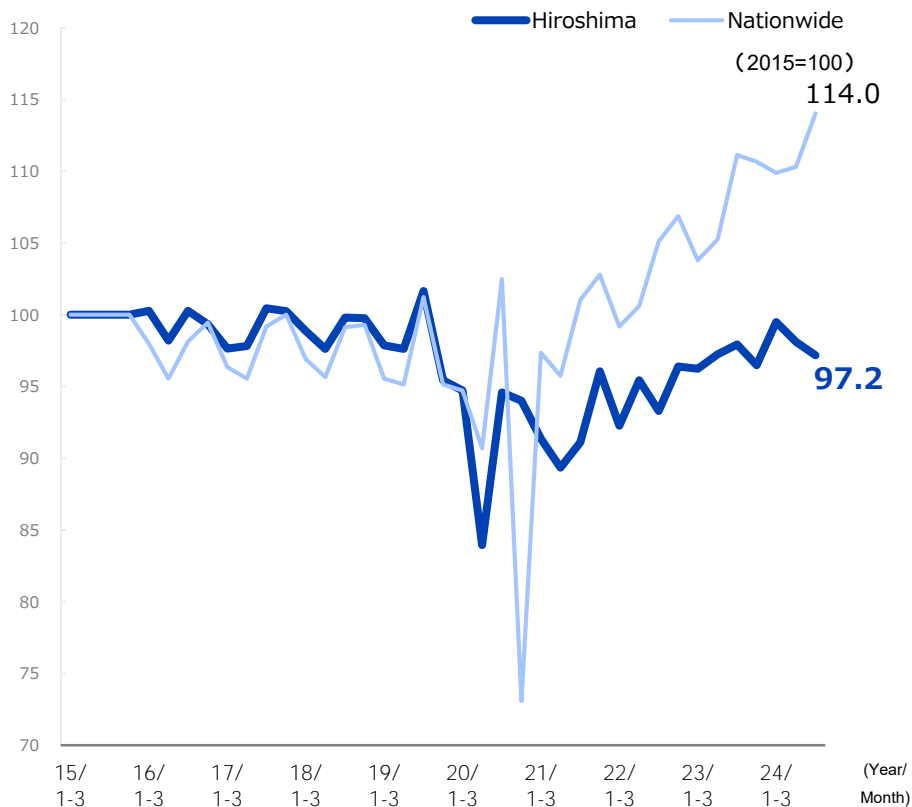
Note: 2024 figures are from April-September. Source: Tokyo Shoko Research

### Bankruptcies in Hiroshima Prefecture by industry sector



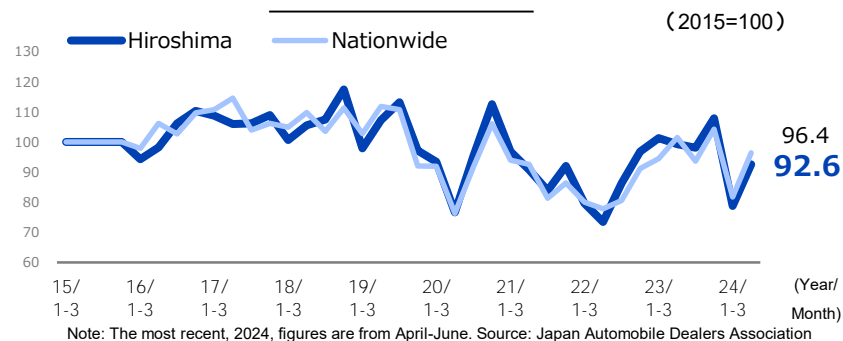
## 10. Consumer Spending

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

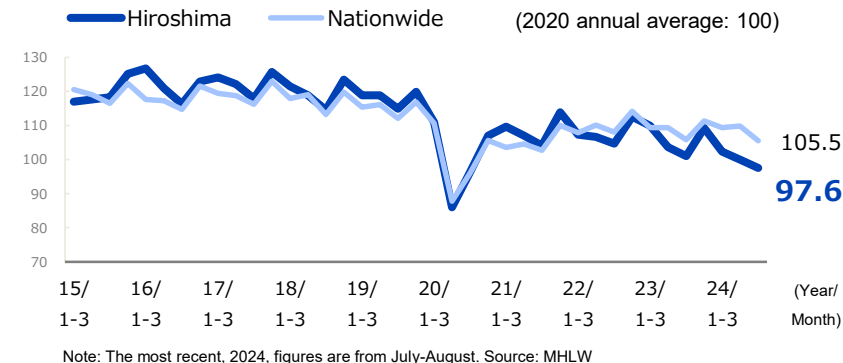


Note: The most recent, 2024, figures are from July-September. Source: Ministry of Economy

### Changes in new car registration



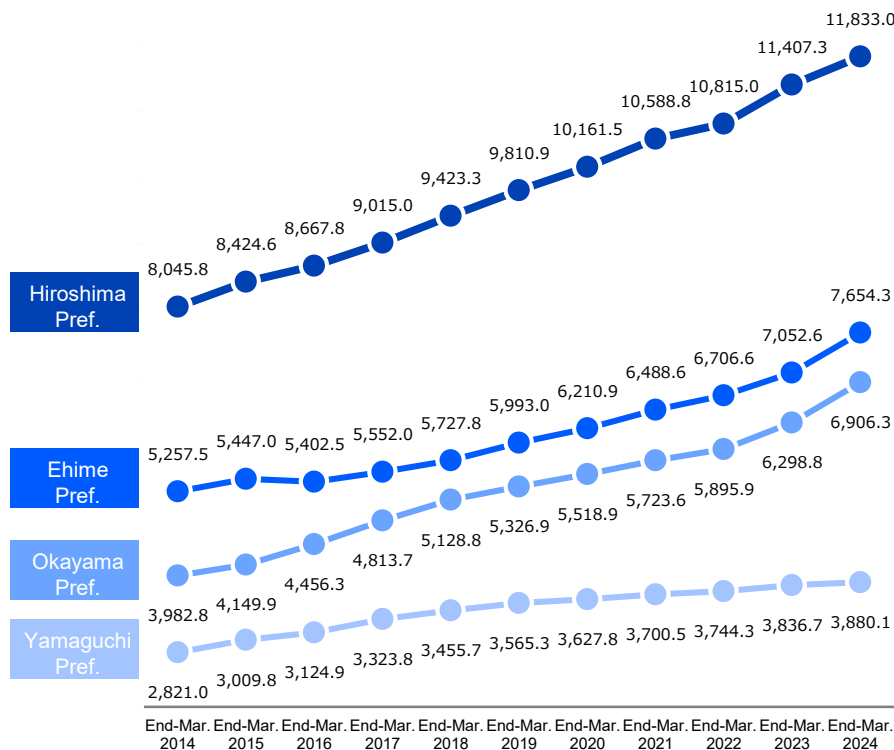
### Changes in overtime working hours



# 11. Trends of Loans/Deposits in Hiroshima Prefecture

## Changes in loans outstanding

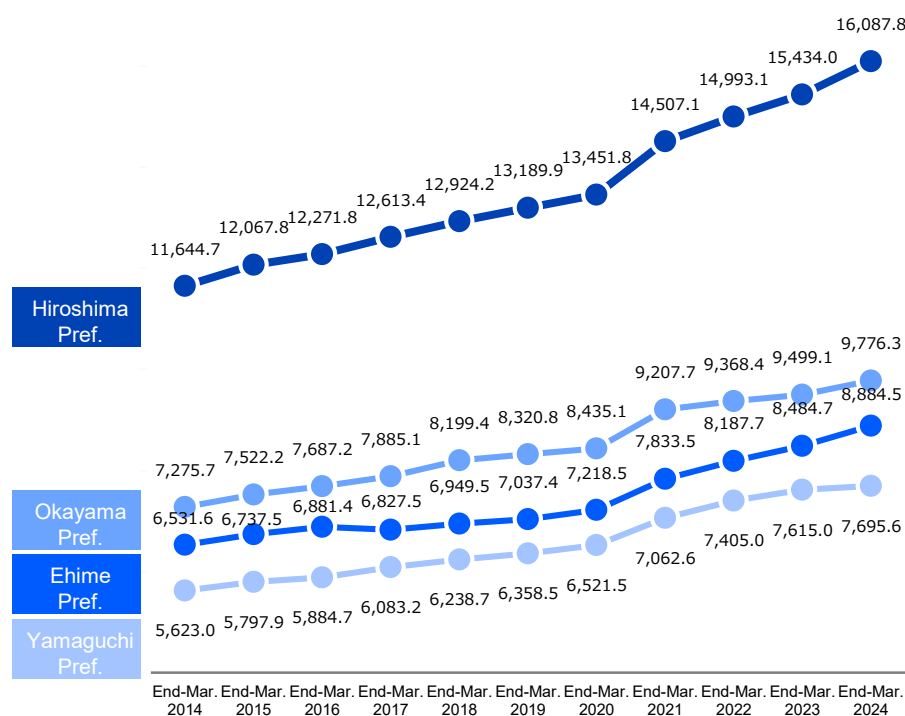
(JPY Bn)



