Hirogin Holdings, Inc.

未来を、ひろげる。

ひろぎんホールディングス

Overview of Financial Results for FY2022

— IR Presentation —

June 2023

Today's agenda

Financial results

- Net income attributable to owners of the parent fell 10.4 billion yen year on year to 12.5 billion yen, due mainly to the response to market trends, including losses on sales of foreign bonds reflecting a negative spread and losses on valuation of stock holdings. Nevertheless, our main businesses recorded positive business performance.
- Net income attributable to owners of the parent is projected to rise by 15 billion yen year on year to 27.5 billion yen in FY2023.
- We expect to achieve the final target of the Mid-Term Plan 2020 of more than 27 billion yen in net income attributable to owners of the parent.

Advancing the holding company to the second stage

- The first stage of the Mid-Term Plan following the transition to a holding company structure is generating steady results due to factors including efforts to transform employee awareness associated with this transition and progress on enhancing Groupwide joint efforts.
- In the second stage, the functionally enhanced management planning sections of the holding company will play central roles in improving the quality of Group companies, expanding the axes along which their businesses are based to further enhance Groupwide joint efforts, and reallocating management resources through structural reforms.

Investment in growth

- Targeting ROE exceeding costs of shareholder capital over the medium to long term, we will move forward with efforts to increase ROE by improving RORA and controlling financial leverage while balancing various other considerations, including maintaining soundness, investing in growth, and improving returns to shareholders.
- In addition to proactively responding to demand for funds reflecting expectations, such as those for rising interest rates and rebuilding our securities portfolio, we plan to enhance our earning capacity by putting risk assets to effective use and venturing into new business fields through our subsidiaries, including Hirogin Lease.

Returns to shareholders

- By eliminating the target dividend table and switching to a dividend policy targeting a payout ratio of roughly 40%, we plan to pay dividends of 36.0 yen/share in FY2023, up 9 yen/share from last year.
- We will also proactively acquire treasury shares (3 billion yen in FY2023), targeting a consolidated capital adequacy ratio of roughly 11% for the holding company.

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Overview of financial results for FY2022

▶ **Net income attributable to owners of the parent fell 10.4 billion yen year on year to 12.5 billion yen, due mainly to response to market trends, including losses on sales of foreign bonds reflecting a negative spread and losses on valuation of stock holdings. Nevertheless, our main businesses recorded positive business performance.**

Summary of consolidated business performance

(Billion yen)

		FY2022	YoY change	(Change rate)	vs. Announced*2
Consolidated gross profit		**79.3**	**-12.7**	**(-13.7%)**	
(excluding gain/loss related to treasuries and other bonds)	1	**96.1**	**-3.1**		
Net interest income		66.2	-3.3		
Net fees and commissions income		20.8	-0.3		
Income from specific transactions and other businesses		-7.7	-9.0		
(including gain/loss related to treasuries and other bonds)	2	-16.7	-9.5		
Operating expenses (-)		58.0	0		
Credit costs (-)	3	0.6	-11.8		
Gains/losses related to equities, etc.	4	-2.2	-7.3		
Other		0.4	0		
Ordinary profit		**18.7**	**-8.3**	**(-30.6%)**	**0.2**
Extraordinary gains/losses		-0.5	-6.3		
Total income tax, etc. (-)		5.7	-4.2		
Net income attributable to non-controlling interests (-)		0	0		
Net income attributable to owners of the parent	5	**12.5**	**-10.4**	**(-45.4%)**	**0**
(Ref.) Operating overhead ratio *1		60.4%	1.9%		

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

2. Comparison to figures announced in the "Notice of revision of forecasts of consolidated business performance," released March 22, 2023

Key points of FY2022 financial results

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

- The cost of raising funds in foreign currency rose sharply with rising interest rates overseas, driving net interest income down.
- Corporate solutions sales, a key target in the Bank consulting business, and also a priority management target, grew steadily (up 2.3 billion yen YoY).

2 Gain/loss from treasuries and other bonds

- To restructure the securities portfolio, we sold off foreign bonds, for which spreads had become negative due to rapid increases in policy interest rates in the U.S. (recording a loss on sales of 18.4 billion yen and a book value of 246.4 billion yen on the sale).

3 Credit costs

- We recorded 4.3 billion yen in preventive reserves, including increases in reserves for certain customers (vs. 11.6 billion recorded in FY2021).
- At the same time, credit costs at 600 million yen remained low thanks to progress on collections from major borrowers and the recent lack of major bankruptcies.

4 Gains/losses related to equities, etc.

- We recorded a loss of 5.3 billion yen (write-down of stock, etc.) on shareholdings due to increased valuation losses accompanying falling stock prices and other factors.

5 Net income attributable to owners of the parent

- In addition to the factors above, net income attributable to owners of the parent fell by 10.4 billion yen YoY to 12.5 billion yen due in part to the effect of elimination of 7 billion yen in gains on return of retirement benefit trusts recorded in the previous year.

Results for major Group companies - Bank -

- **The major businesses recorded positive business performance, including higher net fees and commissions income (up 2 billion yen), thanks to steady growth in corporate solutions sales and increased revenues from lending (up 2.5 billion yen).**
- **The cost of raising funds in foreign currency rose due to rising interest rates overseas, and revenues from investment in securities fell (down 5.6 billion yen).**

Hiroshima Bank

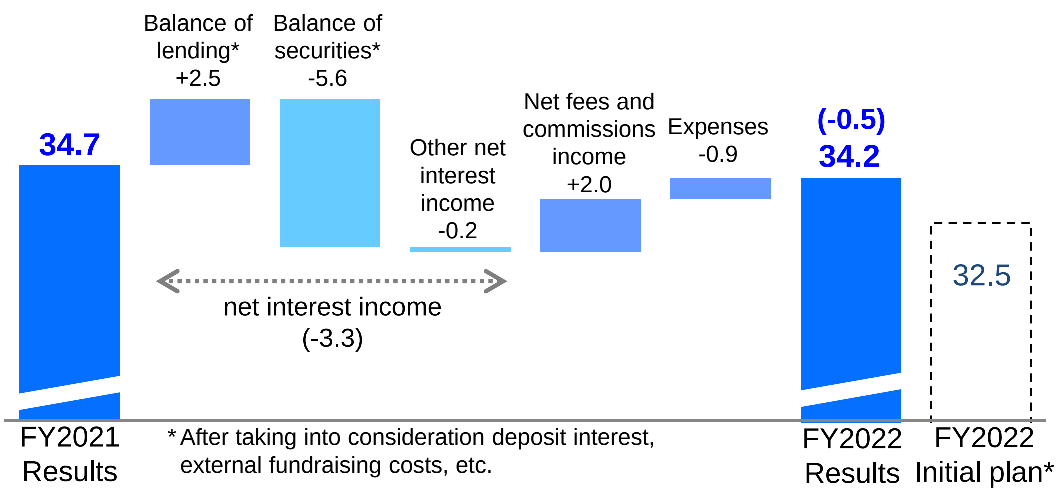
(Billion yen)

	FY2022	YoY change	(Change rate)
Core business gross profit	**86.5**	**-1.4**	**(-1.5%)**
Net interest income	67.4	-3.3	
Other income	19.1	2.0	
Corporate solutions	7.3	2.3	
Customer derivatives	3.5	2.3	
Business succession support, M&As	1.0	0.4	
Asset management	5.0	-0.4	
Other (domestic exchange, foreign exchange, etc.)	6.8	0.1	
Expenses (excluding extraordinary disposal) (-)	52.3	-0.9	
Net income from core businesses	**34.2**	**-0.5**	**(-1.3%)**
Net income from core businesses (excluding gains/losses from cancellation of investment trusts)	**34.2**	**-0.5**	**(-1.3%)**
Gains/losses related to treasuries and other bonds	-16.7	-9.5	
Effective net income from businesses	**17.4**	**-10.0**	**(-36.4%)**
Credit costs (-)	0.3	-11.6	
Gains/losses related to equities, etc.	-2.2	-7.3	
Other temporary gains/losses	1.5	-0.8	
Ordinary profit	**16.4**	**-6.4**	**(-28.1%)**
Extraordinary gains/losses	-0.5	-6.4	
Total income tax, etc. (-)	4.3	-3.8	
Net income	**11.5**	**-9.1**	**(-44.2%)**

Factors underlying changes in core business gross profit and ordinary profit

Factors underlying changes in core business gross profit

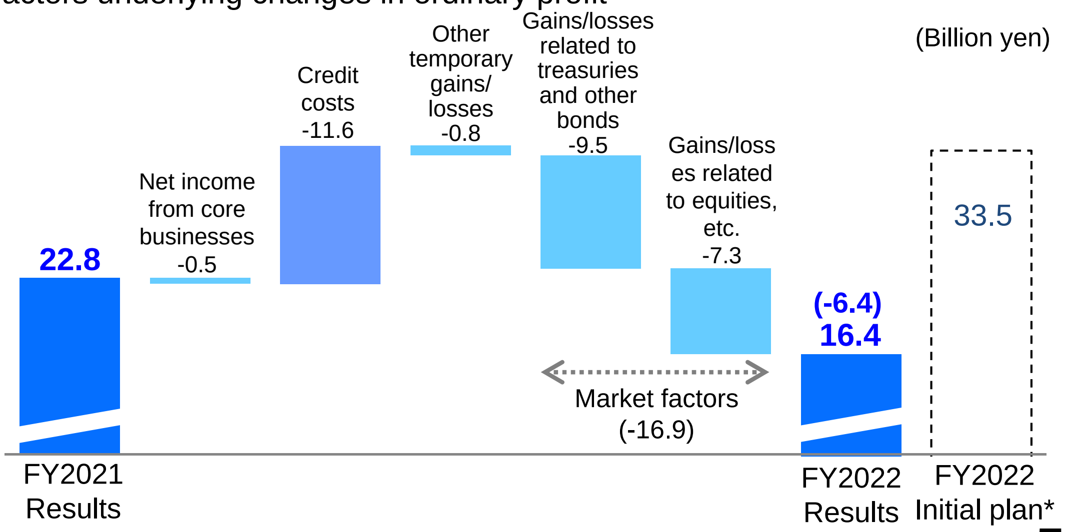
(Billion yen)



* After taking into consideration deposit interest, external fundraising costs, etc.

Factors underlying changes in ordinary profit

(Billion yen)



* Announced May 13, 2022

Results for major Group companies - Excluding Hiroshima Bank -

- **Hirogin Securities earnings fell due to low sales of financial instruments resulting from factors such as the cessation of sales of structured bonds (with some exceptions) and the effects of various market trends.**
- **Both Hirogin Human Resources and Hirogin Area Design moved into the black in their second year, earlier than initially planned.**

(Billion yen)

Hirogin Securities (HS)

	FY2022	YoY change
Gross income	4.23	-1.76
Ordinary profit	0.27	-1.59
Net income	0.13	-1.14

Hirogin Lease (HL)

	FY2022	YoY change
Gross income	2.38	0.05
Ordinary profit	0.93	-0.21
Net income	0.58	-0.16

Shimanami Servicer (SSC)

	FY2022	YoY change
Gross income	0.68	-0.26
Ordinary profit	0.28	-0.08
Net income	0.21	-0.03

Hirogin Human Resources (HHR)

	FY2022	YoY change
Gross income	0.18	0.12
Ordinary profit	0.02	0.05
Net income	0.01	0.03

Hirogin Capital Partners (HiCAP)

	FY2022	YoY change
Gross income	0.14	0.04
Ordinary profit	0.04	0.03
Net income	0.03	0.02

Hirogin IT Solutions (HITS)

	FY2022	YoY change
Gross income	1.03	0.05
Ordinary profit	0.27	-0.02
Net income	0.18	-0.01

Hirogin Area Design (HAD)

	FY2022	YoY change
Gross income	0.23	0.06
Ordinary profit	0.02	0.03
Net income	0.01	0.02

Hirogin Card Service (HCS)*

	FY2022	YoY change
Gross income	1.87	0.22
Ordinary profit	0.41	-0.12
Net income	0.27	-0.07

Hirogin Guarantee (HGC)*

	FY2022	YoY change
Gross income	1.60	0.03
Ordinary profit	1.35	0.11
Net income	0.89	0.08

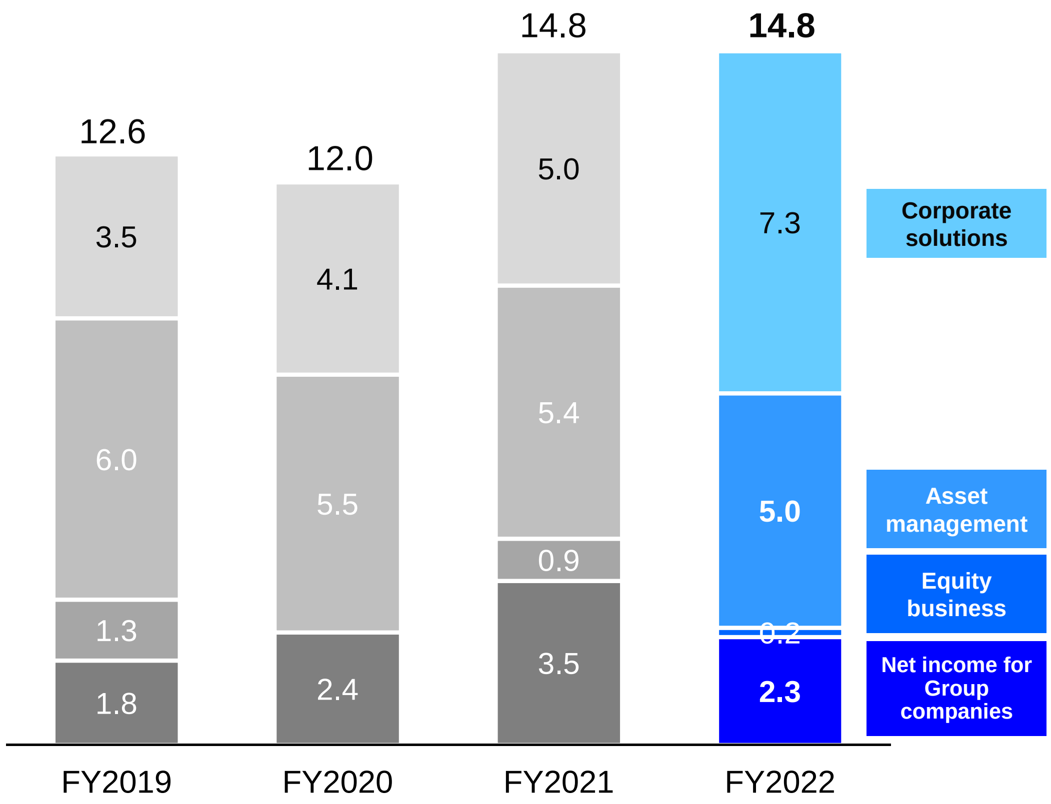
(*) Effective April 1, 2023, Hirogin Guarantee absorbed Hirogin Card Service and was renamed Hirogin Credit Service.

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

- **Despite growth in corporate solutions earnings at the Bank, lower asset management earnings and net income on Group companies resulted in total revenue from consulting businesses for corporate and individual customers and Group company net income remaining largely unchanged YoY, at 14.8 billion yen.**

Trends in profits generated by the consulting business

(Billion yen)



Breakdown of profits generated by the consulting business

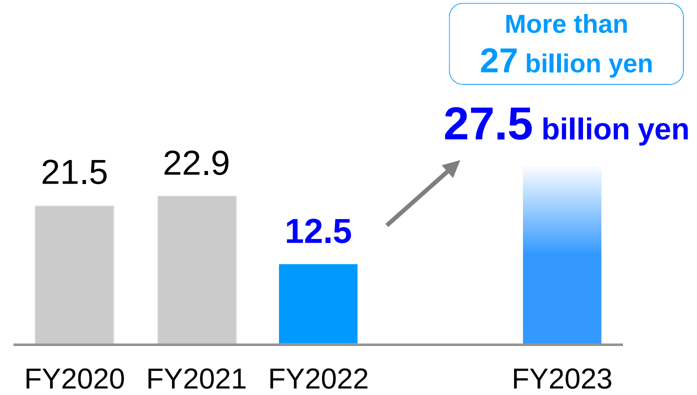
(Billion yen)

	FY2022 results	YoY change
[Bank (nonconsolidated)] Profits from the consulting business for corporate and individual customers ①	**12.5**	**1.2**
Corporate solutions	7.3	2.3
Business succession support, M&As	1.0	0.4
Derivatives	3.5	2.3
Asset management	5.0	-0.4
Investment trusts	0.9	-0.2
Insurance	2.0	0.2
Financial instruments brokerage	0.7	-0.3
Investment trust	0.8	0.1
Equity business	0.2	-0.7
Net income for Group companies ②	**2.3**	**-1.2**
Hirogin Securities	0.1	-1.1
Shimanami Servicer	0.2	0.0
Hirogin Lease	0.5	-0.2
Total (① + ②)	**14.8**	**0.0**

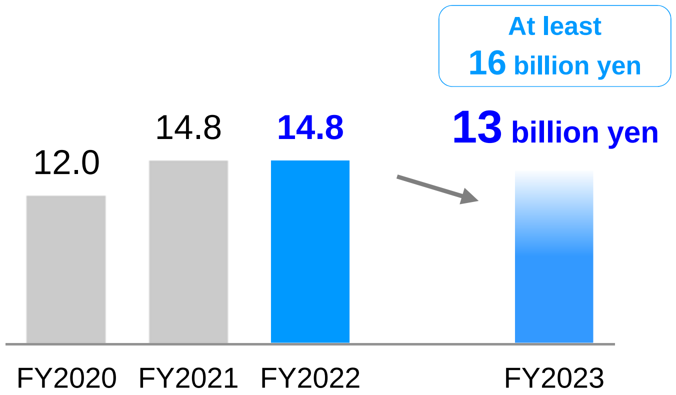
Progress toward management targets under Mid-Term Plan 2020

- In FY2023, we expect to achieve targets for net income attributable to owners of the parent, consolidated capital adequacy ratio, and consolidated ROE, as Group joint efforts intensify.
- At the same time, due to lower asset management earnings attributable to lower sales of structured bonds due to tightening regulations and dramatic changes in market conditions, it will remain a challenge to achieve the targets for total revenue from the consulting businesses for corporate and individual customers and Group company net income and contributions of Group companies to consolidated performance.