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"

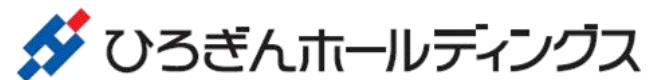
## 12. Comparison among Hiroshima City, Sapporo City, Sendai City, and Fukuoka City

### Key indexes of each city

			Hiroshima City	Sapporo City	Sendai City	Fukuoka City	As of
Regionality	Area	km <sup>2</sup>	907	1,121	786	343	July. 2024
	Population	Thousand people	1,179	1,957	1,066	1,594	January. 2024
	No. of households	Thousand households	581	1,105	543	857	January. 2024
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	3,090.6	593.2	1,117.7	654.5	2022
	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

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## Part 2

# Data for Hirogin Holdings



# 1. Changes in Earnings Performance (Hirogin Holdings Consolidated)

## I . Status of consolidated financial results

(JPY Bn)

	1H of FY2022	FY2022	1H of FY2023	FY2023	1H of FY2024	Compared to 1H of FY2023	Compared to 1H of FY2022
<b>Consolidated gross profit</b>	<b>48.5</b>	<b>79.3</b>	<b>49.0</b>	<b>100.7</b>	<b>55.1</b>	<b>6.1</b>	<b>6.6</b>
Net interest income	34.7	66.2	35.2	72.9	41.1	5.9	6.4
Net fees and commissions income	9.9	20.8	11.7	24.1	12.5	0.8	2.6
Income from specific transactions and other businesses	3.8	-7.7	2.0	3.6	1.4	-0.6	-2.4
Operating expenses (-)	29.2	58.0	28.5	57.9	31.5	3.0	2.3
Credit costs (-)	0.5	0.6	4.3	15.0	-0.5	-4.8	-1.0
Gains/losses related to equities, etc.	-4.1	-2.2	7.4	7.6	1.9	-5.5	6.0
Gains/losses from equity method investments	-	-	-0.0	-0.0	0.0	0.0	0.0
Other	0.1	0.4	0.3	-1.1	0.5	0.2	0.4
<b>Ordinary profit</b>	<b>14.7</b>	<b>18.7</b>	<b>23.9</b>	<b>34.1</b>	<b>26.5</b>	<b>2.6</b>	<b>11.8</b>
Extraordinary gains/losses	-0.1	-0.5	-0.0	5.7	-0.2	-0.2	-0.1
Total income tax, etc. (-)	4.4	5.7	7.2	12.2	7.9	0.7	3.5
<b>Net income attributable to owners of the parent</b>	<b>10.0</b>	<b>12.5</b>	<b>16.6</b>	<b>27.6</b>	<b>18.4</b>	<b>1.8</b>	<b>8.4</b>

# 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)

	1H of FY2022	FY2022	1H of FY2023	FY2023	1H of FY2024		
						Compared to 1H of FY2023	Compared to 1H of FY2022
Corporate solutions	3.7	7.3	2.8	5.8	3.7	0.9	0.0
Asset management	2.4	5.0	2.4	4.9	2.2	-0.2	-0.2
Equity business	0.0	0.2	-	1.5	0.0	0.0	0.0
<b>Net income for Group companies</b>	<b>1.3</b>	<b>2.3</b>	<b>1.3</b>	<b>2.5</b>	<b>1.3</b>	<b>0.0</b>	<b>0.0</b>
Hirogin Securities (included above)	0.2	0.1	0.3	0.6	0.2	-0.1	0.0
Shimanami Servicer (included above)	0.1	0.2	-0.0	0.0	0.0	0.0	-0.1
Hirogin Lease (included above)	0.3	0.5	0.3	0.7	0.5	0.2	0.2
<b>Total</b>	<b>7.4</b>	<b>14.8</b>	<b>6.5</b>	<b>14.7</b>	<b>7.2</b>	<b>0.7</b>	<b>-0.2</b>

## III . Group total credit

(JPY Bn)

	September 30, 2022	March 31, 2023	September 30, 2023	March 31, 2024	September 30, 2024		
						Compared to September 30, 2023	Compared to September 30, 2022
<b>Group total credit</b>	<b>7,246.5</b>	<b>7,390.8</b>	<b>7,608.3</b>	<b>7,872.4</b>	<b>8,477.0</b>	<b>868.7</b>	<b>1,230.5</b>
Lending (consolidated)	7,085.4	7,224.1	7,436.1	7,689.1	8,292.9	856.8	1,207.5
Lease claims <sup>*1</sup>	76.0	77.6	77.5	84.7	83.7	6.2	7.7
PE investments, etc. <sup>*2</sup>	35.0	34.7	38.5	41.7	44.6	6.1	9.6
Private placement bonds	49.8	54.4	56.1	56.8	55.5	-0.6	5.7

\*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)

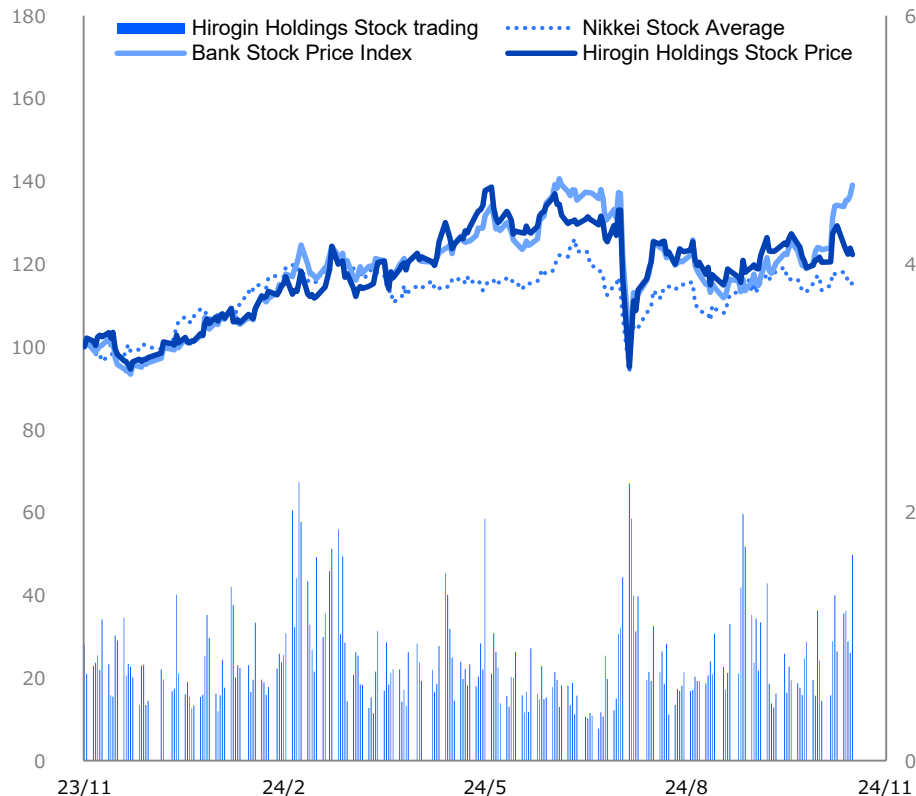
		September 30, 2022	March 31, 2023	September 30, 2023	March 31, 2024	September 30, 2024	Compared to March 31, 2024	Compared to September 30, 2023
Amount of basic items related to core capital ①		472.9	481.0	485.4	484.8	495.7	10.9	10.3
Of which, amount of shareholders' equity related to common stock or mandatory convertible preferred stock		462.1	461.7	467.7	473.0	482.6	9.6	14.9
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		48.3	59.3	62.0	44.7	47.2	2.5	-14.8
Amount of owned equity ① - ② ③		424.5	421.7	423.4	440.0	448.5	8.5	25.1
Total amount of risk-weighted assets, etc. ④		4,006.8	3,576.8	3,771.2	3,984.2	3,989.9	5.7	218.7
<b>Consolidated capital adequacy ratio ③ / ④</b>		<b>10.59%</b>	<b>11.78%</b>	<b>11.22%</b>	<b>11.04%</b>	<b>11.24%</b>	<b>0.20%</b>	<b>0.02%</b>

※ 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-November 2023=100; right scale: trading volume (million shares)



#### Composition of shareholders

	22/9	23/3	23/9	24/3	24/9
Financial institutions	37.9%	35.8%	37.2%	36.1%	36.8%
Financial instruments business operators (brokerage houses)	2.2%	2.6%	2.7%	3.2%	2.2%
General corporations	28.5%	27.5%	26.9%	26.4%	26.6%
Foreigners	12.3%	13.3%	13.2%	12.9%	13.5%
Individuals	19.1%	20.8%	19.1%	20.3%	20.2%
Treasury stock	0.0%	0.0%	0.8%	1.2%	0.6%

#### Major shareholders (September 30, 2024)

Shareholder's name	No. of shares held (hundred shares)	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (trust account)	387,412	12.54%
Custody Bank of Japan, Ltd. (trust account)	233,449	7.56%
Meiji Yasuda Life Insurance Company	82,047	2.65%
Sompo Japan Insurance Inc.	75,000	2.42%
CP Chemical Incorporated	74,638	2.41%
Sumitomo Life Insurance Company	60,380	1.95%
Employee stock ownership (Hirogin Holdings)	57,925	1.87%
Nippon Life Insurance Company	48,339	1.56%
JP MORGAN CHASE BANK	38,979	1.26%
The Bank of Fukuoka, Ltd.	38,503	1.24%

## 4. Hirogin Holdings Group Structure



(Established October 2020)

Made Wholly owned subsidiary March 2021

Established April 2020

Merged April 2023

Established January 2024

Made subsidiary January 2021

Established April 2021

Established April 2021

Converted into affiliate September 2023

Invested October 2019

Established February 2022

Established September 2024

(100%)

The Hiroshima Bank

(100%)

Hirogin Business Service

(100%)

Hirogin REIT Management

Nonconsolidated subsidiaries  
(Eight companies)\*1

(100%)

Hirogin Securities

(100%)

Hirogin Lease

(100%)

Shimanami Servicer

(100%)

Hirogin Capital Partners

Non-equity method affiliates  
(two companies)\*2

(100%)

Hirogin Credit Service

(100%)

NEW

Hirogin Life Partners

(80%)

Hirogin IT Solutions

(100%)

Hirogin Area Design

(100%)

Hirogin Human Resources

Nonconsolidated subsidiaries  
(One company)\*3

(39.5%)

Shin-ai Total Service

Hiroshima Shinai Real Estate\*4

Tabimachi Gate Hiroshima

Setomосу

NEW

Hirogin World Business

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

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

Travel agency business, regional trading business

Lifestyle-related services, agriculture, accommodation business

Foreign worker acceptance support business

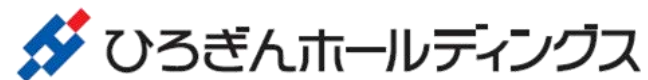
Financial consolidated subsidiaries: nine companies

Nonfinancial consolidated subsidiaries: three companies

Equity method affiliated company: one company

Non consolidated subsidiaries, not subject to the equity method: three companies

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## Part 3

# Data for Hiroshima Bank



# 1. Changes in Earnings Performance (nonconsolidated)

## I . Total

(JPY Bn)

	1H of FY2022	FY2022	1H of FY2023	FY2023	1H of FY2024	Compared to 1H of FY2023	Compared to 1H of FY2022
Net interest income	35.9	67.4	36.4	74.1	41.2	4.8	5.3
Net fees and commissions income	6.9	14.2	7.6	15.2	8.4	0.8	1.5
Specific transaction profit	0.8	1.4	0.6	1.3	0.8	0.2	0.0
Other banking profit (excluding gains/losses on bonds)	2.4	3.4	0.9	1.2	1.0	0.1	-1.4
<b>Core gross banking profit</b>	<b>46.2</b>	<b>86.5</b>	<b>45.7</b>	<b>92.0</b>	<b>51.6</b>	<b>5.9</b>	<b>5.4</b>
- Expenses	26.3	52.3	26.2	53.0	28.2	2.0	1.9
<b>Core banking profit</b>	<b>19.8</b>	<b>34.2</b>	<b>19.5</b>	<b>38.9</b>	<b>23.3</b>	<b>3.8</b>	<b>3.5</b>
Gains/losses on bonds	-1.9	-16.7	-1.2	-2.4	-2.4	-1.2	-0.5
<b>Actual net banking profit</b>	<b>17.9</b>	<b>17.4</b>	<b>18.2</b>	<b>36.5</b>	<b>20.9</b>	<b>2.7</b>	<b>3.0</b>
- General provision for doubtful debt	-0.8	-6.0	2.2	3.0	-	-2.2	0.8
- Non-performing loans written off	1.3	6.3	1.8	11.4	-0.7	-2.5	-2.0
Gains/losses on stocks	-4.1	-2.2	7.4	8.2	1.9	-5.5	6.0
<b>Ordinary profit</b>	<b>14.0</b>	<b>16.4</b>	<b>23.2</b>	<b>31.4</b>	<b>24.5</b>	<b>1.3</b>	<b>10.5</b>
Extraordinary income/loss	-0.1	-0.5	-0.0	5.8	-0.1	-0.1	0.0
<b>Income before income taxes</b>	<b>13.8</b>	<b>15.9</b>	<b>23.1</b>	<b>37.3</b>	<b>24.3</b>	<b>1.2</b>	<b>10.5</b>
Corporate taxes	3.7	4.3	6.4	10.7	7.2	0.8	3.5
<b>Net income</b>	<b>10.1</b>	<b>11.5</b>	<b>16.6</b>	<b>26.5</b>	<b>17.1</b>	<b>0.5</b>	<b>7.0</b>
<b>Adjusted overhead ratio</b>	<b>57.0%</b>	<b>60.4%</b>	<b>57.3%</b>	<b>57.7%</b>	<b>54.7%</b>	<b>-2.6%</b>	<b>-2.3%</b>

## II . Domestic operations

(JPY Bn)

	1H of FY2022	FY2022	1H of FY2023	FY2023	1H of FY2024	Compared to 1H of FY2023	Compared to 1H of FY2022
Net Interest income	30.4	59.1	31.8	63.9	34.5	2.7	4.1
Net fees and commissions income	6.9	14.0	7.6	15.1	8.4	0.8	1.5
Specific transaction profit	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other banking profit (excluding gains/losses on bonds)	-0.0	-0.0	0.0	-0.0	0.0	0.0	0.0
<b>Core gross banking profit</b>	<b>37.3</b>	<b>73.2</b>	<b>39.4</b>	<b>79.0</b>	<b>43.0</b>	<b>3.6</b>	<b>5.7</b>

## 2. Investment and Fundraising

### I . Total

(JPY Bn)

	1H of FY2022		FY2022		1H of FY2023		FY2023		1H of FY2024		Compared to FY2023		Compared to 1H of FY2023		
	Average balance	Yield	Average balance	Yield	Average balance	Yield	Average balance	Yield	Average balance	Yield					
											Average balance	Yield	Average balance	YoY	Yield
Interest-earning assets	8,913.6	0.94%	9,016.8	0.97%	9,165.3	1.13%	9,332.2	1.15%	10,158.4	1.16%	826.2	0.01%	993.1	10.8%	0.03%
Loans and bills discounted	7,077.3	0.88%	7,184.2	0.94%	7,399.3	1.07%	7,517.9	1.09%	8,172.0	1.07%	654.1	-0.02%	772.7	10.4%	0.00%
Trading securities	1,760.4	1.05%	1,749.2	0.95%	1,635.8	1.30%	1,675.8	1.27%	1,818.2	1.48%	142.4	0.21%	182.4	11.2%	0.18%
Call loans	23.6	0.33%	27.4	0.59%	37.9	1.07%	46.4	0.90%	73.8	0.78%	27.4	-0.12%	35.9	94.7%	-0.29%
Due from banks*	10.8	22.78%	13.0	17.29%	18.4	11.19%	17.6	6.90%	16.0	13.45%	-1.6	6.55%	-2.4	-13.0%	2.26%
Interest-bearing liabilities	10,877.1	0.11%	10,959.9	0.18%	11,417.7	0.27%	11,642.8	0.28%	11,498.9	0.31%	-143.9	0.03%	81.2	0.7%	0.04%
Deposits	8,670.2	0.01%	8,683.7	0.02%	8,948.2	0.03%	8,978.3	0.04%	9,138.5	0.07%	160.2	0.03%	190.3	2.1%	0.04%
Negotiable CDs	424.9	0.00%	405.6	0.00%	358.3	0.00%	340.4	0.00%	247.5	0.06%	-92.9	0.06%	-110.8	-30.9%	0.06%
Call money	67.9	-0.02%	222.8	-0.03%	481.8	-0.04%	644.0	-0.02%	18.3	0.15%	-625.7	0.17%	-463.5	-96.2%	0.19%
Borrowed money	963.1	0.02%	946.0	0.02%	1,016.4	0.02%	1,070.4	0.02%	1,416.9	0.02%	346.5	0.00%	400.5	39.4%	0.00%