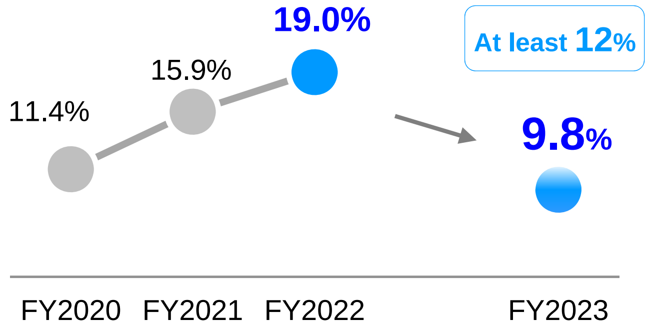
Net income attributable to owners of the parent



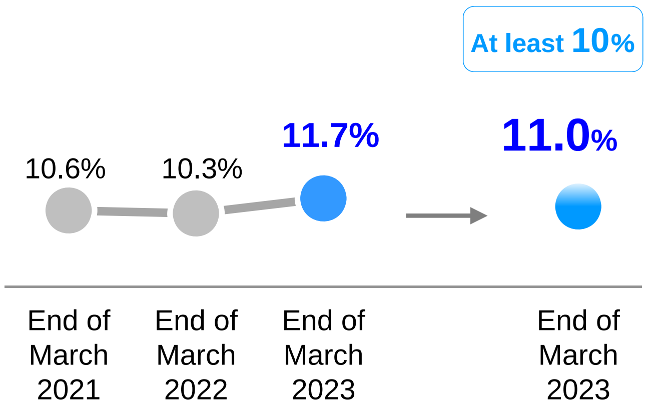
Total of revenues from consulting businesses for corporate and individual customers[*1] and Group company net income[*2]



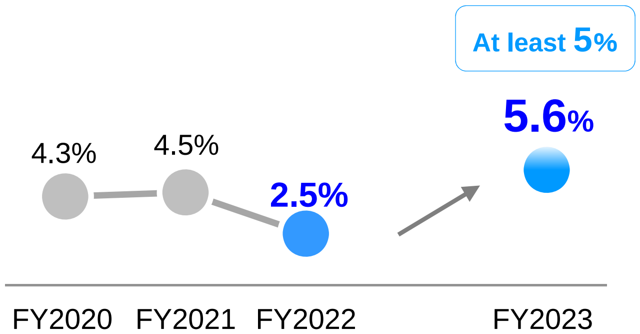
Contributions of Group companies to consolidated performance[*3]



Consolidated capital adequacy ratio



Consolidated ROE



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

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

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

*3 Contributions of Group companies to consolidated performance

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

(Billion yen)

Performance forecasts

- **Net income attributable to owners of the parent is projected to rise by 15 billion yen year on year to 27.5 billion yen.**
- **We expect to achieve the final target of the Mid-Term Plan 2020 of more than 27 billion yen in net income attributable to owners of the parent.**

FY2022 performance forecasts

(Billion yen)

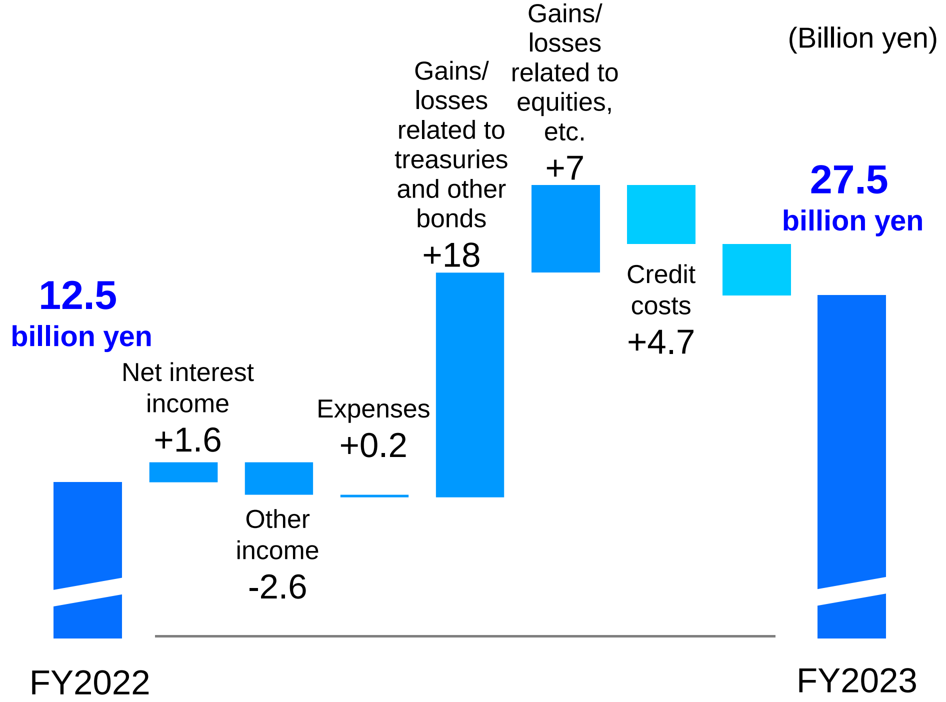
	Interim performance	FY2023 performance forecast	YoY change
Ordinary profit	**19.0**	**39.5**	20.8
Net income attributable to owners of the parent	**13.0**	**27.5**	15.0

Reference: FY2022 nonconsolidated forecast for Hiroshima Bank

(Billion yen)

	Interim performance	FY2023 performance forecast	YoY change
Net interest income		69.0	1.6
Other income		16.5	-2.6
Core business gross profit		**85.5**	**-1.0**
Expenses (-)		52.5	0.2
Net income from core business		**33.0**	**-1.2**
Gains/losses related to securities		6.0	25.0
Credit costs (-)		5.0	4.7
Ordinary profit	**18.5**	**36.5**	**20.1**
Net income	**13.0**	**26.0**	**14.5**

Major factors underlying changes in net income attributable to owners of the parent



Reference:

- Sale of foreign bonds, for which the spread had become negative (recording a loss on sales of 18.4 billion yen and a book value of 246.4 billion yen on the sale)
- As a result, the effect of the negative spread on profit/loss in FY2023 improved to about 7 billion yen.

Dividend forecasts

- By eliminating the target dividend table and switching to a dividend policy targeting a payout ratio of roughly 40%, we plan to pay dividends of 36.0 yen/share in FY2023, up 9 yen/share from last year.
- We will also proactively acquire treasury shares (3 billion yen in FY2023), targeting a consolidated capital adequacy ratio of roughly 11% for the holding company.

Dividends — **Payout ratio of roughly 40%**

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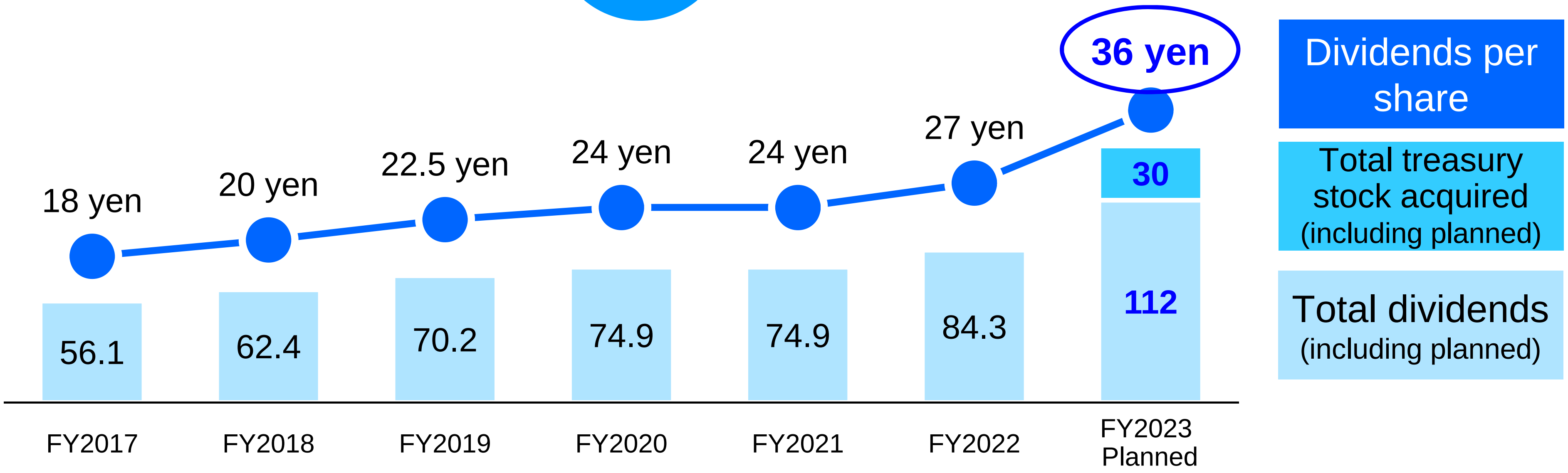
Acquisition of treasury stock — **Acquiring treasury shares proactively (in principle, for retirement)**



(Billion yen)

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023 Planned
Payout ratio	21.7%	24.3%	28.8%	34.6%	32.5%	67.1%	40.7%
Total return ratio	21.7%	24.3%	28.8%	34.6%	32.5%	67.1%	51.6%
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	27.5 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).

01 Summary of business performance

02 Toward sustained growth

03 Conclusion

04 Appendix

Group vision

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

Goal

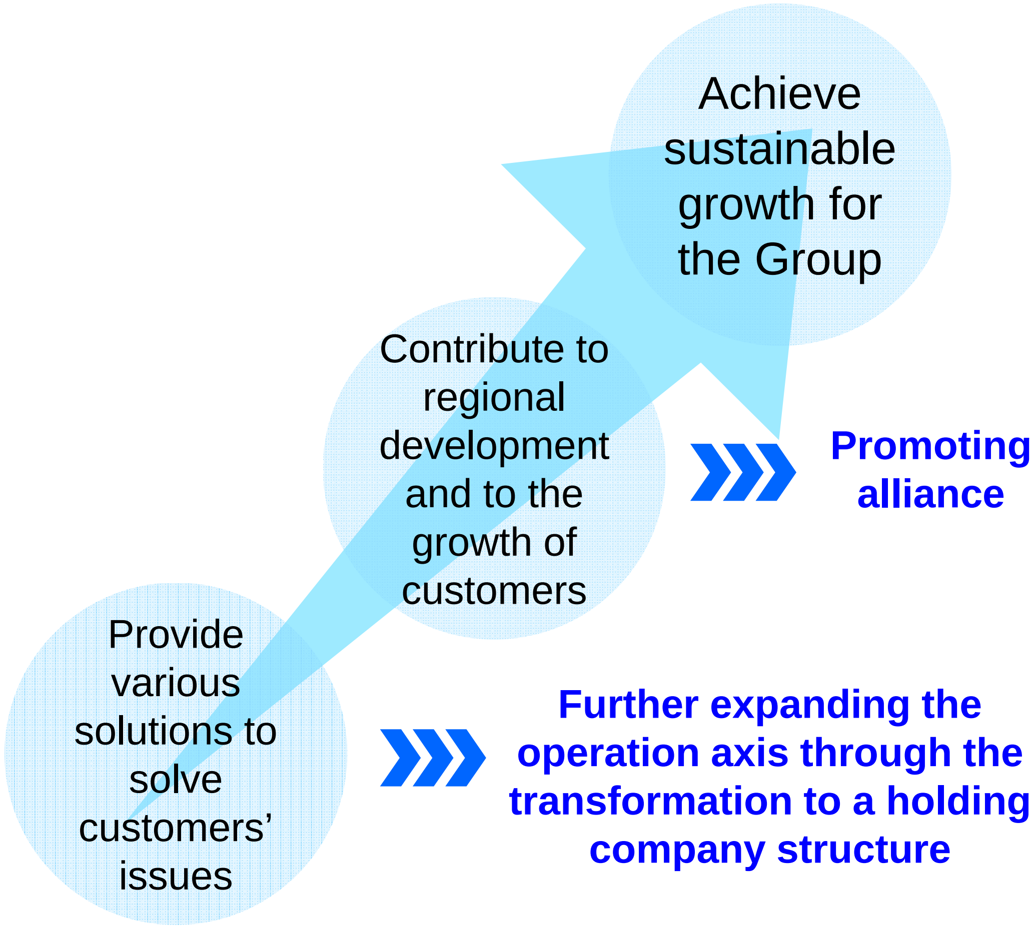
Management Philosophy (Management Vision)

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

Basic policy

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

Business model



Group vision

未来を、ひろげる。
Hirogin Holdings, Inc.

[Lines of business]

* As of April 1, 2023

			Lines of business
	(100%)	**The Hiroshima Bank**	Banking
	(100%)	Hirogin Business Service	Investigation and evaluation of real estate collateral, etc.
	(100%)	Hirogin REIT Management	Asset management
		Nonconsolidated subsidiaries (seven companies)*1	*1 One factoring company, six investment LLPs
	(100%)	**Hirogin Securities**	Trading in financial instruments
Made wholly owned subsidiary March 2021	(100%)	**Hirogin Lease**	Leasing
	(100%)	**Shimanami Servicer**	Claims management and collection
Established April 2020	(100%)	**Hirogin Capital Partners**	Investment
		Non-equity method affiliates (two companies)*2	*2 Two local trading companies
Merged April 2023	(100%)	NEW **Hirogin Credit Service**	Credit cards, credit guarantees
Made subsidiary January 2021	(80%)	**Hirogin IT Solutions**	IT-related businesses
Established April 2021	(100%)	**Hirogin Area Design**	Consulting related to regional vitalization
Established April 2021	(100%)	**Hirogin Human Resources**	Consulting related to human resources, labor, etc.
		Nonconsolidated subsidiaries (one company)*3	*3 Programming school operation

Financial consolidated subsidiaries: eight companies

Nonfinancial consolidated subsidiaries: three companies

Group vision

- **The first stage of the Mid-Term Plan following the transition to a holding company structure is generating steady results due to factors including efforts to transform employee awareness associated with this transition and progress on enhancing Groupwide joint efforts.**
- **In addition to achieving the earnings plans for FY2023, the final fiscal year of the Mid-Term Plan 2020, we will move forward with efforts to prepare for the next Mid-Term Plan.**

Results and issues through now

Results

- **Realizing efforts to transform employee awareness to recognize our status as a Regional Comprehensive Services Group**
- **Steady progress on joint efforts among Group companies to deliver solutions, including solutions in nonfinancial areas, based on alliances with various Group functions, to drive steady growth in the customer base**

Issues

- **Moving forward to propose and deploy strategies centered on the holding company**
  - Proposing and deploying strategies to improve future earning capacity in (individual) asset management and securities investment
  - Moving forward with business efficiency improvements and business consolidation

Steady progress on the first stage following the transition to a holding company structure

Future progress

In the final fiscal year of the Mid-Term Plan 2020:

- **Achieving Mid-Term Plan targets at high levels (net income attributable to owners of the parent to exceed 27 billion yen)**
- **Advancing efforts to prepare for the next Mid-Term Plan**

Enhancing the management strategies planning sections of the holding company

- **Enhancing efforts to draft Groupwide management strategies**
- **Enhancing and intensifying involvement of subsidiaries in drafting measures and alliances**

Toward the second stage following the transition to a holding company structure

* See p. 16 for more information.

Group vision - Reference -

- **Steady progress on joint efforts among Group companies to deliver solutions, including solutions in nonfinancial areas, based on alliances with various Group functions, to drive steady growth in the customer base**

Main initiatives of Group companies

	Financial/ nonfinancial needs	Main solutions provider	Results * FY2022, end of March 2023		Cumulative total since transition to holding company structure
Financial	Asset management	Hirogin Securities	Number of financial instruments brokerage accounts	**28,624 accounts** (+2.503 accounts vs. end of March 2022)	+7,581 accounts vs. end of September 2020
Financial	Capital investment, leasing	Hirogin Lease	Number of customers	**6,412** (+88 vs. end of March 2022)	+254 vs. end of September 2020
Financial	Diversification of payment methods	Hirogin Card Service	Number of corporate card contracts concluded	**8,743** (+154 vs. end of March 2022)	+451 since end of October 2020
Financial	Capital enhancement (business succession, business revitalization)	Hirogin Capital Partners	Amount invested (Total of funds and principal investments)	**3.7 billion yen** (+800 million yen vs. end of March 2022)	+3.6 billion yen vs. end of September 2020
Nonfinancial	Recruiting/HR systems development	Hirogin Human Resources	Number of companies with whom consulting contracts concluded	**81** (+50 vs. end of March 2022)	+81 since April 2021
Nonfinancial	ICT, business efficiency	Hirogin IT Solutions	Number of contracts concluded	**203** (+103 vs. FY2021)	316 since January 2021
Nonfinancial	Solutions to community challenges	Hirogin Area Design	Number of orders received during period	**22** (+3 vs. FY2021)	41 since April 2021

Synergies generated by Group cooperation (profit)

1.6 billion yen

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

Second stage following the transition to a holding company structure

In the second stage, the functionally enhanced management planning sections of the holding company will play central roles in improving the quality of Group companies, expanding the axes along which their businesses are based to further enhance Groupwide joint efforts, and reallocating management resources through structural reforms.

Improving the quality of Group companies and expanding the axes along which their businesses are based

- **Improving the quality of** Group companies' **solutions**
- **Growing the extent and quantity of solutions** through external alliances and other means (including possible M&A activities)
- **Establishing new operating companies**

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Further enhancing Groupwide joint efforts

- Joint efforts **among operating companies**
- Joint efforts **between the holding company and operating companies**
- **Stimulating exchange of human resources and establishing a new short-term trainee program among operating companies**

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Reallocating management resources through structural reforms

- **Reallocating management resources** to the corporate sector and new businesses, through **reorganization** of Group companies and **thorough reforms to each company's businesses**
- **Active investment in priority areas**
- **Securing specialized human resources** through means including midcareer hiring

Growing together with our community and our customers

Efforts to increase corporate value

- Targeting ROE exceeding costs of shareholder capital over the medium to long term, we will move forward with efforts to increase ROE by improving RORA and controlling financial leverage while balancing various other considerations, including maintaining soundness, investing in growth, and improving returns to shareholders, with the aim of increasing PBR (advancing efforts during the next Mid-Term Plan).
- We will also work to increase corporate value by enhancing disclosure, including that of nonfinancial aspects.

Corporate value (PBR) ⇧

Financial strategies

ROE ⇧

Improving RORA p.19-22

Investing in growth

- Business development putting risk assets to effective use
- Accumulating and strengthening profits without putting risk assets to effective use

Controlling financial leverage

Maintaining soundness | Returns to shareholders

- Enhancing returns to shareholders p.23
- Reducing cross-shareholders p.24

Targeting ROE exceeding costs of shareholder capital over the medium to long term

Nonfinancial strategies

Investing in human capital p.26-30

Investing in growth

- Diversity and inclusion
- Enhancing engagement
- Human resource development

ESG p.31, 38-39

Investing in growth | Maintaining soundness

- Carbon neutrality
- Enhancing governance

Efforts to increase corporate value - Reference -

Maintaining soundness

- Targeting a consolidated capital adequacy ratio of roughly 11% for the holding company, by controlling risk assets (RWA) and building up internal reserves
- Enhancing corporate governance

Deploying strategies with a focus on balance

Investing in growth

- Investing in growth for solutions to challenges and sustainable growth in the community
- Utilizing capital to enhance earning abilities
- Investing in human capital

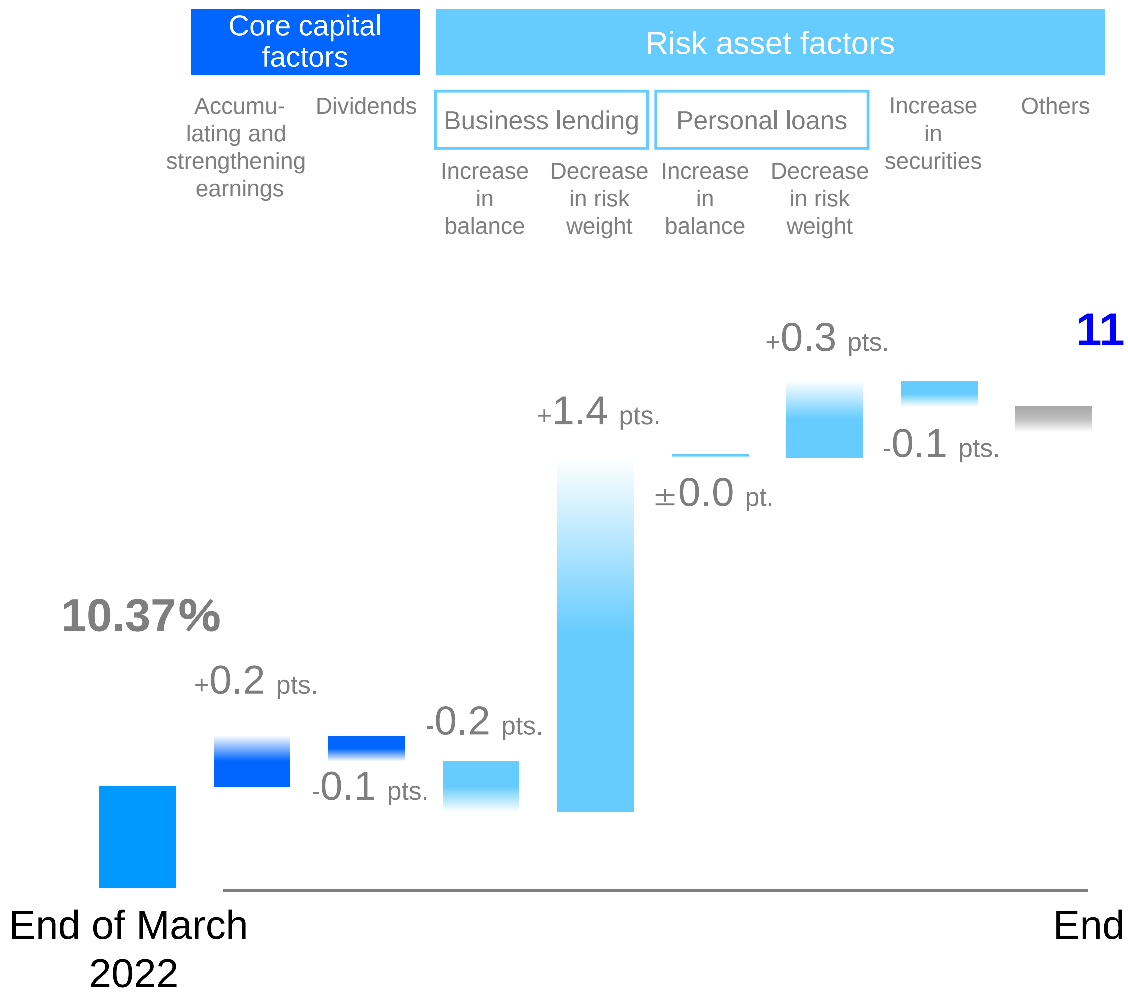
Returns to shareholders

- Payout ratio of roughly 40%
- Acquisition of treasury shares proactively reflecting the consolidated capital adequacy ratio of the holding company

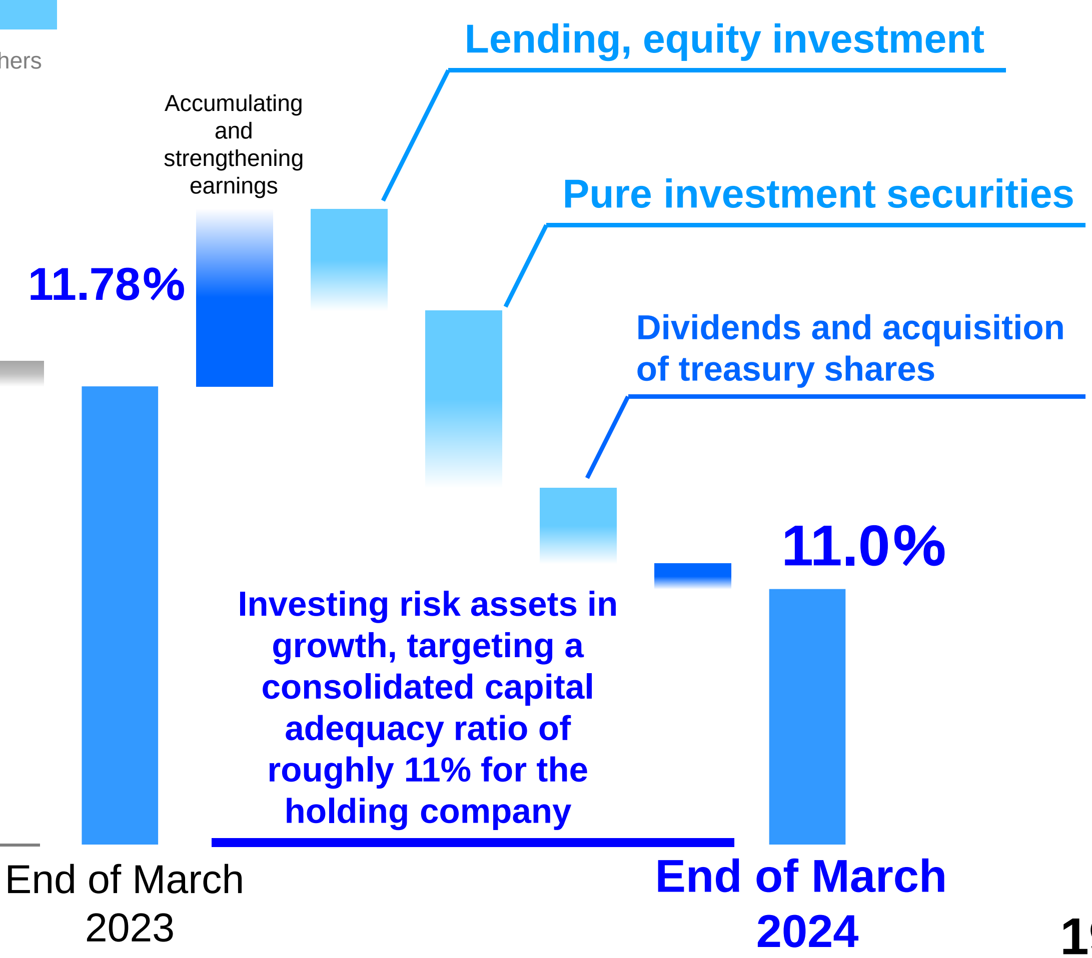
Putting risk assets to further use

- As a result of early adoption of the finalization of Basel III, the consolidated capital adequacy ratio of the holding company at the end of March 2023 was up 1.41 pts. from the end of March 2022 to 11.78% (10.78% for the Bank on a nonconsolidated basis), despite active risk-taking including lending.
- In FY2023, we will strive to increase corporate value by putting equity capital to effective use through means including early adoption of the finalization of Basel III.

Major factors underlying changes in the consolidated capital adequacy ratio of the holding company



Capital allocation (FY2023)



Initiatives in the corporate sector

- Through now, our risk-taking has been centered on local credit risk, in light of the state of the holding company's consolidated capital adequacy ratio.
- We will respond actively to demand for funds reflecting expectations such as those for rising interest rates to enhance returns on funds.
- We will also enhance our earning capacity through entry into new business fields by subsidiaries, including Hirogin Lease.

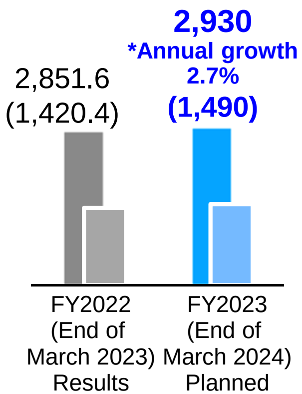
Priority areas through now

While paying attention to the capital adequacy ratio and the amount of risk assets (RWA):

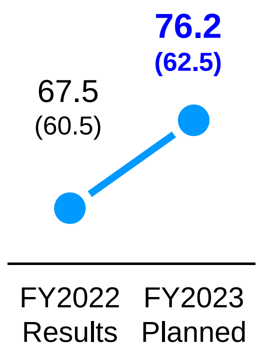
Financial
- Risk-taking centered on the four local prefectures (lending, equity investment)
- Addressing business succession and M&A needs

Non-financial
- Enhancing efforts in the IT consulting business
- Offering HR and labor management solutions

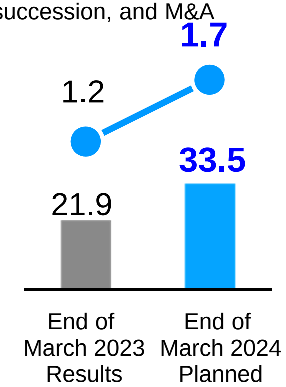
Balance of business lending in the four local prefectures (RWA amount)



Interest on lending (Parentheses: after deducting costs of raising funds in foreign currency)



RWA on equity investment (bar graph), revenues from equity investment, business succession, and M&A



Plus

New priority areas

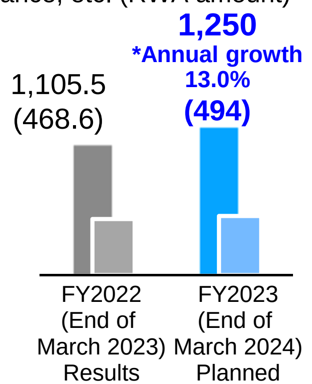
Moving to enhance earning capacity:

Existing areas
- Risk-taking in areas such as structured finance, in anticipation of future interest rate increases (enhancing returns on funds through increasing funds)
- Enhancing finance related to carbon neutrality

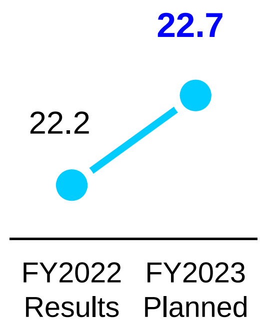
New areas
- Enhancing efforts to promote of real estate leasing and (studying the potential) entry to aircraft leasing
- Securing sources of revenues utilizing funds and allowances
- Securing new functions through Group reorganization (enhancing Group revenues)
- Studying schemes to provide renewable energy to communities in partnership with local firms

Reallocating human resources to enhance earning abilities

Average balance of business lending related to structured finance, etc. (RWA amount)



Lease business revenues



5 billion yen capital increase to grow lease business

(Billion yen)

Rebuilding the securities portfolio

▶ **We will seek to achieve 1% yields on securities (after reflecting costs of raising funds externally) by building a securities portfolio capable of generating sustained and stable high returns on funds from a medium- to long-term perspective within the range of tolerable risks.**

Target portfolio

	End of March 2023 Results	End of March 2024 Planned	Medium- to long-term direction
Securities balance (RWA amount)	1.5815 trillion yen (634.9 billion yen) Yield 0.36%	1.9 trillion yen (880 billion yen) Yield 0.4%	2 trillion yen Yield 1%
Treasuries, municipal bonds, corporate bonds	1.01 trillion yen	1.2 trillion yen	1.41 trillion yen
Foreign bonds	220.5 billion yen	230 billion yen	140 billion yen
Equities, ETFs	129.9 billion yen	180 billion yen	200 billion yen
Investment trusts, etc.	156.8 billion yen	160 billion yen	140 billion yen

Future investment policy

- **Building a securities portfolio capable of generating sustained and stable high returns on funds from a medium- to long-term perspective within the range of tolerable risks**

1% yields on securities

- Accumulating and strengthening treasuries in stages as interest rates rise (with the goal of building a ladder portfolio through periodic purchases over the long term)
- Accumulating and strengthening municipal bonds using lines for holding to maturity, etc.

- Reducing fixed rate bonds with negative spreads
- Responding to interest rate fluctuations by growing investment in variable rate bonds issued by foreign firms (corporate bonds, CMO floaters)

- Increasing yields by growing the ratio of risk assets centered on domestic equity assets

- Increasing yields through investment in foreign bonds with no fund-raising costs (taking forex risk through balanced investment with consideration for correlations among portfolio assets)
- Reducing risk assets such as existing investment trusts and foreign exchange positions

Note: Based on internal managerial figures; balances based on book values; yields reflect consideration for external fundraising costs; securities balances (overall) include cross-shareholdings; investment trusts, etc. include specified monetary trusts.

Initiatives in the individual sector

- **Amid the growing trend toward asset building, helping customers realize more enriched lives through asset management**
- **To achieve the future target of a 70% ratio of stock revenues, building a revenue structure resilient to market conditions and reallocating to the corporate sector and other revenue-generating areas human resources made available through facility consolidation and revisions to sales organizations**

Initiatives to provide comprehensive over-the-counter services throughout the various life stages of our customers

End of March 2023 results

Upfront revenues 86%
:
Stock revenues 14%

Goal-based asset management sales
- Sharing goals from life planning based on life design services
- Implementing ongoing review

Adopting fund wrapping
- Making it possible to set multiple goals reflecting life plans
- Making it possible to divide asset management into up to 10 plans per person

Facility consolidation
- Enhancing abilities for long-term side-by-side support and consulting
- Improving efficiency of administrative sections

Revising the sales organization
- Ongoing review through revised follow-up structures
- Building contactless sales structures

Future outlook

Upfront revenues 30%
:
Stock revenues 70%

- Toward a revenue structure resilient to market conditions
- Enhancing efforts in the retail sector
- Reallocating human resources to the corporate sector and other revenue-generating areas
- Enhancing human resource development, including improving advisors' skills

Firmly establishing a corporate culture of sales activities based on customer-centric business operation (the base of all activities)

Rationale regarding returns to shareholders

▶ **Deploying management reflecting the level of the capital adequacy ratio, targeting a consolidated capital adequacy ratio of roughly 11% for the holding company**

Maintaining soundness, investing in growth

Utilizing capital to enhance earnings capacity

- Accumulating and strengthening assets
- Growing investment in strategic areas
- Growing investment in human capital, etc.

Targeting roughly 11%

Asset management **balancing use of capital to enhance earnings capacity and capital accumulation**

Capital adequacy ratio (consolidated for holding company)

Returns to shareholders

- **Payout ratio of roughly 40%**
- **Proactive acquisition of treasury stock (3 billion yen in FY2023, for up to 5 million shares)**

(Rationale regarding consolidated capital adequacy ratio of 11%)

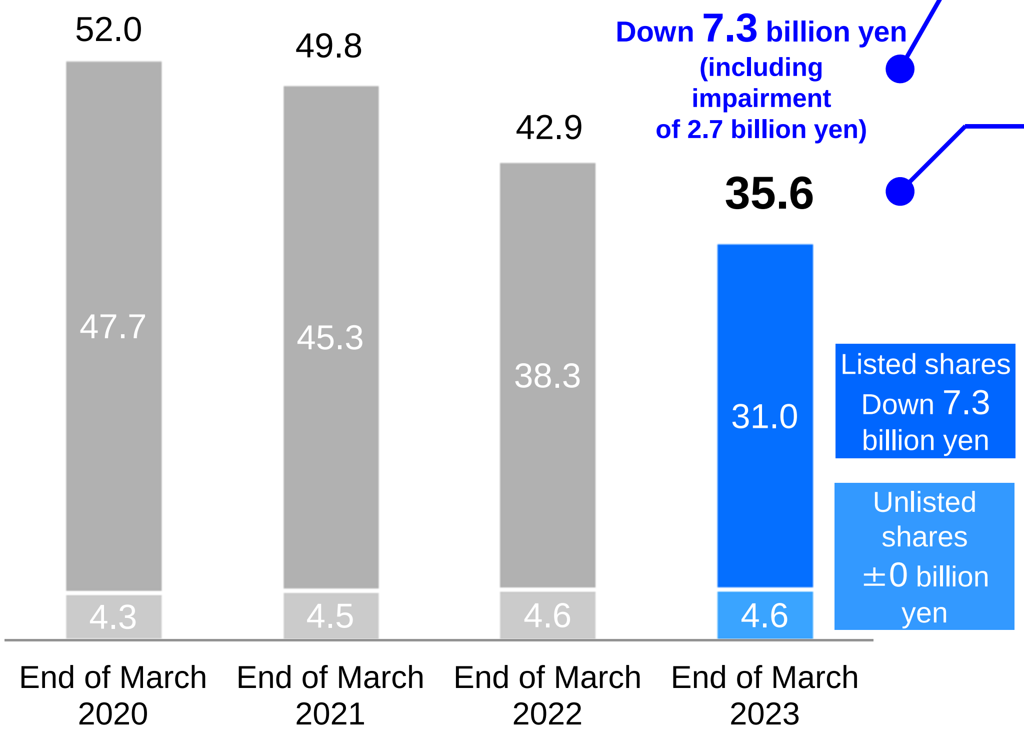
- The difference in capital adequacy ratio between consolidated and nonconsolidated figures (i.e., difference between consolidated holding company ratio and nonconsolidated Bank ratio) is approx. 1.0 pt.
- If the Bank's nonconsolidated capital adequacy ratio is maintained at roughly 10%, even in times of stress it can **maintain a capital adequacy ratio above the regulatory limit**.

Reducing cross-shareholdings

- As we sought to invest in growth, cross-shareholdings declined by 4.6 billion yen from the end of March 2022 thanks to continuing progress on discussions with the issuers.
- In the future as well, we will continue to decrease cross-shareholdings through dialogue, targeting a current value balance of less than 10% of consolidated equity capital over the medium to long term.

Reduction in cross-shareholdings (book-value balance)

(Billion yen)



Down by 4.6 billion yen/20 issues
(vs. end of September 2021)

Note: Includes some reductions

Current market value of approximately 64 billion yen
as a percentage of consolidated net assets: **13%**

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

Reduction target

Less than 10% of consolidated equity capital
(medium- to long-term target on a current value basis)

To increase shareholder value

- We will aim to improve ROE to increase PBR, while investing in growth, maintaining soundness, and improving returns to shareholders to improve RORA and control financial leverage.
- We will also aim to achieve ROE exceeding costs of shareholder capital over the medium to long term as costs of shareholder capital decline.