### II . Domestic operations

(JPY Bn)

	1H of FY2022		FY2022		1H of FY2023		FY2023		1H of FY2024		Compared to FY2023		Compared to 1H of FY2023		
	Av erage balance	Yield	Av erage balance	Yield	Av erage balance	Yield	Av erage balance	Yield	Av erage balance	Yield					
											Av erage balance	Yield	Av erage balance	YoY	Yield
Interest-earning assets	8,387.8	0.73%	8,527.3	0.71%	8,736.7	0.73%	8,890.9	0.73%	9,655.2	0.75%	764.3	0.02%	918.5	10.5%	0.02%
Loans and bills discounted	6,407.8	0.75%	6,489.2	0.74%	6,663.8	0.73%	6,746.6	0.74%	7,319.7	0.76%	573.1	0.02%	655.9	9.8%	0.03%
Trading securities	1,346.3	0.77%	1,368.6	0.65%	1,367.5	0.91%	1,394.6	0.79%	1,476.1	0.89%	81.5	0.10%	108.6	7.9%	-0.02%
Call loans	19.5	0.00%	22.6	0.00%	30.5	0.01%	39.0	0.02%	65.6	0.19%	26.6	0.17%	35.1	115.1%	0.18%
Due from banks*	10.8	22.78%	13.0	17.29%	18.4	11.19%	17.6	6.90%	16.0	13.45%	-1.6	6.55%	-2.4	-13.0%	2.26%
Interest-bearing liabilities	10,359.9	0.01%	10,474.5	0.01%	11,026.5	0.00%	11,237.7	0.01%	11,047.3	0.03%	-190.4	0.02%	20.8	0.2%	0.03%
Deposits	8,489.1	0.00%	8,495.1	0.00%	8,754.4	0.00%	8,771.6	0.00%	8,923.9	0.02%	152.3	0.02%	169.5	1.9%	0.02%
Negotiable CDs	424.9	0.00%	405.6	0.00%	358.3	0.00%	340.4	0.00%	247.5	0.06%	-92.9	0.06%	-110.8	-30.9%	0.06%
Call money	67.9	-0.02%	222.8	-0.03%	481.8	-0.04%	644.0	-0.02%	18.3	0.15%	-625.7	0.17%	-463.5	-96.2%	0.19%
Borrowed money	958.3	0.02%	942.8	0.02%	1,015.3	0.02%	1,069.6	0.02%	1,416.5	0.02%	346.9	0.00%	401.2	39.5%	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	September 30, 2022		March 31, 2023		September 30, 2023		March 31, 2024		September 30, 2024		Compared to March 31, 2024		Compared to September 30, 2023	
	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total
<b>Loans</b>	<b>7,144.7</b>	<b>100.0%</b>	<b>7,275.3</b>	<b>100.0%</b>	<b>7,488.9</b>	<b>100.0%</b>	<b>7,745.7</b>	<b>100.0%</b>	<b>8,350.6</b>	<b>100.0%</b>	<b>604.9</b>	<b>-</b>	<b>861.7</b>	<b>11.5%</b>
Hiroshima	4,266.5	59.7%	4,296.5	59.1%	4,424.4	59.1%	4,519.7	58.4%	4,587.4	54.9%	67.7	-3.4%	163.0	3.7%
Okayama	350.7	4.9%	356.1	4.9%	356.9	4.8%	372.1	4.8%	373.6	4.5%	1.5	-0.3%	16.7	4.7%
Ehime	600.3	8.4%	598.6	8.2%	658.7	8.8%	688.7	8.9%	677.4	8.1%	-11.3	-0.8%	18.7	2.8%
Yamaguchi	230.6	3.2%	232.8	3.2%	226.4	3.0%	235.4	3.0%	238.0	2.9%	2.6	-0.2%	11.6	5.1%
Other	1,696.6	23.7%	1,791.3	24.6%	1,822.5	24.3%	1,929.8	24.9%	2,473.9	29.6%	544.1	4.7%	651.4	35.7%

## II. Loans outstanding by business category

(JPY Bn)

Outstanding balance	September 30, 2022		March 31, 2023		September 30, 2023		March 31, 2024		September 30, 2024		Compared to March 31, 2024		Compared to September 30, 2023	
	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total
<b>Loans</b>	<b>7,144.7</b>	<b>100.0%</b>	<b>7,275.3</b>	<b>100.0%</b>	<b>7,488.9</b>	<b>100.0%</b>	<b>7,745.7</b>	<b>100.0%</b>	<b>8,350.6</b>	<b>100.0%</b>	<b>604.9</b>	<b>-</b>	<b>861.7</b>	<b>11.5%</b>
<b>Business</b>	<b>4,037.4</b>	<b>56.5%</b>	<b>4,104.0</b>	<b>56.4%</b>	<b>4,311.7</b>	<b>57.6%</b>	<b>4,523.0</b>	<b>58.4%</b>	<b>4,637.1</b>	<b>55.5%</b>	<b>114.1</b>	<b>-2.9%</b>	<b>325.4</b>	<b>7.5%</b>
Leading medium-sized and large enterprises	1,206.8	16.9%	1,288.4	17.7%	1,387.6	18.5%	1,477.3	19.1%	1,624.1	19.4%	146.8	0.4%	236.5	17.0%
Small and medium-sized enterprises	2,830.6	39.6%	2,815.6	38.7%	2,924.1	39.0%	3,045.7	39.3%	3,013.1	36.1%	-32.6	-3.2%	89.0	3.0%
<b>Local governments</b>	<b>1,395.8</b>	<b>19.5%</b>	<b>1,432.0</b>	<b>19.7%</b>	<b>1,412.4</b>	<b>18.9%</b>	<b>1,433.1</b>	<b>18.5%</b>	<b>1,884.3</b>	<b>22.6%</b>	<b>451.2</b>	<b>4.1%</b>	<b>471.9</b>	<b>33.4%</b>
Of which loans to government	735.2	10.3%	783.5	10.8%	753.2	10.1%	785.5	10.1%	1,235.3	14.8%	449.8	4.7%	482.1	64.0%
<b>Personal loans</b>	<b>1,711.5</b>	<b>24.0%</b>	<b>1,739.2</b>	<b>23.9%</b>	<b>1,764.8</b>	<b>23.6%</b>	<b>1,789.6</b>	<b>23.1%</b>	<b>1,829.0</b>	<b>21.9%</b>	<b>39.4</b>	<b>-1.2%</b>	<b>64.2</b>	<b>3.6%</b>

## III. Business loans by interest rate

(JPY Bn)

Outstanding balance	September 30, 2022		March 31, 2023		September 30, 2023		March 31, 2024		September 30, 2024		Compared to March 31, 2024		Compared to September 30, 2023	
	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total
<b>Yen-based business loans</b>	<b>3,490.0</b>	<b>100.0%</b>	<b>3,564.8</b>	<b>100.0%</b>	<b>3,678.2</b>	<b>100.0%</b>	<b>3,852.5</b>	<b>100.0%</b>	<b>3,999.9</b>	<b>100.0%</b>	<b>147.4</b>	<b>-</b>	<b>321.7</b>	<b>8.7%</b>
Fixed interest rates	1,047.9	30.0%	1,105.9	31.0%	1,200.6	32.6%	1,328.1	34.5%	1,434.5	35.9%	106.4	1.4%	233.9	19.5%
Variable interest rates	2,442.1	70.0%	2,458.9	69.0%	2,477.6	67.4%	2,524.4	65.5%	2,565.4	64.1%	41.0	-1.4%	87.8	3.5%
Market rates	1,329.1	38.1%	1,381.4	38.8%	1,382.0	37.6%	1,391.6	36.1%	1,428.4	35.7%	36.8	-0.4%	46.4	3.4%
Short-term prime rates	1,113.0	31.9%	1,077.5	30.2%	1,095.6	29.8%	1,132.8	29.4%	1,137.0	28.4%	4.2	-1.0%	41.4	3.8%
Of which negotiation-based rates	390.0	11.2%	367.5	10.3%	375.6	10.2%	379.5	9.9%	372.1	9.3%	-7.4	-0.5%	-3.5	-0.9%
Of which market-linked rates	723.0	20.7%	710.0	19.9%	719.9	19.6%	753.3	19.6%	764.8	19.1%	11.5	-0.4%	44.9	6.2%