Improving ROE to increase PBR

Investing in growth
- Appropriate credit risk-taking for customers by demonstrating funding intermediary functions
- Rebuilding securities portfolio
- Building a dynamic approach to ALM operations in response to market changes

→ Business development utilizing risk assets

- Development of financial and nonfinancial businesses by improving the quality of solutions (increasing nonfinancial revenues through means including enhancement of M&A, business succession, and equity businesses and businesses targeting seniors)

→ Accumulating and strengthening earnings without using risk assets

Maintaining soundness
- Reducing cross shareholdings

→ Controlling risk assets

Returns to shareholders
- Implementing shareholder returns to generate higher ROE (40% payout ratio, acquisition and retirement of treasury stock)

→ Enhancing shareholder returns

Figures planned for end of March, 2024

Improving RORA

Net income / Risk assets — 27.5 billion yen / Approx. 4 trillion yen

×

Financial leverage controls

Risk assets / Net assets — Approx. 4 trillion yen / Approx. 500 billion yen

PBR = ROE × PER

In advancing the measures above

Investing in growth
- Reviewing allocation of management resources to strategic fields, centered on human capital (in particular, development and allocation of specialized human resources)

→ Investing in human capital

Reducing equity capital costs
- Enhancing communication of financial and nonfinancial information
- Responding appropriately to business risks
- Enhancing corporate governance
- Shareholder and investor engagement

→ Targeting ROE exceeding costs of shareholder capital over the medium to long term

Investing in human capital: ① Overview

▶ **Advancing initiatives in the areas of diversity and inclusion, engagement, health, and investing in growth, to strengthen the organization for leveraging individual abilities**

Diversity and inclusion

Ensuring diversity and inclusion in the organization to realize an organization in which employees with diverse perspectives and values can demonstrate their abilities based on their own visions and awareness

Investing in growth

Building HR development and training structures for independent realization of career paths, and developing systems for fair evaluation of the challenges and growth of each employee

Contributing to solutions for challenges facing local communities and customers, through organizational enhancement leveraging individual strengths

Engagement

In addition to developing measures to encourage employees to tackle new challenges, fostering a culture to improve employee motivation and to support autonomous career development, thereby establishing solid engagement

Health

Investing actively in growth, including wellbeing, to support employee health and safety

Investing in human capital: ② Diversity and inclusion

Empowering human resources with diverse values and skills while deploying various measures and designing various systems to put diversity and inclusion into practice

Active hiring of and support for women

Active hiring of women

- **With the aim of raising the percentage of women in management and supervisory positions, regularly identifying and coordinating candidates**

Support for building career mindsets

- **Coaching**
  - Coaching to support building career mindsets among women candidate managers and supervisors who face issues with motivation
- **Holding career seminars**
  - Holding career seminars for women employees and their superiors (on topics such as internal communication skills for effecting desired change and management to motivate women)

(Women as percentage of)	As of April 1, 2023	April 1, 2024 target	April 1, 2031 target
Managers*1	7%	**Approx. 7%**	**Approx. 25%**
Management class*2	17%	**Approx. 20%**	**Approx. 30%**
Management class candidates	35%	**Approx. 35%**	**Approx. 45%**
New hires	42%	**Approx. 50%**	
Total employees	42%	—	**Approx. 45%**

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

*2 Total of managers and employees approaching manager status

Support for work-life balance

Encouraging employees to take childcare leave

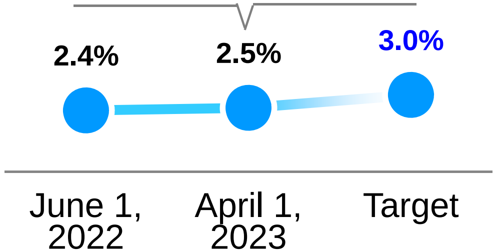
- **Encouraging employees to take childcare leave based on our vision that it is vital to foster a culture in which both men and women take childcare leave and pursue reduced working hours, since childcare is a responsibility shared by both men and women**

(Percentages taking childcare leave)	FY2022
Men	**106%**
Women	**97%**

Note: Pursuant to the Act on the Promotion of Women's Active Engagement in Professional Life, calculated as the number of workers taking childcare leave/number of workers who gave birth or whose spouse gave birth, during the subject period (April 1, 2022-March 31, 2023). While the percentage is roughly 100% since the leave is taken across fiscal years, all workers who gave birth or whose spouse gave birth in FY2022 took childcare leave (includes planned leave).

Promoting the employment of people with disabilities

Statutory employment rate (2.3%) achieved



- Hirogin Business Service K.K. has been accredited as a subsidiary subject to special provisions
- We have established the new Heartful Business Division to support growth and to strengthen motivation so that all employees can work at their own pace and in line with their own aims, regardless of disability status.

Investing in human capital: ③ Engagement

- **We are focusing on fostering a culture of boldly taking on new challenges to support individuals who seek out challenges, through means including business contests.**
- **We are also striving to increase corporate value by expanding employee involvement in management, through adoption of an employee stock ownership plan (ESOP).**

Holding business contests (since FY2021)

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

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

Launching Kids' Programming School program

* We have established the nonconsolidated subsidiary Hirogin Knowledge Square Co., Ltd. by acquiring the company that operates this program.

Establishing an employee stock ownership plan (ESOP)

Targets	
	• **Raising awareness of increasing stock prices over the medium to long term** through employees sharing value with shareholders • Striving to increase corporate value by **raising awareness of participation in management**

(Implementation details) * Current plan

- Around September 2023, establish an investment trust
- Shares to be acquired by the trust to be acquired from the stock market

(Status of the ESOP)

ESOP participation rate (as of March 2022)
79.0%
(35.1%)
( ) is industry average

Encouragement* rate
10.0%
(6.1%)
( ) is industry average

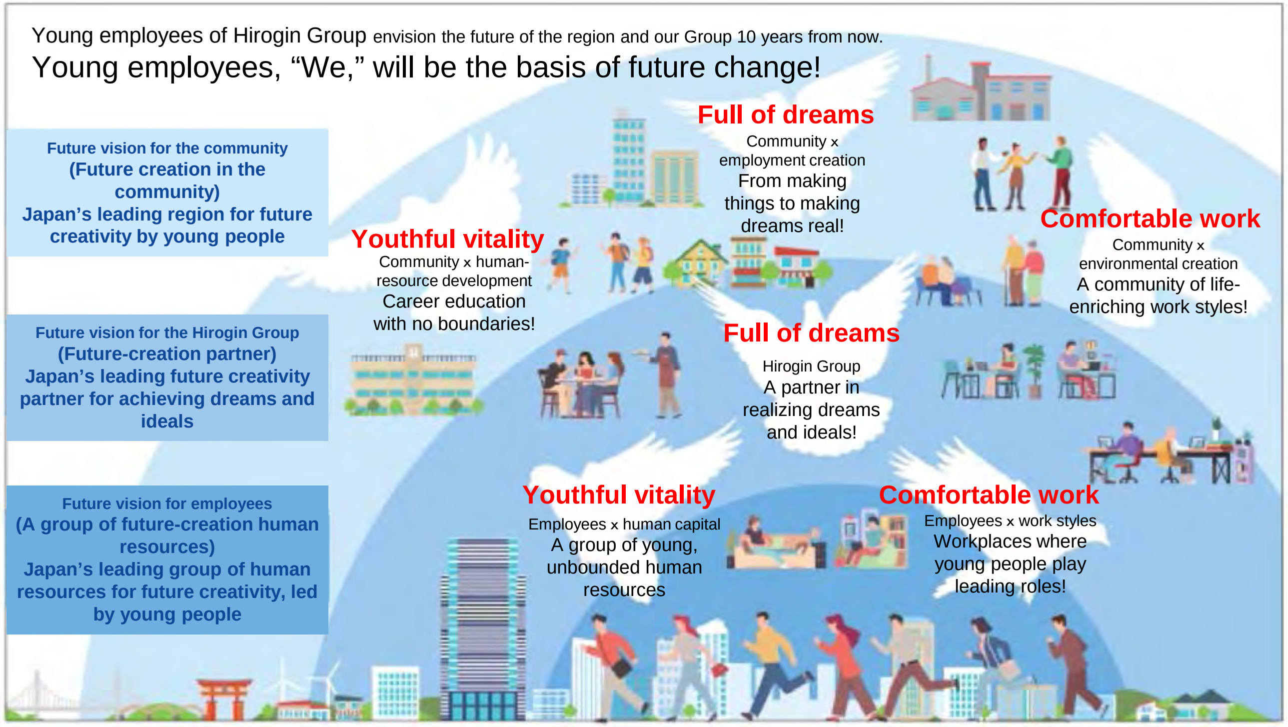
* Company support for employee contributions

Investing in human capital: ③ Engagement

- We have established the new Future Creation Task Force consisting of younger employees, to help visualize the Group's future in the period of the next Mid-term Plan and beyond.
- We have also established a new shadow board to reflect in management the ideas of younger employees and the middle-ranking and core generations.

Establishing the Future Creation Task Force (since FY2022)

Target	● Visions for the future of the region and the Group among young employers
Details of activities	● Discussing future visions that the region and the Group wants to or should seek to achieve 10 years from now ● Presentations were made to members of the Board of Directors in March 2023.



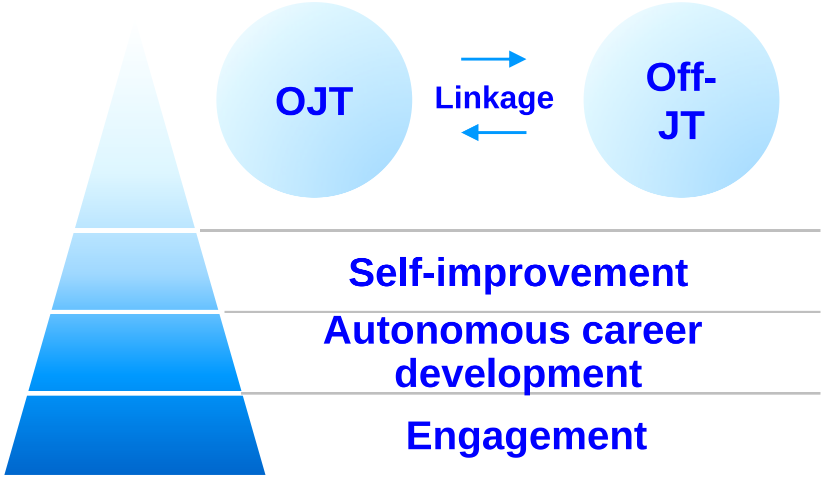
(Future outlook)

- Reflecting the results of these efforts in **establishing a new Future Creativity Working Group to serve as a shadow board**
- Together with discussion and deliberation by **younger employees (20s through mid-30s) and the middle-ranking and core generations (mid-30s through 40s)** of matters related to promoting efforts to build the future of the region and the Group, **making recommendations and offering opinions to management and others** concerning the details thereof and other matters

Investing in human capital: ④ Investing in growth

▶ **In addition to enhancing HR development by linking on- and off-the-job training, enhancing highly specialized training programs by establishing a new HR System**

HR development structure



A new HR system to contribute to high levels of specialization

Developing diverse HR systems for employee specialization and responsibilities

Professional course | **Concentration course** | **Master course** (NEW) – **Job-based**

Master course ... A new course intended to demonstrate high levels of specialization in limited business fields from among chosen fields. The job-based training program included in the concentration courser to date will be carried out as part of this course.

Results related to support for growth (FY2022)

Trainees (cumulative total)	3,638
Total investment in training expenses, etc.	283 million yen
Training hours/person*1	13 hours
Meister accredited personnel *Total as of March 31, 2023	
Consulting *Meister* accredited personnel	16
Banking business *Meister* accredited personnel	63
Asset management business *Meister* accredited personnel	87
Employees using in-house internships	107
Employees dispatched to MBA programs *Cumulative total as of March 31, 2023	44
Amount invested in self-improvement support, etc. (reskilling)	31 million yen
Holders of FP1 or CFP certification	468
Holders of IT Passport certification	2,238
HR exchange within the Group*2 *As of March 31, 2023	221
Employees seconded externally (Bank) *As of March 31, 2023	122
Trainees (Bank) *As of March 31, 2023	44

*1 Total training hours divided by total Hirogin Group employees
*2 Number seconded within Group

Regional and Group carbon neutrality initiatives

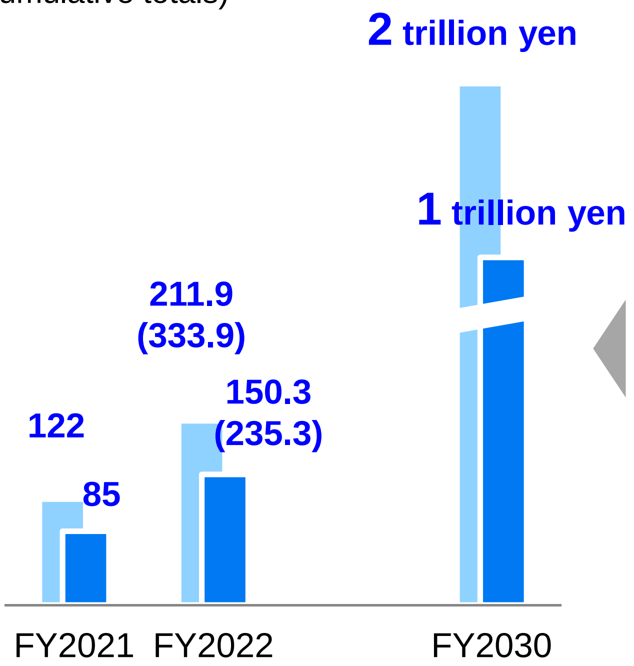
- **Subsidiary Hiroshima Bank has calculated greenhouse gas emissions from business lending, part of Category 15 under Scope 3.**
- **In the future, in addition to promoting customer engagement we will utilize various solutions and alliances to grow businesses by promoting carbon neutrality in the community.**

* Group initiatives are described on p. 38.

Medium- to long-term goal of sustainable finance

Goal	**Executing 2 trillion yen in sustainable finance to contribute to solutions to environmental and social issues (cumulative FY2021-2030, including 1 trillion yen in environmental finance)**

Execution of sustainable finance (billion yen)
* Right: environmental finance (parentheses: cumulative totals)



Comprehensive consulting

- Side-by-side support (both financial and nonfinancial) for major industries (e.g., Mazda suppliers, shipping)
- Enhancing engagement

Alliances

- Support for joint efforts with external stakeholders and other parties
- Studying renewable energy supply plans for the community in joint efforts with local firms

Scope 3/Category 15

Goal	Striving to **achieve carbon neutrality** with respect to all greenhouse gas emissions throughout the supply chain, including investment and lending portfolio **(Scopes 1, 2, 3), by FY2050**

In light of the properties of the four local prefectures, where manufacturing industries are concentrated, we calculated Scope 3/Category 15 emissions by participating in the Ministry of the Environment's portfolio carbon analysis pilot program support project for financial institutions.

Greenhouse gas emissions of Hiroshima Bank's business lending (financed emissions) (FY ended March 2022, t-CO_2)

	Industry	t-CO_2	Total of local, main, and sub-main
1	Electricity	1,591,000	441,717
2	Metals, mining	988,365	448,050
3	Sea shipping	889,379	545,699
4	Automotive	538,381	275,277
	⋮	⋮	
	Total	**10,287,278**	**5,537,914**

Targeting carbon neutrality

Summary

FY2022

- **We achieved positive performance** during this period in various areas, including corporate solutions revenues.
- However, net income attributable to owners of the parent fell year on year to 12.5 billion yen. We recorded losses on sales of foreign bonds and losses on valuation of stock holdings in securities investments.
- **Annual dividends were 27 yen** per share, as announced at the start of the year.

FY2023

- We project net income attributable to owners of the parent of **27.5 billion yen** in the final fiscal year of the Mid-Term Plan, thanks to enhanced Group joint efforts and quality improvements at individual Group companies. (We plan to **achieve the target of the Mid-Term Plan**.)
- Based on the revised policy on shareholder returns announced recently, we plan to realize **a payout ratio of 40% (annual dividends of 36 yen per share)** and acquire **3 billion yen of treasury stock**.

Future initiatives

- By making effective use of equity capital, we will strive to **increase revenues further** by investing management resources in our strengths **in the corporate sector**.
- In **securities investment**, an issue for the Group, we will **improve revenues** by restructuring the portfolio over three to four years.
- Through these initiatives, we will build a business portfolio able to **secure more than 30 billion yen** in net income attributable to owners of the parent with **stability**.
- While boosting the investment essential for sustained growth while recording steady profits, we will **carry out ongoing acquisition of treasury stock** targeting a consolidated capital adequacy ratio of 11% for the holding company.

01 Summary of business performance

02 Toward sustained growth

03 Conclusion

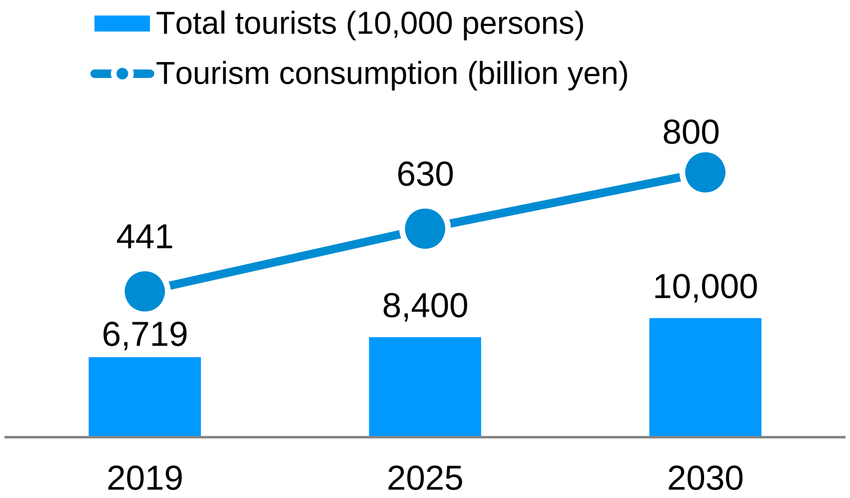
04 Appendix Ⅰ

Community vitalization, regional creativity

▶ **Hirogin Area Design will play a central role in active involvement in community development efforts including tourism promotion and redevelopment projects in response to the planned Hiroshima G7 Summit.**

Tourism promotion

Hiroshima Prefecture tourism plans (source: Hiroshima Prefecture Tourism Promotion Plan)



Economic impact of Hiroshima G7 Summit (based on discussion with Associate Prof. Kanto of Yamaguchi University)

Direct economic impact	**72-96** billion yen
Subsequent economic impact	**250** billion yen

Urban development

Redevelopment in the city of Hiroshima

Numerous redevelopment projects in locations other than central Hiroshima are also underway.

DX strategy

- **Promoting digital transformation (DX) from the three perspectives of community, customers, and the Company**
- **Adopting new services to increase value to customers through means such as use of technology and external alliances**

DX in various operations and measures

Digital innovation (new business creation)

Using digital technologies to create new businesses

- Improving customer value by creating new business models and businesses using digital technologies

Digitization (Transition to digital on the offense)

Applying digital technologies to reform existing businesses and processes

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

Digitization (Transition to digital on the defense)

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

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

Business portal | **Bringing video content production in house** | **Web branch appointment service** | **AI voice bot** | etc.

Active initiatives and a changing awareness among Group companies and personnel

Systems — Infrastructure improvement 1: **Developing a management structure for DX promotion and governance**

Building a DX promotion structure led by business sections, establishing a Group DX Committee to handle coordination functions

Human resources — Infrastructure improvement 2: **DX human resources**

Defining, securing, and training the human resources needed to fulfill functions and roles in the DX promotion and management structure

IT — Infrastructure improvement 3: **DX infrastructure development**

Realizing a DX infrastructure capable of responding flexibly to changing business and social conditions

Data — Infrastructure improvement 4: **More advanced data use**

Identifying more advanced data use as a core driver for realizing individual strategies

IT strategy

- **To realize a more advanced systems using cloud technologies, participating in the MEJAR next-generation banking system project with five banks: the Bank of Yokohama, Hokuriku Bank, Hokkaido Bank, 77 Bank, and Higashi-Nippon Bank**
- **Moving forward with joint efforts with MEJAR member banks in areas beyond the banking system, continuing to identify priorities for joint efforts, drawing on the strengths of each bank**

Joint efforts in areas other than the banking system

Digital
- Development of financial services related to digital fields through participation in the MEJAR Digital Innovation Hub

Cybersecurity
- Participation in CMS- CSIRT for cybersecurity joint efforts

Sustainability
- Concluding agreement on joint efforts in sustainability products and services
- Jointly enhancing sustainability service options

M&A
- Periodic exchange of information on M&A projects

Progress

Moving forward with the current Flight21 banking system

Improving reliability, productivity, and efficiency, securing ease of transition to the next-generation system, and modernizing HR development*

Adaption to next-generation banking system

Carrying out preparations together with other MEJAR participant banks

Steady progress is being made as we continue joint efforts with the Fukuoka Financial Group and MEJAR banks.

* Replacing existing systems with modern ones by incorporating new technologies while drawing on existing assets

Status of carbon neutral initiatives - FY2022 efforts reflecting TCFD recommendations -

To support customers' carbon neutral efforts, in addition to enhancing service options reflecting needs and status of initiatives, we implemented energy conservation and investment in energy conservation for store equipment, etc. to eliminate Scopes 1 and 2 greenhouse gas emissions by FY2030.

Governance

- Sustainability added to Directors' skills matrix

Strategies

- Formulating a roadmap toward carbon neutrality in Group Scopes 1 and 2 greenhouse gas emissions
- Adopting use of electricity from renewables and carbon neutral gas at the head office building, to realize carbon neutrality within the Group as well
- Measures and support to achieve carbon neutrality in the region and among customer firms (adoption and participation in the Ministry of the Environment's portfolio carbon analysis pilot program support project for financial institutions, establishment of Hirogin Positive Impact Finance)
- Enhancing the scope of disclosure of credit exposure to carbon-related assets (expanding from the energy sector to also include transport, materials and structures, and agriculture, food, and forestry)

Risk management

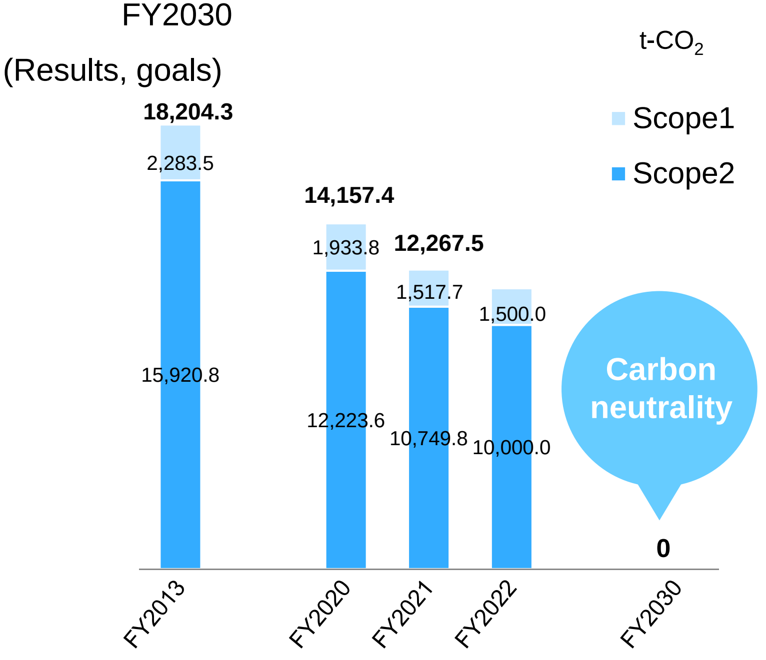
- Amendments of our Policy on Investment and Financing for Environmental and Social Solutions
  - Setting target year for a balance of zero in project finance for coal-fired thermal power generation (2035)
  - Adding new policies on coal, petroleum, and gas extraction, palm oil farms, and large-scale lumbering

Indicators and goals

(Goals)

- Setting medium to long term goals for greenhouse gas emissions reductions and sustainable finance in the Group
  ① Achieving Scopes 1 and 2 carbon neutrality by FY2030
  ② Achieving Scopes 1, 2, and 3 carbon neutrality by FY2050
  ③ Cumulative total of 2 trillion yen in sustainable finance from FY2021 through FY2030

(Results, goals)



Enhancing corporate governance

Appointment of new independent outside directors

Directors (internal) 5

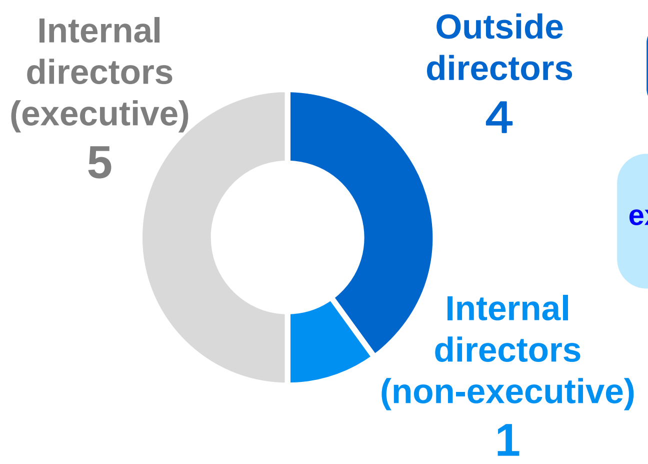
Directors and audit and supervisory board members (internal) 1

Directors and audit and supervisory board members (external) 3

(Inde-pendent) (Inde-pendent) (Inde-pendent)

NEW **Directors (external) + 1**

(Independent)



Ratio 40%

Ratio of non-executive Directors 50%

Note: The information above is conditional on approval by the June 27, 2023 Regular General Meeting of Shareholders.

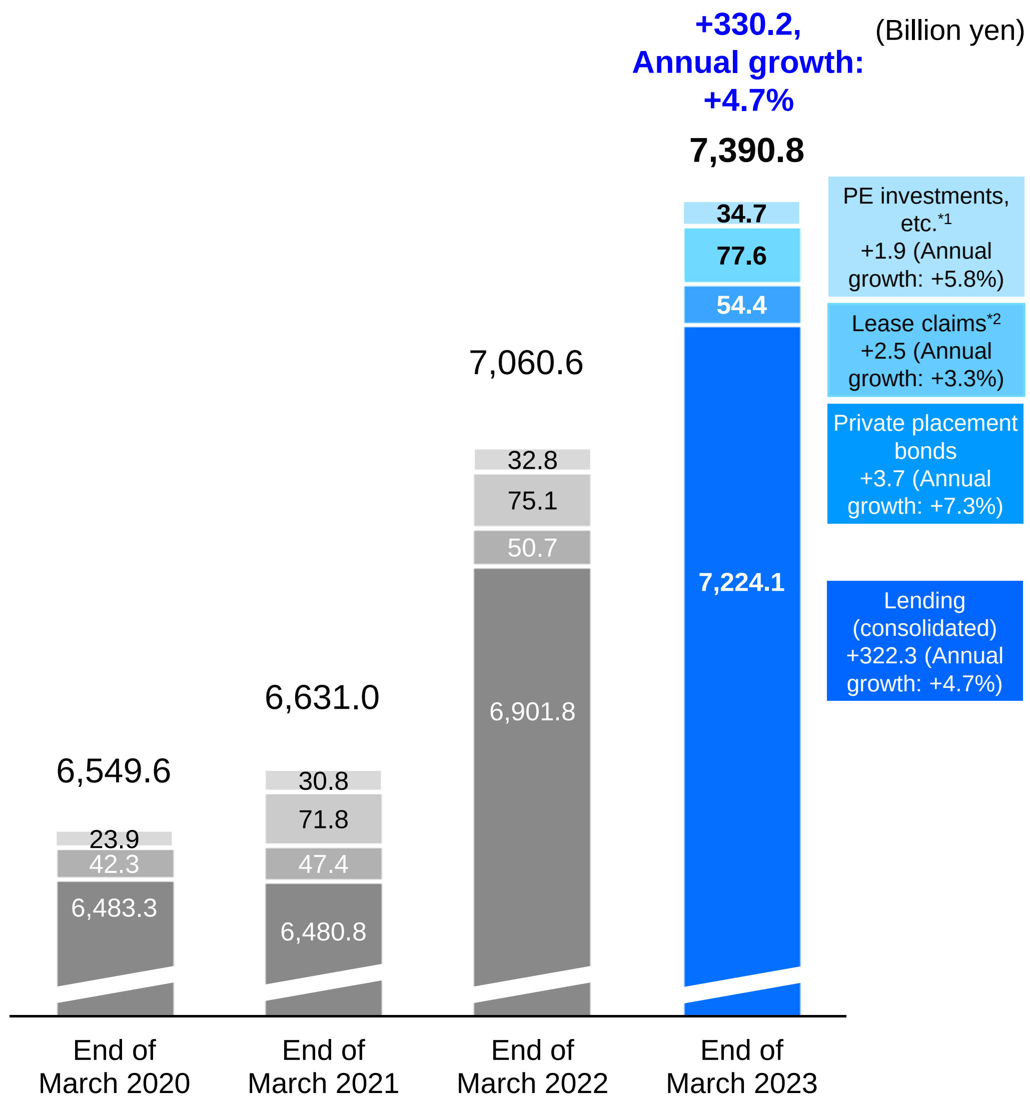
Skills matrix

Name	Post	Fields of experience			
		Management strategy, sustainability	Legal, risk management	Sales strategy	DX, IT, systems
Koji Ikeda	Chairman (Representative Director)	✓	✓	✓	✓
Toshio Heya	President (Representative Director)	✓	✓	✓	✓
Kazuo Kiyomune	Director (Senior Managing Executive Officer)	✓	✓	✓	
Akira Ogi	Director (Senior Managing Executive Officer)	✓		✓	✓
Fumitsugu Kariyada	Director (Managing Executive Officer)	✓	✓	✓	
Tatsuro Kumano	Director (Audit and supervisory committee member)		✓	✓	

Name	Post	Areas of particular expectations			
		Management strategy, sustainability	Economy, financial markets	Finance, accounting	DX, IT, systems
Yoshinori Shinmen	Director		✓		
Satoshi Miura	Director (Audit and supervisory committee member)	✓			✓
Hiroko Tani	Director (Audit and supervisory committee member)			✓	
Toshiaki Kitamura	Director (Audit and supervisory committee member)				✓

Group total credit, Group total assets under management (balances at end of March 2023)

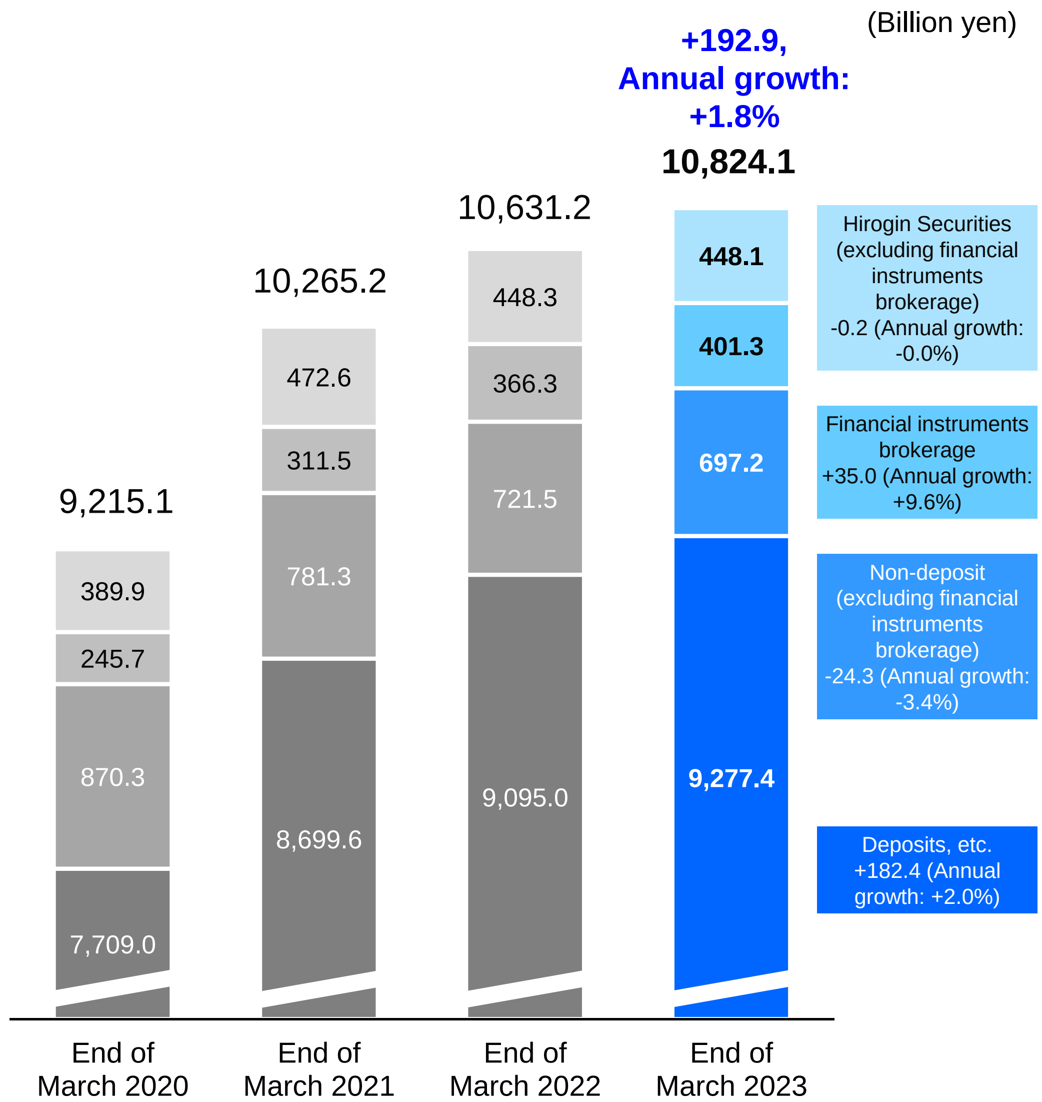
Trend in group total credit



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

*2 Represents the lease claims of Hirogin Lease.

Total assets under management (Hiroshima Bank + Hirogin Securities)

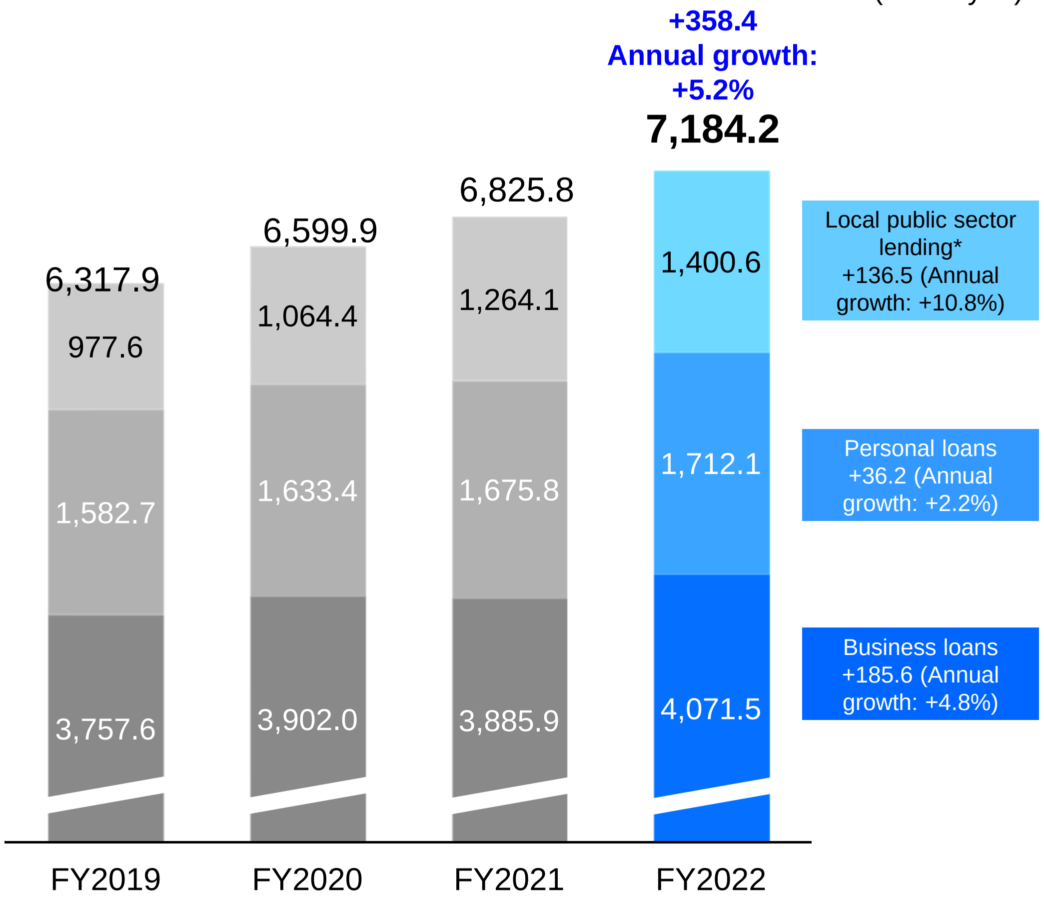


Notes:
1. Hirogin Securities balances are shown on a mark-to-market basis.
2. Excluding financial instruments brokerage through the Hirogin App (Rakuten Securities, SBI Securities)

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

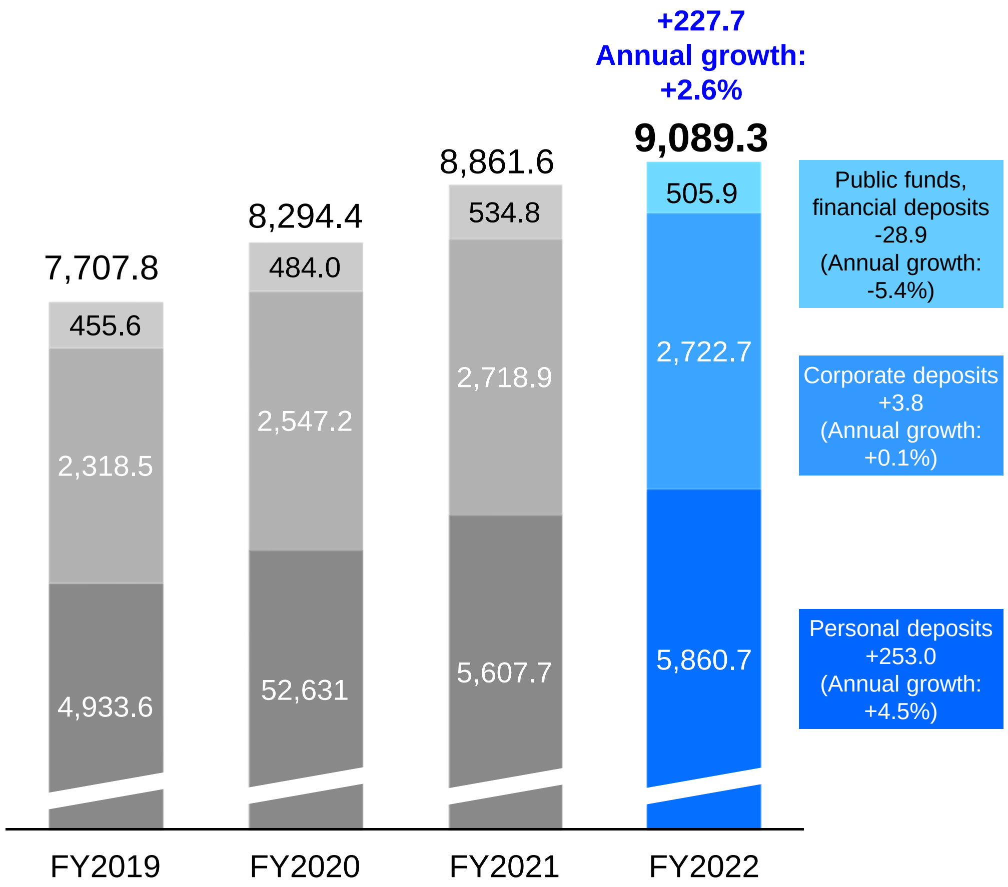
Trends in (average) balances of loans

(Billion yen)