## IV. Breakdown of personal loans

(JPY Bn)

Outstanding balance	September 30, 2022		March 31, 2023		September 30, 2023		March 31, 2024		September 30, 2024		Compared to March 31, 2024		Compared to September 30, 2023	
	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total
<b>Personal loans</b>	<b>1,711.5</b>	<b>100.0%</b>	<b>1,739.2</b>	<b>100.0%</b>	<b>1,764.8</b>	<b>100.0%</b>	<b>1,789.6</b>	<b>100.0%</b>	<b>1,829.0</b>	<b>100.0%</b>	<b>39.4</b>	<b>-</b>	<b>64.2</b>	<b>3.6%</b>
Of which housing loans	1,116.0	65.2%	1,132.9	65.1%	1,149.2	65.1%	1,171.2	65.4%	1,204.2	65.8%	33.0	0.4%	55.0	4.8%
Of which apartment loans	470.9	27.5%	474.5	27.3%	475.3	26.9%	475.3	26.6%	476.4	26.0%	1.1	-0.5%	1.1	0.2%
Of which consumer loans	115.4	6.7%	123.2	7.1%	129.7	7.3%	133.2	7.4%	133.7	7.3%	0.5	-0.1%	4.0	3.1%
Of which loans by purpose	81.4	4.8%	89.3	5.1%	95.8	5.4%	99.3	5.5%	99.9	5.5%	0.6	-0.1%	4.1	4.3%
Of which card loans	34.0	2.0%	33.9	1.9%	33.9	1.9%	33.9	1.9%	33.8	1.8%	-0.1	0.0%	-0.1	-0.3%

## 4. Loans (2)

### V. Loans outstanding by industry sector

(JPY Bn)

Outstanding balance	September 30, 2022		March 31, 2023		September 30, 2023		March 31, 2024		September 30, 2024		Compared to March 31, 2024		Compared to September 30, 2023		
	Ending balance		Ending balance		Ending balance		Ending balance		Ending balance		Ending balance		Ending balance		YoY
	% of total	% of total	% of total	% of total	% of total	% of total	% of total	% of total	% of total	% of total	% of total	% of total	% of total	% of total	
<b>Loans</b>	<b>7,144.7</b>	<b>100.0%</b>	<b>7,275.3</b>	<b>100.0%</b>	<b>7,488.9</b>	<b>100.0%</b>	<b>7,745.7</b>	<b>100.0%</b>	<b>8,350.6</b>	<b>100.0%</b>	<b>604.9</b>	<b>-</b>	<b>861.7</b>	<b>11.5%</b>	<b>-</b>
Manufacturing	714.3	10.0%	725.3	10.0%	738.2	9.9%	757.1	9.8%	778.5	9.3%	21.4	-0.5%	40.3	5.5%	-0.5%
Construction	174.8	2.4%	177.0	2.4%	185.8	2.5%	188.2	2.4%	190.8	2.3%	2.6	-0.1%	5.0	2.7%	-0.2%
Transportation and mailing	421.6	5.9%	434.9	6.0%	475.6	6.4%	509.5	6.6%	511.6	6.1%	2.1	-0.5%	36.0	7.6%	-0.2%
Wholesale and retail	548.8	7.7%	567.9	7.8%	563.6	7.5%	576.4	7.4%	602.3	7.2%	25.9	-0.2%	38.7	6.9%	-0.3%
Finance and insurance	247.5	3.5%	287.3	3.9%	359.6	4.8%	419.0	5.4%	456.5	5.5%	37.5	0.1%	96.9	26.9%	0.7%
Real estate	882.2	12.3%	897.3	12.3%	915.9	12.2%	927.8	12.0%	941.8	11.3%	14.0	-0.7%	25.9	2.8%	-1.0%
Leasing	308.8	4.3%	303.5	4.2%	320.3	4.3%	334.2	4.3%	336.0	4.0%	1.8	-0.3%	15.7	4.9%	-0.3%
Services	334.1	4.7%	327.5	4.5%	323.3	4.3%	322.7	4.2%	325.4	3.9%	2.7	-0.3%	2.1	0.6%	-0.4%
Other	3,512.6	49.2%	3,554.6	48.9%	3,606.6	48.2%	3,710.8	47.9%	4,207.7	50.4%	496.9	2.5%	601.1	16.7%	2.2%
<b>&lt;Reference&gt;</b>															
Automobile-related (domestic)	206.9	2.9%	193.7	2.7%	196.2	2.6%	192.6	2.5%	196.1	2.3%	3.5	-0.1%	-0.1	-0.1%	-0.3%
Shipbuilding and marine transportation	819.6	11.5%	808.7	11.1%	892.6	11.9%	947.7	12.2%	932.8	11.2%	-14.9	-1.1%	40.2	4.5%	-0.7%

### VI. Moneylending shares in Hiroshima Prefecture

(%)

Shares in Hiroshima Prefecture	September 30, 2022	March 31, 2023	September 30, 2023	March 31, 2024	September 30, 2024		Compared to March 31, 2024		Compared to September 30, 2023	
<b>Hiroshima Bank</b>	33.2%	32.9%	33.4%	33.7%	33.4%		-0.3%		0.0%	
Other regional banks	21.0%	21.0%	21.4%	20.9%	21.5%		0.6%		0.1%	
Second regional banks	18.7%	18.6%	18.4%	18.7%	18.3%		-0.4%		-0.1%	
Mega banks	14.1%	14.5%	13.8%	13.8%	14.1%		0.3%		0.3%	
Shinkin Banks	13.0%	13.0%	13.0%	12.9%	12.7%		-0.2%		-0.3%	

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

(JPY Bn)

Outstanding balance	September 30, 2022		March 31, 2023		September 30, 2023		March 31, 2024		September 30, 2024		Compared to March 31, 2024		Compared to September 30, 2023		
	Ending balance		Ending balance		Ending balance		Ending balance		Ending balance		Ending balance		Ending balance		YoY
	% of total	% of total	% of total	% of total	% of total	% of total	% of total	% of total	% of total	% of total	% of total	% of total	% of total	% of total	
Loans outstanding to small and medium-sized enterprises, etc.	4,542.1	63.6%	4,554.8	62.6%	4,688.9	62.6%	4,835.3	62.4%	4,842.2	58.0%	6.9	-4.4%	153.3	3.3%	-4.6%

# 5. Deposits

## I . Breakdown of deposits

(JPY Bn)

Outstanding balance	September 30, 2022		March 31, 2023		September 30, 2023		March 31, 2024		September 30, 2024		Compared to March 31, 2024		Compared to September 30, 2023		
	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	YoY	% of total
<b>Deposits</b>	<b>9,002.5</b>	<b>100.0%</b>	<b>9,277.4</b>	<b>100.0%</b>	<b>9,268.8</b>	<b>100.0%</b>	<b>9,399.5</b>	<b>100.0%</b>	<b>9,412.4</b>	<b>100.0%</b>	<b>12.9</b>	<b>-</b>	<b>143.6</b>	<b>1.5%</b>	<b>-</b>
Liquid deposits	6,281.0	69.8%	6,638.5	71.6%	6,628.3	71.5%	6,984.6	74.3%	6,766.0	71.9%	-218.6	-2.4%	137.7	2.1%	0.4%
Fixed-term deposits	2,186.5	24.3%	2,167.4	23.4%	2,161.8	23.3%	2,113.3	22.5%	2,144.1	22.8%	30.8	0.3%	-17.7	-0.8%	-0.5%
Foreign currency deposits, etc.	147.0	1.6%	138.9	1.5%	176.4	1.9%	159.3	1.7%	200.3	2.1%	41.0	0.4%	23.9	13.5%	0.2%
NCD	387.9	4.3%	332.5	3.6%	302.2	3.3%	142.2	1.5%	302.0	3.2%	159.8	1.7%	-0.2	-0.1%	-0.1%

## II . Deposits outstanding by region

(JPY Bn)