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

(Billion yen)



Stable deposit fundraising structure (adhesion)

Settlement accounts* balance as a percentage of the total corporate and individual deposit balance of 8.6758 trillion yen (end of March 2023): **59.1%**

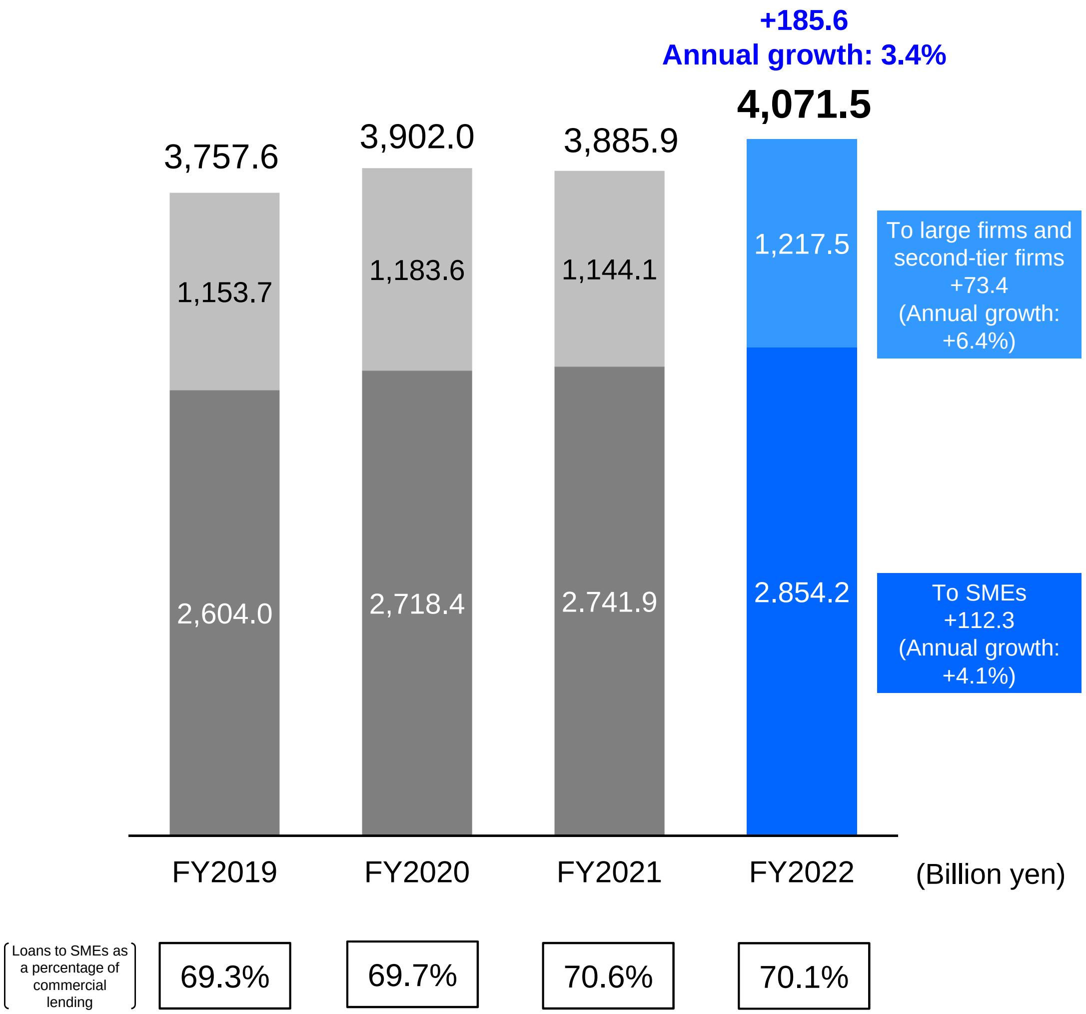
* Settlement accounts are those used for salary transfer, pension receipt, and payment of utilities among individual deposits and those with loan balances among corporate deposits.

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

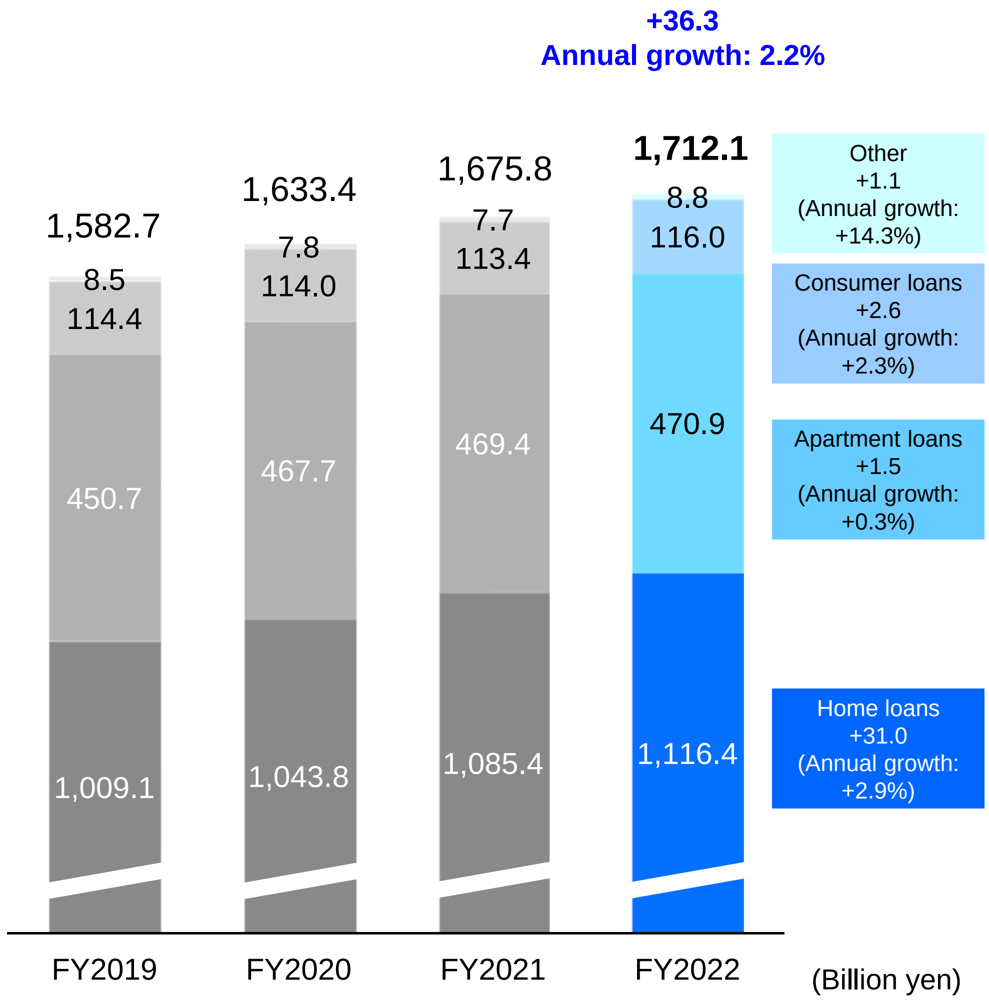
SME lending, personal loans

Trends in balances of business loans (average)

Yields on loans (stock rates/yen) in FY2022 2H		
	Large firms	0.37%
	Second-tier firms	0.50%
	SMEs	0.94%
	(Total)	0.75%



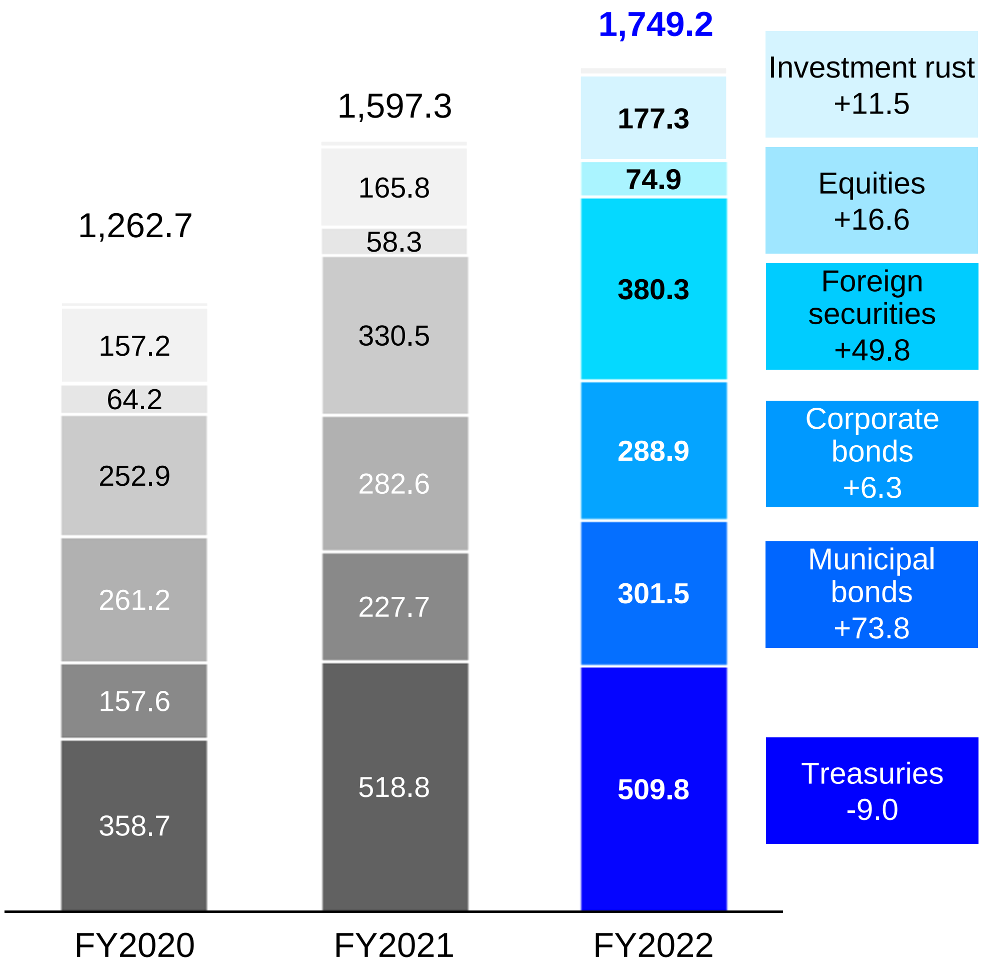
Trends in balance of personal loans (average)



Securities balances, revaluation gain/loss

Securities balances (average balance)

(Billion yen)



Securities revaluation gain/loss

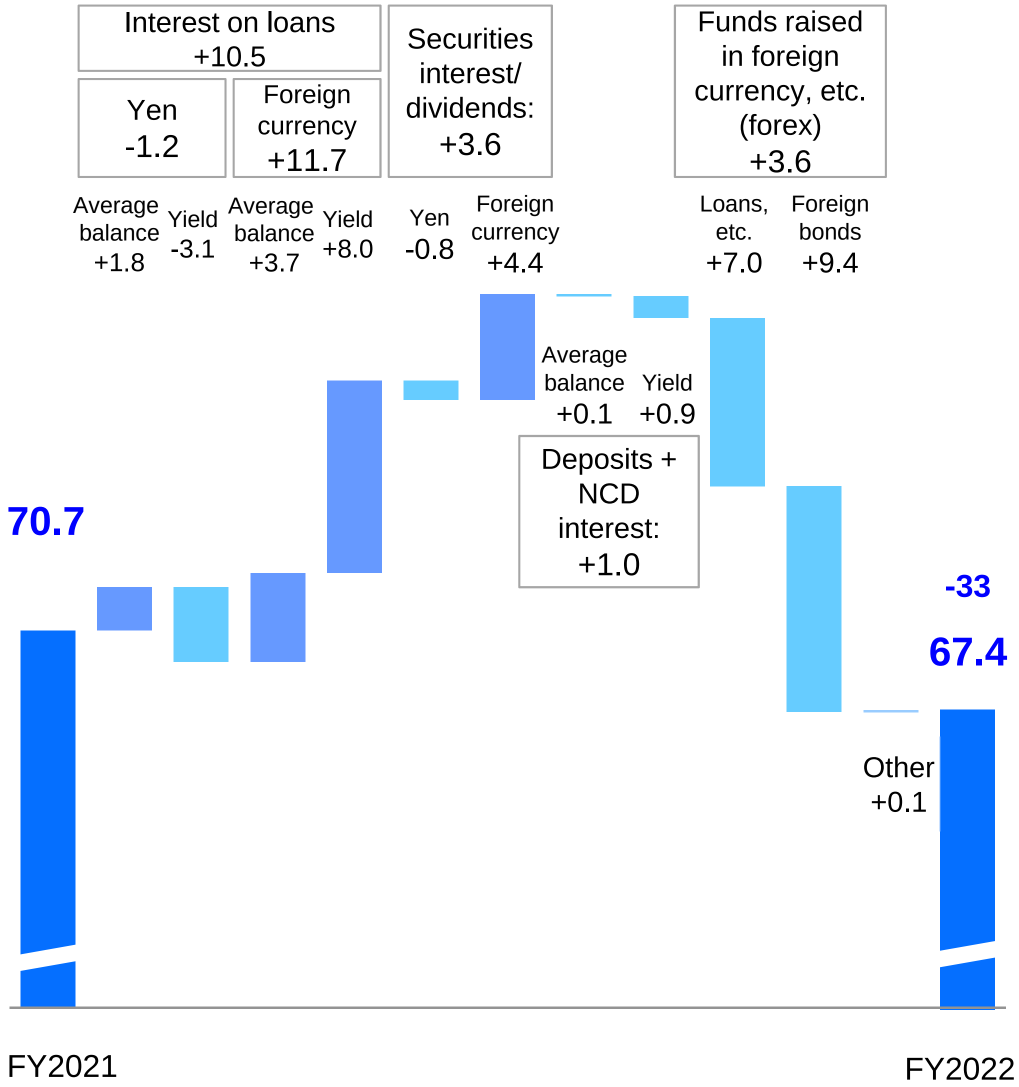
(Billion yen)

	End of March 2020	End of March 2021	End of March 2022	End of March 2023	vs. end of March 2023
Held to maturity	-	-	-	0	0
Bonds	-	-	-	0	0
Other	-	-	-	-	-
Other securities	20.8	38.6	1.5	-12.5	-14.0
Bonds	5.1	0.1	-11.2	-21.3	-10.1
Treasuries	2.6	-1.8	-8.4	-14.0	-5.6
Municipal bonds	0.6	0.5	-1.7	-4.3	-2.6
Corporate bonds	1.8	1.4	-1.0	-3.0	-2.0
Equities	22.2	43.1	31.6	40.6	9.0
Other	-6.5	-4.6	-18.9	-31.8	-12.9
Foreign bonds	1.6	-5.8	-16.0	-22.4	-6.4
Investment trusts	-8.1	1.4	-2.9	-9.6	-6.7
Total	**20.8**	**38.6**	**1.5**	**-12.5**	**-14.0**

Net interest income, net non-interest income

Factors contributing to changes in net interest income

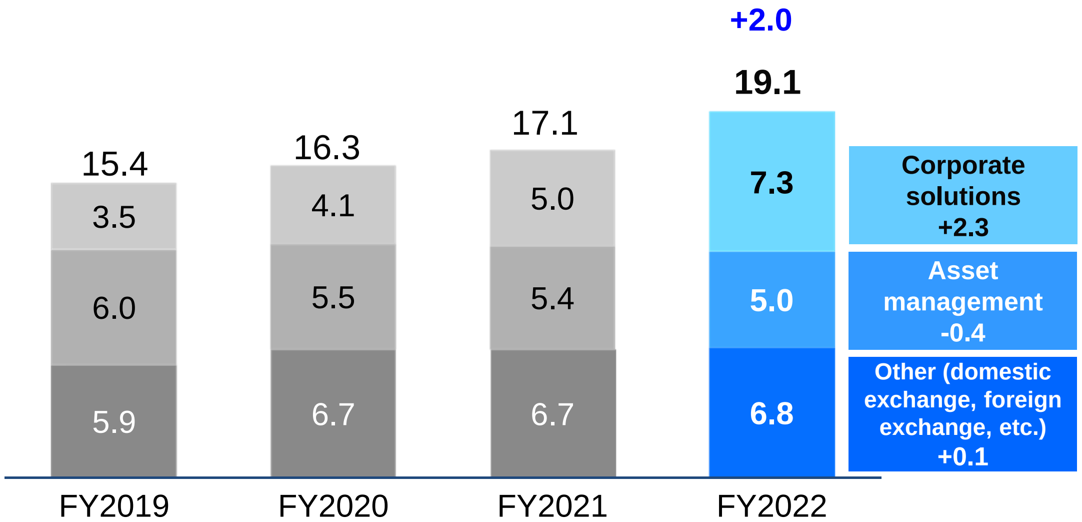
(Billion yen)



Net non-interest income

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

(Billion yen)



Reference: Consulting business income by customer category (corporate/individual)

(Billion yen)

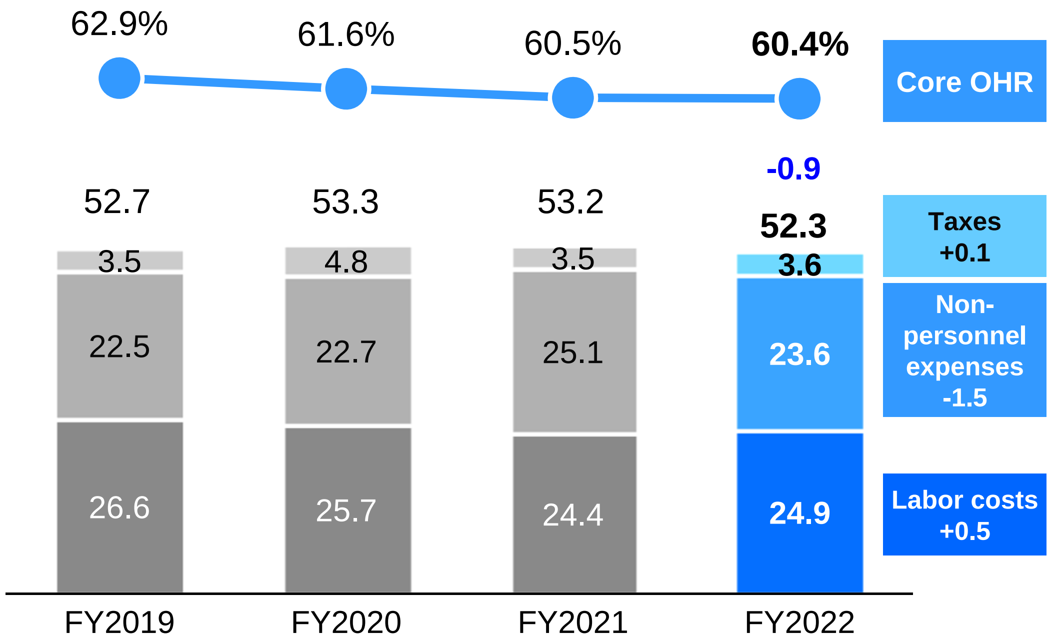
	FY2019	FY2020	FY2021	FY2022	YoY change
Corporate solutions	3.5	4.1	5.0	7.3	2.3
Customer derivatives	1.0	1.1	1.2	3.5	2.3
Business succession support, M&As	0.4	0.6	0.6	1.0	0.4
Asset management	6.0	5.5	5.4	5.0	-0.4
Investment trust	0.5	0.6	0.7	0.8	0.1
Equity business	1.3	-	0.9	0.2	-0.7
Total	**10.8**	**9.6**	**11.3**	**12.5**	**1.2**