Outstanding balance	September 30, 2022		March 31, 2023		September 30, 2023		March 31, 2024		September 30, 2024		Compared to March 31, 2024		Compared to September 30, 2023		
	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	YoY	% of total
<b>Deposits</b>	<b>9,002.5</b>	<b>100.0%</b>	<b>9,277.4</b>	<b>100.0%</b>	<b>9,268.8</b>	<b>100.0%</b>	<b>9,399.5</b>	<b>100.0%</b>	<b>9,412.4</b>	<b>100.0%</b>	<b>12.9</b>	<b>-</b>	<b>143.6</b>	<b>1.5%</b>	<b>-</b>
Hiroshima	8,001.0	88.9%	8,281.4	89.3%	8,251.5	89.0%	8,376.9	89.1%	8,377.4	89.0%	0.5	-0.1%	125.9	1.5%	0.0%
Okayama	330.0	3.7%	317.9	3.4%	321.2	3.5%	317.3	3.4%	319.7	3.4%	2.4	0.0%	-1.5	-0.5%	-0.1%
Ehime	245.2	2.7%	242.8	2.6%	261.6	2.8%	263.4	2.8%	274.1	2.9%	10.7	0.1%	12.5	4.8%	0.1%
Yamaguchi	225.8	2.5%	238.6	2.6%	231.3	2.5%	221.0	2.4%	223.4	2.4%	2.4	0.0%	-7.9	-3.4%	-0.1%
Other	200.4	2.2%	196.6	2.1%	203.0	2.2%	220.8	2.3%	217.7	2.3%	-3.1	0.0%	14.7	7.2%	0.1%

## III . Deposits outstanding by person

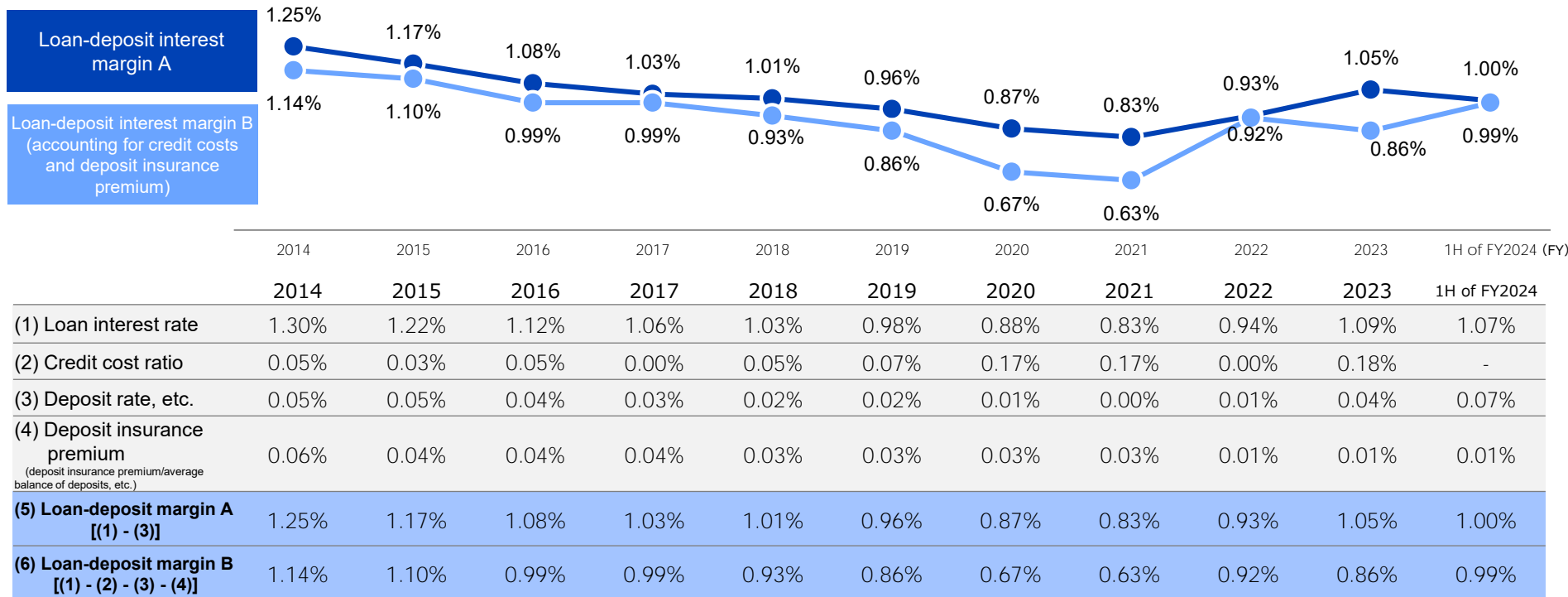
(JPY Bn)

Outstanding balance	September 30, 2022		March 31, 2023		September 30, 2023		March 31, 2024		September 30, 2024		Compared to March 31, 2024		Compared to September 30, 2023		
	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	YoY	% of total
<b>Deposits</b>	<b>9,002.5</b>	<b>100.0%</b>	<b>9,277.4</b>	<b>100.0%</b>	<b>9,268.8</b>	<b>100.0%</b>	<b>9,399.5</b>	<b>100.0%</b>	<b>9,412.4</b>	<b>100.0%</b>	<b>12.9</b>	<b>-</b>	<b>143.6</b>	<b>1.5%</b>	<b>-</b>
<b>Individual</b>	<b>5,843.4</b>	<b>64.9%</b>	<b>5,922.7</b>	<b>63.8%</b>	<b>6,008.4</b>	<b>64.8%</b>	<b>6,079.7</b>	<b>64.7%</b>	<b>6,132.2</b>	<b>65.2%</b>	<b>52.5</b>	<b>0.5%</b>	<b>123.8</b>	<b>2.1%</b>	<b>0.3%</b>
Liquid deposits	4,056.2	45.1%	4,159.5	44.8%	4,259.9	46.0%	4,372.4	46.5%	4,431.2	47.1%	58.8	0.6%	171.3	4.0%	1.1%
Fixed-term deposits	1,765.9	19.6%	1,743.3	18.8%	1,729.0	18.7%	1,691.4	18.0%	1,687.1	17.9%	-4.3	-0.1%	-41.9	-2.4%	-0.7%
Foreign currency deposits	21.2	0.2%	19.8	0.2%	19.4	0.2%	15.7	0.2%	13.9	0.1%	-1.8	0.0%	-5.5	-28.4%	-0.1%
NCD	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	-	0.0%
<b>Corporate</b>	<b>2,719.0</b>	<b>30.2%</b>	<b>2,753.1</b>	<b>29.7%</b>	<b>2,797.7</b>	<b>30.2%</b>	<b>2,876.1</b>	<b>30.6%</b>	<b>2,857.0</b>	<b>30.4%</b>	<b>-19.1</b>	<b>-0.2%</b>	<b>59.3</b>	<b>2.1%</b>	<b>0.2%</b>
Liquid deposits	2,094.1	23.3%	2,136.6	23.0%	2,172.3	23.4%	2,279.0	24.2%	2,179.4	23.2%	-99.6	-1.1%	7.1	0.3%	-0.3%
Fixed-term deposits	379.0	4.2%	384.1	4.1%	380.9	4.1%	382.3	4.1%	407.0	4.3%	24.7	0.3%	26.1	6.9%	0.2%
Foreign currency deposits	125.8	1.4%	119.1	1.3%	157.0	1.7%	135.5	1.4%	170.7	1.8%	35.2	0.4%	13.7	8.7%	0.1%
NCD	120.0	1.3%	113.2	1.2%	87.5	0.9%	79.2	0.8%	99.7	1.1%	20.5	0.2%	12.2	13.9%	0.1%
<b>Public fund</b>	<b>399.7</b>	<b>4.4%</b>	<b>539.8</b>	<b>5.8%</b>	<b>419.6</b>	<b>4.5%</b>	<b>377.2</b>	<b>4.0%</b>	<b>363.4</b>	<b>3.9%</b>	<b>-13.8</b>	<b>-0.2%</b>	<b>-56.2</b>	<b>-13.4%</b>	<b>-0.7%</b>
<b>Financial</b>	<b>40.2</b>	<b>0.4%</b>	<b>61.7</b>	<b>0.7%</b>	<b>42.8</b>	<b>0.5%</b>	<b>66.4</b>	<b>0.7%</b>	<b>59.6</b>	<b>0.6%</b>	<b>-6.8</b>	<b>-0.1%</b>	<b>16.8</b>	<b>39.3%</b>	<b>0.2%</b>

\* "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
<b>September 30, 2023</b>								
Government bonds	-	-	14.8	85.4	282.0	65.8	-	448.1
Local government bonds	8.6	69.9	67.8	47.4	80.5	46.4	-	320.8
Corporate bonds	33.7	56.1	51.7	17.6	7.1	126.6	-	293.0
Stocks	-	-	-	-	-	-	97.6	97.6
Other securities	4.9	25.2	46.4	13.6	36.5	242.9	163.7	533.6
Of which foreign securities	2.2	8.1	9.7	2.0	22.8	212.5	0.0	257.6
<b>September 30, 2024</b>								
Government bonds	-	-	36.5	265.6	90.4	150.9	-	543.5
Local government bonds	34.4	75.7	52.5	61.0	61.0	43.8	-	328.7
Corporate bonds	27.1	50.9	51.4	10.5	11.9	127.0	-	279.1
Stocks	-	-	-	-	-	-	128.6	128.6
Other securities	9.5	33.1	63.4	20.7	22.2	294.3	169.0	612.5
Of which foreign securities	-	13.5	31.7	10.2	9.7	252.9	0.0	318.2