Expenses, core OHR, net income

Expenses (excluding one-time disposal), core OHR

Core OHR = $\frac{\text{Expenses}}{\text{Gross profit on core businesses}}$

(Billion yen)

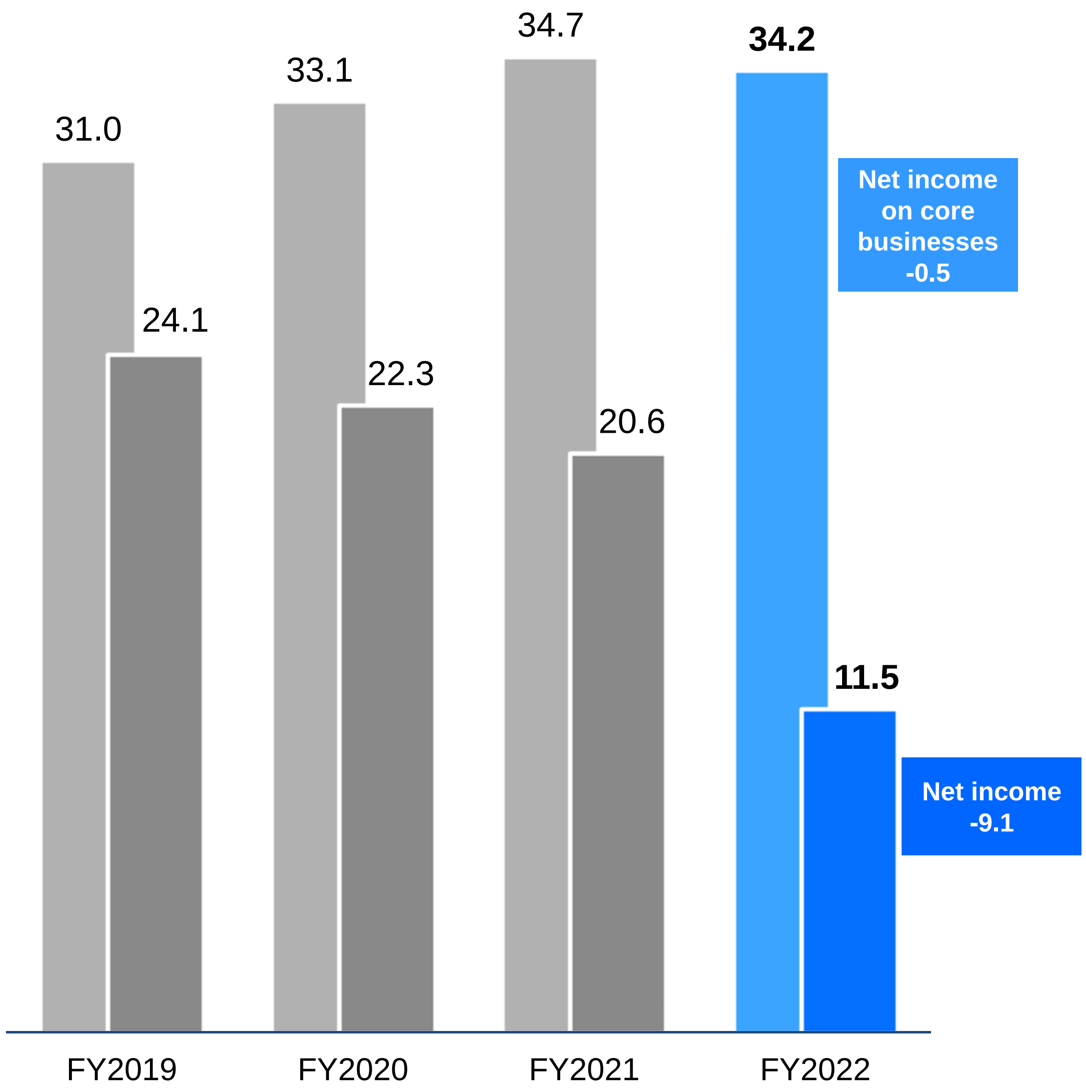


Reference: Main factors underlying changes in expenses (Billion yen)

	YoY change	Main factor
Labor costs	+0.5	• Retirement benefit expenses +1.0 • Increase in the holding company's share of executive and employee (seconded personnel) costs -2
Non-personnel expenses	-1.5	• Deposit insurance -1.2 • Related to head office building -0.6 (supplies, etc.) • Administrative charges paid to the holding company + 3 (offset in consolidation of accounts)
Taxes	+0.1	• Related to head office building +0.2 (real estate acquisition tax, etc.)
Total expenses	**-0.9**	

Net income on core businesses/net income

(Billion yen)



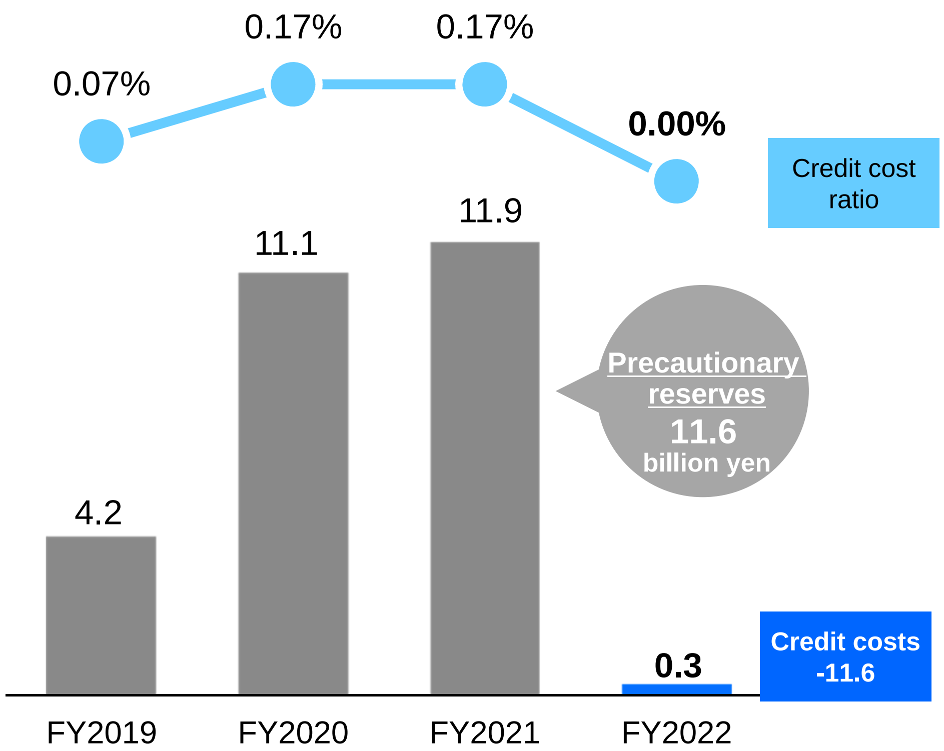
Credit costs, NPLs

Credit costs, credit cost ratio

(Billion yen)

Credit cost ratio = Credit costs / Outstanding loan balance

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



(Billion yen, %)

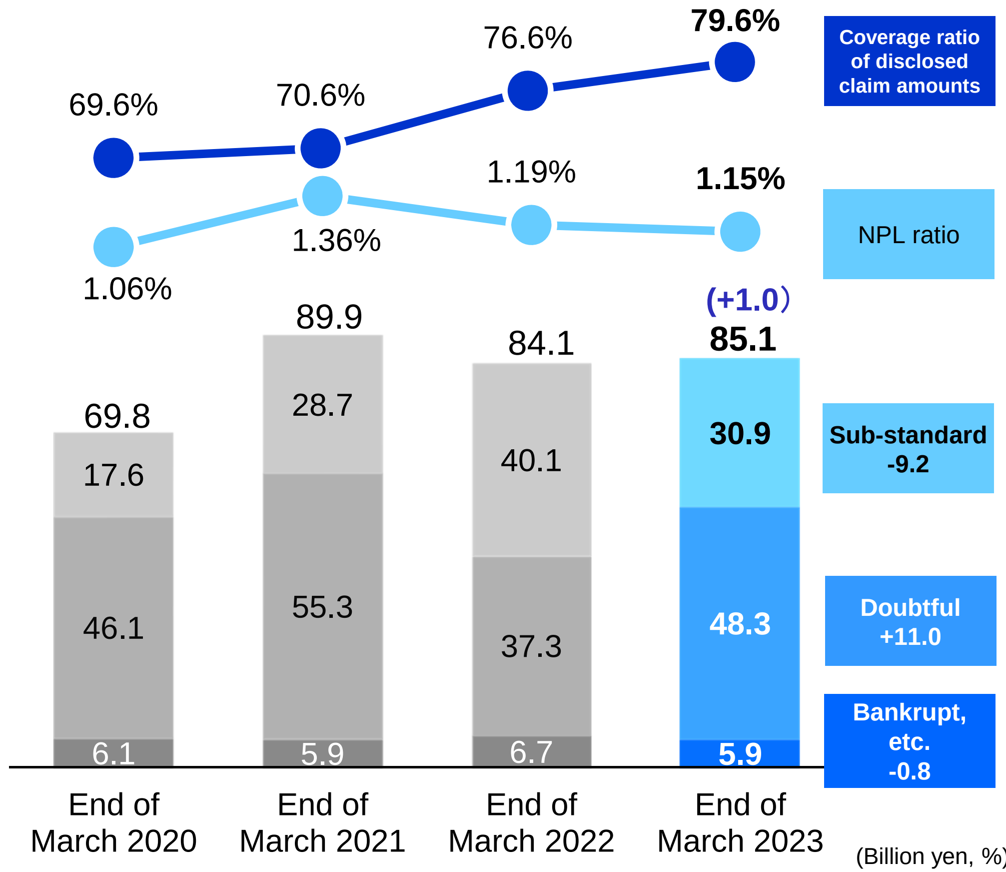
	FY2008	FY2009	FY2010	FY2011		FY2019	FY2020	FY2021	FY2022
Credit costs	23.2	14.6	11.9	9.1	…	4.2	11.1	11.9	0.3
Credit cost ratio	0.53	0.33	0.27	0.20		0.07	0.17	0.17	0.00

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

(Billion yen)

NPL ratio = Figures for claims disclosed under the Act on Emergency Measures for the Revitalization of the Financial Functions / Total credit

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



(Billion yen, %)

	End of March 2009	End of March 2010	End of March 2011	End of March 2012		End of March 2020	End of March 2021	End of March 2022	End of March 2023
Figures for claims disclosed under the Act on Emergency Measures for the Revitalization of the Financial Functions	128.4	111.9	115.8	105.2	…	69.8	89.9	84.1	85.1
NPL ratio	2.82	2.50	2.60	2.31		1.06	1.36	1.19	1.15

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

Reference for this material

This material contains statements about future business performance.

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

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

Management Planning Group, Hirogin Holdings, Inc.

Tel.: 082-245-5151

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

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

Hirogin Holdings, Inc.
未来を、ひろげる。
ひろぎんホールディングス

Overview of Financial Results for FY2022

— IR Presentation —

June 2023

Today's agenda

Financial results

- Net income attributable to owners of the parent fell 10.4 billion yen year on year to 12.5 billion yen, due mainly to the response to market trends, including losses on sales of foreign bonds reflecting a negative spread and losses on valuation of stock holdings. Nevertheless, our main businesses recorded positive business performance.
- Net income attributable to owners of the parent is projected to rise by 15 billion yen year on year to 27.5 billion yen in FY2023.
- We expect to achieve the final target of the Mid-Term Plan 2020 of more than 27 billion yen in net income attributable to owners of the parent.

Advancing the holding company to the second stage

- The first stage of the Mid-Term Plan following the transition to a holding company structure is generating steady results due to factors including efforts to transform employee awareness associated with this transition and progress on enhancing Groupwide joint efforts.
- In the second stage, the functionally enhanced management planning sections of the holding company will play central roles in improving the quality of Group companies, expanding the axes along which their businesses are based to further enhance Groupwide joint efforts, and reallocating management resources through structural reforms.

Investment in growth

- Targeting ROE exceeding costs of shareholder capital over the medium to long term, we will move forward with efforts to increase ROE by improving RORA and controlling financial leverage while balancing various other considerations, including maintaining soundness, investing in growth, and improving returns to shareholders.
- In addition to proactively responding to demand for funds reflecting expectations, such as those for rising interest rates and rebuilding our securities portfolio, we plan to enhance our earning capacity by putting risk assets to effective use and venturing into new business fields through our subsidiaries, including Hirogin Lease.

Returns to shareholders

- By eliminating the target dividend table and switching to a dividend policy targeting a payout ratio of roughly 40%, we plan to pay dividends of 36.0 yen/share in FY2023, up 9 yen/share from last year.
- We will also proactively acquire treasury shares (3 billion yen in FY2023), targeting a consolidated capital adequacy ratio of roughly 11% for the holding company.

Contents

Overview of financial results for FY2022

▶ **Net income attributable to owners of the parent fell 10.4 billion yen year on year to 12.5 billion yen, due mainly to response to market trends, including losses on sales of foreign bonds reflecting a negative spread and losses on valuation of stock holdings. Nevertheless, our main businesses recorded positive business performance.**

Summary of consolidated business performance

(Billion yen)

		FY2022	YoY change	(Change rate)	vs. Announced[2]
Consolidated gross profit		**79.3**	**-12.7**	**(-13.7%)**	
(excluding gain/loss related to treasuries and other bonds)	1	**96.1**	**-3.1**		
Net interest income		66.2	-3.3		
Net fees and commissions income		20.8	-0.3		
Income from specific transactions and other businesses		-7.7	-9.0		
(including gain/loss related to treasuries and other bonds)	2	-16.7	-9.5		
Operating expenses (-)		58.0	0		
Credit costs (-)	3	0.6	-11.8		
Gains/losses related to equities, etc.	4	-2.2	-7.3		
Other		0.4	0		
Ordinary profit		**18.7**	**-8.3**	**(-30.6%)**	**0.2**
Extraordinary gains/losses		-0.5	-6.3		
Total income tax, etc. (-)		5.7	-4.2		
Net income attributable to non-controlling interests (-)		0	0		
Net income attributable to owners of the parent	5	**12.5**	**-10.4**	**(-45.4%)**	**0**
(Ref.) Operating overhead ratio [1]		60.4%	1.9%		

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

2. Comparison to figures announced in the "Notice of revision of forecasts of consolidated business performance," released March 22, 2023

Key points of FY2022 financial results

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

- The cost of raising funds in foreign currency rose sharply with rising interest rates overseas, driving net interest income down.
- Corporate solutions sales, a key target in the Bank consulting business, and also a priority management target, grew steadily (up 2.3 billion yen YoY).

2 Gain/loss from treasuries and other bonds

- To restructure the securities portfolio, we sold off foreign bonds, for which spreads had become negative due to rapid increases in policy interest rates in the U.S. (recording a loss on sales of 18.4 billion yen and a book value of 246.4 billion yen on the sale).

3 Credit costs

- We recorded 4.3 billion yen in preventive reserves, including increases in reserves for certain customers (vs. 11.6 billion recorded in FY2021).
- At the same time, credit costs at 600 million yen remained low thanks to progress on collections from major borrowers and the recent lack of major bankruptcies.

4 Gains/losses related to equities, etc.

- We recorded a loss of 5.3 billion yen (write-down of stock, etc.) on shareholdings due to increased valuation losses accompanying falling stock prices and other factors.

5 Net income attributable to owners of the parent

- In addition to the factors above, net income attributable to owners of the parent fell by 10.4 billion yen YoY to 12.5 billion yen due in part to the effect of elimination of 7 billion yen in gains on return of retirement benefit trusts recorded in the previous year.

- Consolidated financial results show that net income attributable to owners of the parent fell 10.4 billion yen year on year to 12.5 billion yen, due mainly to the need to respond to market trends. For example, we recorded losses on sales of foreign bonds with a negative spread and on the valuation of stock holdings. Nevertheless, our main businesses recorded positive business performance.
- ①, consolidated gross profit, which excludes gains/losses related to treasuries and other bonds, was down 3.1 billion yen from the previous year due to lower net interest income and the significantly higher cost of raising foreign currency in the face of rising interest rates overseas.
- Revenue growth from corporate solutions, a special focus in the Bank's consulting business, boosted net non-interest income. Excluding market factors, performance in this segment was positive.
- Gains/losses related to treasuries and other bonds, at ②, fell by 9.5 billion yen year on year due mainly to losses of 18.4 billion yen on sales of foreign bonds with negative spreads reflecting rapid increases in policy interest rates in the U.S.
- ③, credit costs, remained low at 600 million yen. This was due to progress with collections from major borrowers and the recent absence of major bankruptcies and despite recording 4.3 billion yen in preventive reserves, including increased reserves for certain customers.
- ④, gains/losses related to equities, etc., was down 7.3 billion yen from last year, due mainly to 5.3 billion yen in losses recorded due to falling stock prices and rising revaluation losses.
- ⑤, net income attributable to owners of the parent, was down 10.4 billion yen year on year. Contributing factors included ①through ④ and the effects of eliminating 7 billion yen in gains from retirement benefit trusts recorded as extraordinary profit in the previous year.

Summary of business performance | FY2022 | FY2023 Business performance projections

Results for major Group companies - Bank -

- The major businesses recorded positive business performance, including higher net fees and commissions income (up 2 billion yen), thanks to steady growth in corporate solutions sales and increased revenues from lending (up 2.5 billion yen).
- The cost of raising funds in foreign currency rose due to rising interest rates overseas, and revenues from investment in securities fell (down 5.6 billion yen).