## 8. Securities (2)

### II. Breakdown of net unrealized gains/losses on securities

(JPY Bn)

	September 30, 2022	March 31, 2023	September 30, 2023	March 31, 2024	September 30, 2024	Compared to March 31, 2024	Compared to September 30, 2023
<b>Securities</b>	<b>-50.4</b>	<b>-12.5</b>	<b>-24.0</b>	<b>33.4</b>	<b>25.7</b>	<b>-7.7</b>	<b>49.7</b>
<b>Stocks</b>	<b>33.1</b>	<b>40.6</b>	<b>49.1</b>	<b>61.0</b>	<b>54.8</b>	<b>-6.2</b>	<b>5.7</b>
<b>Bonds</b>	<b>-20.4</b>	<b>-21.3</b>	<b>-36.7</b>	<b>-28.7</b>	<b>-31.5</b>	<b>-2.8</b>	<b>5.2</b>
Government and local government bonds	-18.0	-18.3	-30.8	-23.0	-24.5	-1.5	6.3
Corporate bonds	-2.4	-3.0	-5.9	-5.7	-6.9	-1.2	-1.0
<b>Other</b>	<b>-63.1</b>	<b>-31.8</b>	<b>-36.4</b>	<b>1.2</b>	<b>2.4</b>	<b>1.2</b>	<b>38.8</b>
Of which foreign bonds	-52.9	-22.4	-31.0	-20.6	-11.2	9.4	19.8

### III. Balance of cross-shareholdings

(JPY Bn)

	September 30, 2022	March 31, 2023	September 30, 2023	March 31, 2024	September 30, 2024	Compared to March 31, 2024	Compared to September 30, 2023
<b>Cross-shareholdings</b>	<b>39.3</b>	<b>35.6</b>	<b>34.3</b>	<b>27.8</b>	<b>26.7</b>	<b>-1.1</b>	<b>-7.6</b>
Publicly traded shares	34.8	31.0	29.8	23.6	22.5	-1.1	-7.3
Unlisted shares	4.5	4.6	4.5	4.2	4.2	0.0	-0.3

### IV. Duration

(Year)

	September 30, 2022	March 31, 2023	September 30, 2023	March 31, 2024	September 30, 2024	Compared to March 31, 2024	Compared to September 30, 2023
Yen bond duration	6.83	6.57	6.31	5.94	5.17	-0.77	-1.14
Foreign bond duration	5.21	5.24	4.19	4.10	3.08	-1.02	-1.11

### V. Interest rate delta\*

(JPY Bn)

	September 30, 2022	March 31, 2023	September 30, 2023	March 31, 2024	September 30, 2024	Compared to March 31, 2024	Compared to September 30, 2023
Government bonds, etc.	3.9	3.6	3.5	3.4	3.3	-0.1	-0.2
Foreign securities in foreign currencies	2.3	1.3	1.5	1.4	1.2	-0.2	-0.3

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

## 9. Business Operations

### I. Breakdown of corporate solutions

(Trades/JPY Bn)

	1H of FY2022		FY2022		1H of FY2023		FY2023		1H of FY2024		Compared to 1H of FY2023		Compared to 1H of 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	No. of trades	Profit
<b>Corporate solutions</b>	-	<b>3.7</b>	-	<b>7.3</b>	-	<b>2.8</b>	-	<b>5.8</b>	-	<b>3.7</b>	-	<b>0.9</b>	-	<b>0.0</b>
Business succession support, M&As	48	0.7	106	1.0	37	0.3	87	0.9	35	0.5	-2	0.2	-13	-0.2
Derivatives	192	2.2	325	3.5	64	0.8	158	1.5	120	1.7	56	0.9	-72	-0.5
Syndicated loans, etc.	13	0.5	26	1.9	13	1.3	21	2.6	11	1.2	-2	-0.1	-2	0.7
Bond trustee services	40	0.1	109	0.5	38	0.2	90	0.4	35	0.1	-3	-0.1	-5	0.0
Business matching, etc.	-	0.1	-	0.2	-	0.1	-	0.3	-	0.1	-	0.0	-	0.0

### II. Breakdown of asset management

(JPY Bn)


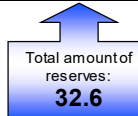
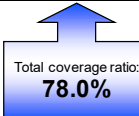
	1H of FY2022		FY2022		1H of FY2023		FY2023		1H of FY2024		Compared to 1H of FY2023		Compared to 1H of FY2022	
	Sales	Profit	Sales	Profit	Sales	Profit	Sales	Profit	Sales	Profit	Sales	Profit	Sales	Profit
<b>Asset management</b>	-	<b>2.3</b>	-	<b>5.0</b>	-	<b>2.4</b>	-	<b>4.9</b>	-	<b>2.2</b>	-	<b>-0.2</b>	-	<b>-0.1</b>
Investment trusts	17.0	0.5	30.5	0.8	17.5	0.5	38.1	0.9	21.5	0.5	4.0	0.0	4.5	0.0
Pension insurance	9.1	0.3	25.1	0.8	13.6	0.6	38.7	1.3	20.8	0.6	7.2	0.0	11.7	0.3
Life insurance sales by banks	-	0.5	-	1.0	-	0.3	-	0.6	-	0.2	-	-0.1	-	-0.3
Non life insurance	-	0.0	-	0.1	-	0.0	-	0.0	-	0.0	-	0.0	-	0.0
Public bonds	6.3	0.0	16.0	0.0	9.4	0.0	20.3	0.0	11.3	0.0	1.9	0.0	5.0	0.0
Financial instruments intermediary services	5.4	0.4	5.9	0.6	0.0	0.3	0.0	0.6	0.0	0.3	0.0	0.0	-5.4	-0.1
Foreign currency deposits	24.2	0.2	48.6	0.5	22.8	0.2	45.8	0.4	17.2	0.1	-5.6	-0.1	-7.0	-0.1
Trust business, etc.	-	0.3	-	0.8	-	0.3	-	0.8	-	0.3	-	0.0	-	0.0

### III. Total assets in custody

(JPY Bn)

Outstanding balance	September 30, 2022		March 31, 2023		September 30, 2023		March 31, 2024		September 30, 2024		Compared to March 31, 2024		Compared to September 30, 2023	
	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	YoY % of total
<b>Total assets in custody</b>	<b>10,520.5</b>	<b>100.0%</b>	<b>10,824.1</b>	<b>100.0%</b>	<b>10,894.8</b>	<b>100.0%</b>	<b>11,116.3</b>	<b>100.0%</b>	<b>11,113.1</b>	<b>100.0%</b>	<b>-3.2</b>	<b>-</b>	<b>218.3</b>	<b>2.0%</b>
<b>Deposits</b>	<b>9,002.5</b>	<b>85.6%</b>	<b>9,277.4</b>	<b>85.7%</b>	<b>9,268.8</b>	<b>85.1%</b>	<b>9,399.5</b>	<b>84.6%</b>	<b>9,412.4</b>	<b>84.7%</b>	<b>12.9</b>	<b>0.1%</b>	<b>143.6</b>	<b>1.5%</b>
<b>Individual (non-deposit)</b>	<b>898.1</b>	<b>8.5%</b>	<b>894.4</b>	<b>8.3%</b>	<b>898.1</b>	<b>8.2%</b>	<b>915.7</b>	<b>8.2%</b>	<b>939.5</b>	<b>8.5%</b>	<b>23.8</b>	<b>0.2%</b>	<b>41.4</b>	<b>4.6%</b>
Investment trusts	157.0	1.5%	160.3	1.5%	164.8	1.5%	167.6	1.5%	180.5	1.6%	12.9	0.1%	15.7	9.5%
Public bonds	113.7	1.1%	101.0	0.9%	94.6	0.9%	88.8	0.8%	87.8	0.8%	-1.0	0.0%	-6.8	-7.2%
Pension insurance	368.3	3.5%	368.8	3.4%	370.0	3.4%	381.9	3.4%	393.1	3.5%	11.2	0.1%	23.1	6.2%
Financial instruments intermediary services, etc.	259.0	2.5%	264.1	2.4%	268.4	2.5%	277.1	2.5%	277.9	2.5%	0.8	0.0%	9.5	3.5%
<b>Corporate (non-deposit)</b>	<b>195.2</b>	<b>1.9%</b>	<b>204.1</b>	<b>1.9%</b>	<b>219.1</b>	<b>2.0%</b>	<b>246.0</b>	<b>2.2%</b>	<b>232.3</b>	<b>2.1%</b>	<b>-13.7</b>	<b>-0.1%</b>	<b>13.2</b>	<b>6.0%</b>
Investment trusts	3.5	0.0%	3.5	0.0%	3.6	0.0%	4.2	0.0%	4.9	0.0%	0.7	0.0%	1.3	36.1%
Public bonds	17.8	0.2%	17.2	0.2%	18.8	0.2%	19.4	0.2%	21.3	0.2%	1.9	0.0%	2.5	13.3%
Financial instruments intermediary services, etc.	173.9	1.7%	183.2	1.7%	196.5	1.8%	222.3	2.0%	206.0	1.9%	-16.3	-0.1%	9.5	4.8%
<b>Hirogin Securities (mark-to-market basis)</b>	<b>424.4</b>	<b>4.0%</b>	<b>448.1</b>	<b>4.1%</b>	<b>508.6</b>	<b>4.7%</b>	<b>554.9</b>	<b>5.0%</b>	<b>528.7</b>	<b>4.8%</b>	<b>-26.2</b>	<b>-0.2%</b>	<b>20.1</b>	<b>4.0%</b>

## 10. Self-assessment (1H of FY2024)

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 <b>1.2</b>		Claims in bankruptcy, rehabilitation, etc. <b>5.9</b>	<b>5.9</b> <b>(99.7%)</b>	<b>0.0</b> <b>(0.3%)</b>	100% of amount of claims not preserved by security are subject to write-off/reserves.	<b>100%</b>
Effectively bankrupt <b>4.6</b>						
At risk of bankruptcy <b>51.0</b>		Claims at risk <b>51.0</b>	<b>24.7</b> <b>(48.5%)</b>	<b>24.2</b> <b>(47.5%)</b>	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.	<b>96.0%</b>
Obligors requiring caution	Obligors requiring management <b>47.5</b>	Claims requiring management <b>37.7</b>	<b>10.5</b> <b>(28.1%)</b>	<b>8.3</b> <b>(22.1%)</b>	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.	<b>50.1%</b>
	General obligors requiring caution <b>460.0</b>	Normal claims <b>8,362.5</b>	<div> Total amount preserved: <b>41.3</b></div>	<div> Total amount of reserves: <b>32.6</b></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: <b>78.0%</b></div>
	Normal <b>7,892.7</b>				Reserves are based on calculation of anticipated losses over one year	
Total <b>8,457.4</b>		Total <b>8,457.4</b>				

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

## I . Breakdown of non-performing loans

(JPY Bn)

	September 30, 2022	March 31, 2023	September 30, 2023	March 31, 2024	September 30, 2024	Compared to March 31, 2024	Compared to September 30, 2023
Disclosed claims under the Financial Revitalization Law	84.7	85.0	88.0	97.8	94.8	-3.0	6.8
(Ratio of non-performing loans)	(1.17%)	(1.15%)	(1.16%)	(1.25%)	(1.12%)	(-0.13%)	(-0.04%)
Substandard claims	39.1	30.8	33.7	35.3	37.7	2.4	4.0
Doubtful claims	40.0	48.3	48.5	56.3	51.0	-5.3	2.5
Bankrupt and substantially bankrupt claims	5.5	5.8	5.7	6.2	5.9	-0.3	0.2
Manufacturing	13.6	18.1	23.5	24.7	27.7	3.0	4.2
Construction	4.5	4.4	4.7	4.5	5.2	0.7	0.5
Transportation and mailing	3.1	3.2	3.3	3.3	2.8	-0.5	-0.5
Wholesale and retail	14.7	12.8	11.9	22.4	20.5	-1.9	8.6
Real estate and leasing	15.3	13.1	13.3	12.6	11.2	-1.4	-2.1
Services	23.9	24.3	22.3	21.4	17.2	-4.2	-5.1
Other	9.6	9.1	9.1	8.9	10.1	1.2	1.0
<b>Total</b>	<b>84.7</b>	<b>85.1</b>	<b>88.0</b>	<b>97.9</b>	<b>94.8</b>	<b>-3.1</b>	<b>6.8</b>

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

	September 30, 2022	March 31, 2023	September 30, 2023	March 31, 2024	September 30, 2024	Compared to March 31, 2024	Compared to September 30, 2023
Disclosed claims under the Financial Revitalization Law	76.9%	79.6%	77.4%	78.2%	78.0%	-0.2%	0.6%
Substandard claims	55.8%	52.5%	47.5%	47.2%	50.1%	2.9%	2.6%
Doubtful claims	94.4%	94.5%	95.5%	95.3%	96.0%	0.7%	0.5%
Bankrupt and substantially bankrupt claims	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	0.0%

## III . Credit costs and credit cost ratio

	1H of FY2022	FY2022	1H of FY2023	FY2023	1H of FY2024	Compared to FY2023	Compared to 1H of FY2023
Credit costs	0.4	0.3	4.0	14.4	-0.7	-15.1	-4.7
(Credit cost ratio)	(0.01%)	(0.00%)	(0.10%)	(0.18%)	( - )	( - )	( - )

# 12. Capital Adequacy Ratio

## I . Capital adequacy ratio (consolidated)

(JPY Bn)

		September 30, 2022	March 31, 2023	September 30, 2023	March 31, 2024	September 30, 2024	Compared to March 31, 2024	Compared to September 30, 2023
Amount of basic items related to core capital	①	452.5	447.2	451.4	445.4	458.4	13.0	7.0
Of which amount of shareholders' equity related to common stock or mandatory convertible preferred stock		442.9	429.2	436.4	434.3	446.4	12.1	10.0
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	47.7	58.7	61.3	44.2	46.5	2.3	-14.8
Amount of owned equity ① - ②	③	404.8	388.4	390.1	401.2	411.9	10.7	21.8
Total amount of risk-weighted assets, etc.	④	3,971.0	3,534.1	3,691.9	3,932.1	3,945.6	13.5	253.7
<b>Consolidated capital adequacy ratio ③ / ④</b>		<b>10.19%</b>	<b>10.99%</b>	<b>10.56%</b>	<b>10.20%</b>	<b>10.44%</b>	<b>0.24%</b>	<b>-0.12%</b>

## II . Capital adequacy ratio (nonconsolidated)

(JPY Bn)

		September 30, 2022	March 31, 2023	September 30, 2023	March 31, 2024	September 30, 2024	Compared to March 31, 2024	Compared to September 30, 2023
Amount of basic items related to core capital	①	442.2	429.1	441.6	440.5	453.7	13.2	12.1
Of which amount of shareholders' equity related to common stock or mandatory convertible preferred stock		438.6	422.9	436.3	434.0	446.2	12.2	9.9
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	43.2	48.2	51.7	39.6	42.2	2.6	-9.5
Amount of owned equity ① - ②	③	399.0	380.8	389.9	400.9	411.4	10.5	21.5
Total amount of risk-weighted assets, etc.	④	3,986.2	3,530.4	3,701.2	3,937.6	3,951.8	14.2	250.6
<b>Capital adequacy ratio ③ / ④</b>		<b>10.01%</b>	<b>10.78%</b>	<b>10.53%</b>	<b>10.18%</b>	<b>10.41%</b>	<b>0.23%</b>	<b>-0.12%</b>

# 13. Risk Management

## State of comprehensive risk management

Operations are well within the limits on risk exposure

		Risk quantity limits (1H of FY2024)	Risk quantity (September 30, 2024)
Credit risk		63.0 billion yen	<b>49.6 billion yen</b>
Market Risk	Interest rate risk	85.0 billion yen	<b>46.3 billion yen</b>
	Net investment in securities, etc. (excluding bonds)	89.0 billion yen	<b>70.7 billion yen</b>
	Policy investment securities, etc. (excluding bonds)	63.0 billion yen	<b>30.1 billion yen</b>
Operational risk		8.1 billion yen	<b>8.1 billion yen</b>
<b>Total</b>		<b>308.1 billion yen</b>	<b>204.8 billion yen</b>

## Standards for measuring risk quantity

		Measuring method	Confidence level	Holding period
Credit risk		VaR  (Note)	99.9%	One year
Market Risk	Interest rate risk			-
	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
				Six months
Operational risk		-		

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

## State of interest rate risk in the banking book (IRRBB)

(End of September, 2024)

### Results of materiality tests

(JPY Bn)

(1) ΔEVE (*2)	32.7
(2) Amount of owned equity (consolidated)	411.9
Results of materiality tests ((1) ÷ (2)) (*3)	8.0%

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

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