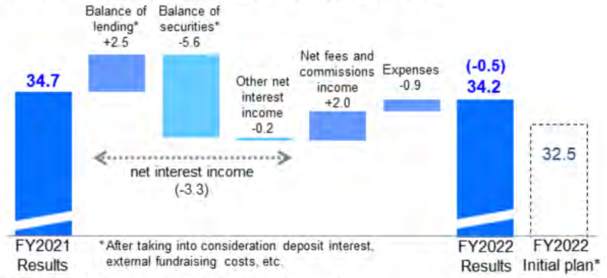
Hiroshima Bank

(Billion yen)

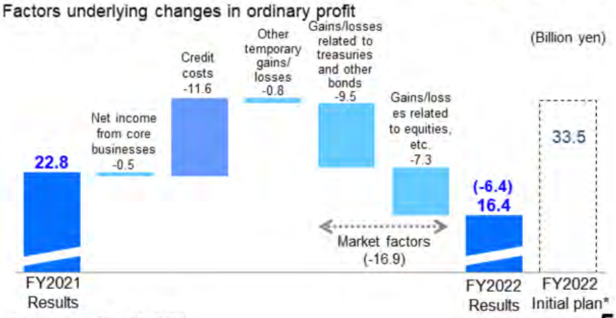
	FY2022	YoY change	(Change rate)
Core business gross profit	**86.5**	**-1.4**	**(-1.5%)**
Net interest income	67.4	-3.3	
Other income	19.1	2.0	
Corporate solutions	7.3	2.3	
Customer derivatives	3.5	2.3	
Business succession support, M&As	1.0	0.4	
Asset management	5.0	-0.4	
Other (domestic exchange, foreign exchange, etc.)	6.8	0.1	
Expenses (excluding extraordinary disposal) (-)	52.3	-0.9	
Net income from core businesses	**34.2**	**-0.5**	**(-1.3%)**
Net income from core businesses (excluding gains/losses from cancellation of investment trusts)	**34.2**	**-0.5**	**(-1.3%)**
Gains/losses related to treasuries and other bonds	-16.7	-9.5	
Effective net income from businesses	**17.4**	**-10.0**	**(-36.4%)**
Credit costs (-)	0.3	-11.6	
Gains/losses related to equities, etc.	-2.2	-7.3	
Other temporary gains/losses	1.5	-0.8	
Ordinary profit	**16.4**	**-6.4**	**(-28.1%)**
Extraordinary gains/losses	-0.5	-6.4	
Total income tax, etc. (-)	4.3	-3.8	
Net income	**11.5**	**-9.1**	**(-44.2%)**

Factors underlying changes in core business gross profit and ordinary profit

Factors underlying changes in core business gross profit (Billion yen)



Factors underlying changes in ordinary profit (Billion yen)



* Announced May 13, 2022

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- This slide shows the key factors driving the changes in core business gross profit, an indicator of the profitability of Hiroshima Bank's main businesses.
- Net receipts from lending—representing interest income from loans minus interest on deposits and external fundraising costs—increased by 2.5 billion yen. Steady revenue growth from corporate solutions led to an increase of 2 billion yen in net non-interest income. Together these gains represent positive trends in our core business performance.
- In contrast, as rising foreign interest rates increased the cost of raising funds in foreign currencies, net receipts from securities investments declined.
- Net income from our core business fell by 500 million yen from last year. Still, this is 1.7 billion yen more than initially planned, and revenues from core businesses rose steadily even in the face of challenging external conditions.
- The graph on the lower right shows the key factors driving changes in ordinary profit.
- While credit costs fell dramatically—by 11.6 billion yen—the disposal of foreign bonds, etc., which reflects market fluctuations, stood at 16.9 billion yen. Ordinary profit fell 6.4 billion yen year on year as a result.

Results for major Group companies - Excluding Hiroshima Bank -

- Hirogin Securities earnings fell due to low sales of financial instruments resulting from factors such as the cessation of sales of structured bonds (with some exceptions) and the effects of various market trends.
- Both Hirogin Human Resources and Hirogin Area Design moved into the black in their second year, earlier than initially planned.

(Billion yen)

Hirogin Securities (HS)

	FY2022	YoY change
Gross income	4.23	-1.76
Ordinary profit	0.27	-1.59
Net income	0.13	-1.14

Hirogin Lease (HL)

	FY2022	YoY change
Gross income	2.38	0.05
Ordinary profit	0.93	-0.21
Net income	0.58	-0.16

Shimanami Servicer (SSC)

	FY2022	YoY change
Gross income	0.68	-0.26
Ordinary profit	0.28	-0.08
Net income	0.21	-0.03

Hirogin Human Resources (HHR)

	FY2022	YoY change
Gross income	0.18	0.12
Ordinary profit	0.02	0.05
Net income	0.01	0.03

Hirogin Capital Partners (HiCAP)

	FY2022	YoY change
Gross income	0.14	0.04
Ordinary profit	0.04	0.03
Net income	0.03	0.02

Hirogin IT Solutions (HITS)

	FY2022	YoY change
Gross income	1.03	0.05
Ordinary profit	0.27	-0.02
Net income	0.18	-0.01

Hirogin Area Design (HAD)

	FY2022	YoY change
Gross income	0.23	0.06
Ordinary profit	0.02	0.03
Net income	0.01	0.02

Hirogin Card Service (HCS)*

	FY2022	YoY change
Gross income	1.87	0.22
Ordinary profit	0.41	-0.12
Net income	0.27	-0.07

Hirogin Guarantee (HGC)*

	FY2022	YoY change
Gross income	1.60	0.03
Ordinary profit	1.35	0.11
Net income	0.89	0.08

(*) Effective April 1, 2023, Hirogin Guarantee absorbed Hirogin Card Service and was renamed Hirogin Credit Service.

- The earnings of Hirogin Securities, a major non-banking Group company, declined due to low sales of financial instruments resulting from various factors, including the cessation of sales of structured bonds and market trends.
- In contrast, Hirogin Human Resources and Hirogin Area Design moved into the black in the second year after their establishment as new companies in April 2021. This was faster progress than initially planned and clearly demonstrates the effect of steadily strengthening Group joint efforts.

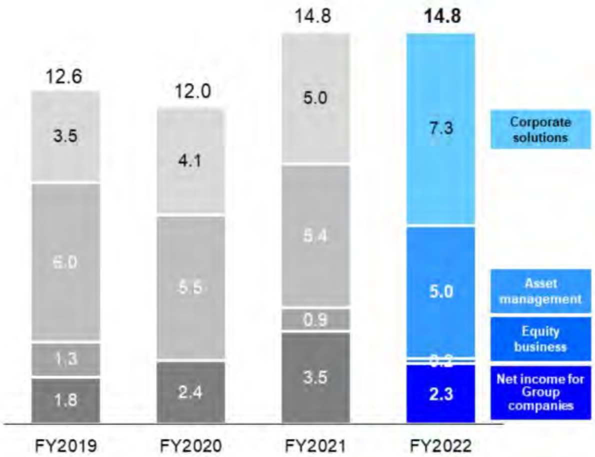
Summary of business performance | **FY2022** | FY2023 Business performance projections

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

▶ **Despite growth in corporate solutions earnings at the Bank, lower asset management earnings and net income on Group companies resulted in total revenue from consulting businesses for corporate and individual customers and Group company net income remaining largely unchanged YoY, at 14.8 billion yen.**

Trends in profits generated by the consulting business

(Billion yen)



Breakdown of profits generated by the consulting business

(Billion yen)

	FY2022 results	YoY change
[Bank (nonconsolidated)] Profits from the consulting business for corporate and individual customers ①	**12.5**	**1.2**
Corporate solutions	7.3	2.3
Business succession support, M&As	1.0	0.4
Derivatives	3.5	2.3
Asset management	5.0	-0.4
Investment trusts	0.9	-0.2
Insurance	2.0	0.2
Financial instruments brokerage	0.7	-0.3
Investment trust	0.8	0.1
Equity business	0.2	-0.7
Net income for Group companies ②	**2.3**	**-1.2**
Hirogin Securities	0.1	-1.1
Shimanami Servicer	0.2	0.0
Hirogin Lease	0.5	-0.2
Total (① + ②)	**14.8**	**0.0**

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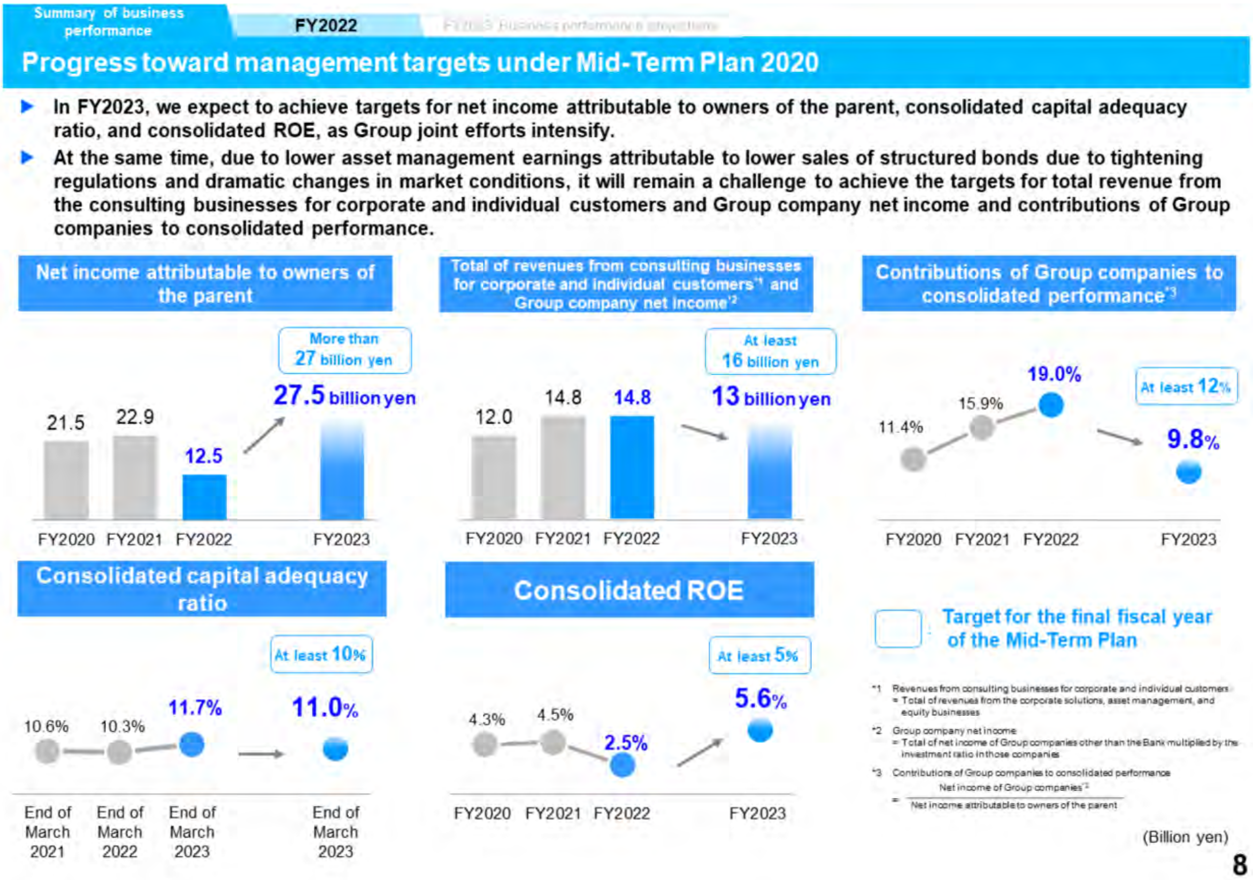
- Consulting business profits at Hiroshima Bank were up 1.2 billion yen year on year to 12.5 billion, thanks to positive trends in the priority business succession support and M&A fields and efforts to address demand for forex risk hedging.
- The total of consulting business profits and net income of Group companies other than the Bank stood at 14.8 billion yen. This is unchanged from last year.



- In FY2023, the final fiscal year of Mid-Term Plan 2020, we expect to make steady progress toward the plan's targets for net income attributable to owners of the parent, consolidated capital adequacy ratio, and consolidated ROE.
- At the same time, we expect to fall short of the target for the combined total of revenues from consulting businesses for corporate and individual customers, Group company net income, and contributions of Group companies to consolidated performance.
- This is due mainly to lower asset management earnings at Hiroshima Bank and Hirogin Securities. The business environment has shifted dramatically from the initial assumptions on which the Mid-Term Plan was based. Contributing factors include lower sales of structured bonds due to stricter regulation and dramatic changes in market conditions.

Performance forecasts

- Net income attributable to owners of the parent is projected to rise by 15 billion yen year on year to 27.5 billion yen.
- We expect to achieve the final target of the Mid-Term Plan 2020 of more than 27 billion yen in net income attributable to owners of the parent.

FY2022 performance forecasts

(Billion yen)

	Interim performance	FY2023 performance forecast	YoY change
Ordinary profit	**19.0**	**39.5**	20.8
Net income attributable to owners of the parent	**13.0**	**27.5**	15.0

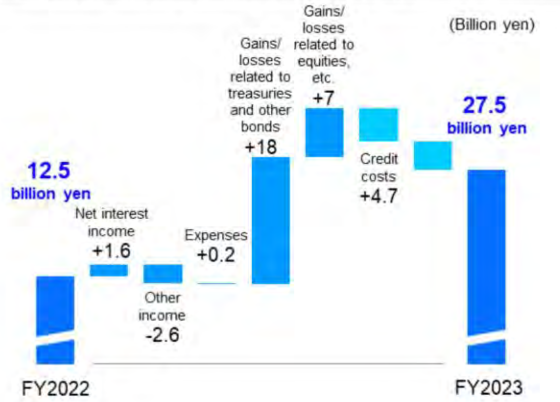
Reference: FY2022 nonconsolidated forecast for Hiroshima Bank

(Billion yen)

	Interim performance	FY2023 performance forecast	YoY change
Net interest income		69.0	1.6
Other income		16.5	-2.6
Core business gross profit		**85.5**	**-1.0**
Expenses (-)		52.5	0.2
Net income from core business		**33.0**	**-1.2**
Gains/losses related to securities		6.0	25.0
Credit costs (-)		5.0	4.7
Ordinary profit	**18.5**	**36.5**	**20.1**
Net income	**13.0**	**26.0**	**14.5**

Major factors underlying changes in net income attributable to owners of the parent

(Billion yen)



Reference:
- Sale of foreign bonds, for which the spread had become negative (recording a loss on sales of 18.4 billion yen and a book value of 246.4 billion yen on the sale)
- As a result, the effect of the negative spread on profit/loss in FY2023 improved to about 7 billion yen.

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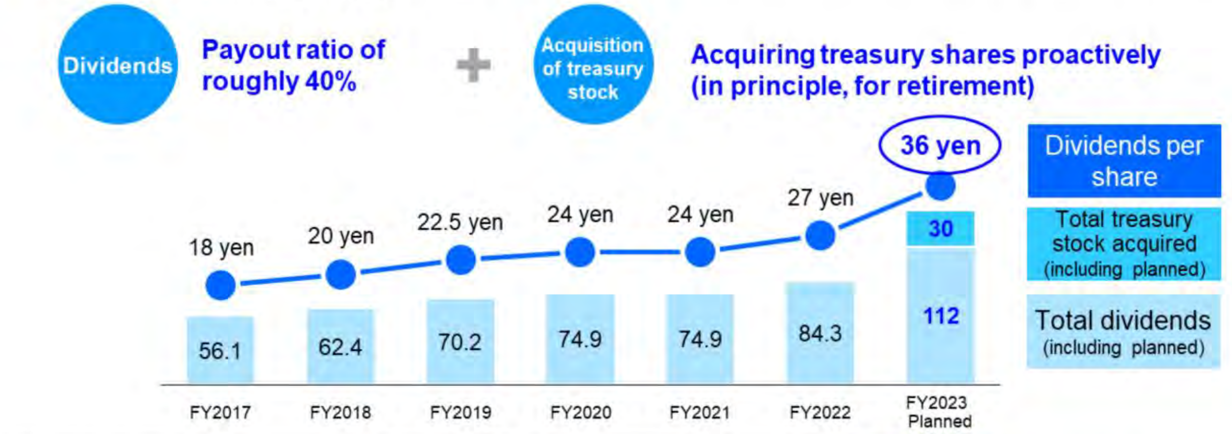
- Net income attributable to owners of the parent is projected to grow by 15 billion yen YoY to 27.5 billion yen in FY2023.
- We expect to achieve our target of more than 27 billion yen in the final fiscal year of Mid-Term Plan 2020.

Summary of business performance | FY2022 | FY2023 Business performance projections

Dividend forecasts

- By eliminating the target dividend table and switching to a dividend policy targeting a payout ratio of roughly 40%, we plan to pay dividends of 36.0 yen/share in FY2023, up 9 yen/share from last year.
- We will also proactively acquire treasury shares (3 billion yen in FY2023), targeting a consolidated capital adequacy ratio of roughly 11% for the holding company.



	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023 Planned
Payout ratio	21.7%	24.3%	28.8%	34.6%	32.5%	67.1%	40.7%
Total return ratio	21.7%	24.3%	28.8%	34.6%	32.5%	67.1%	51.6%
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	27.5 billion yen

(Billion yen)

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

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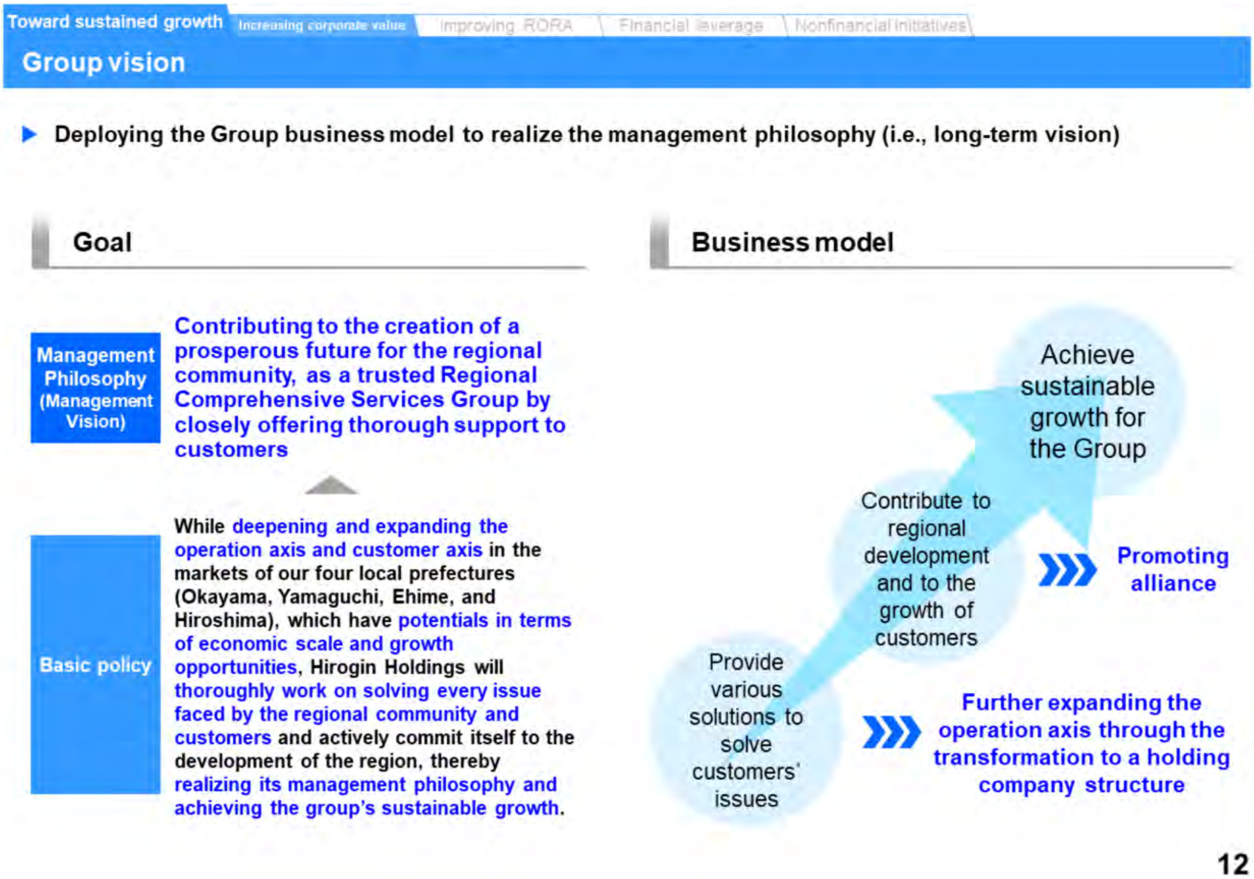
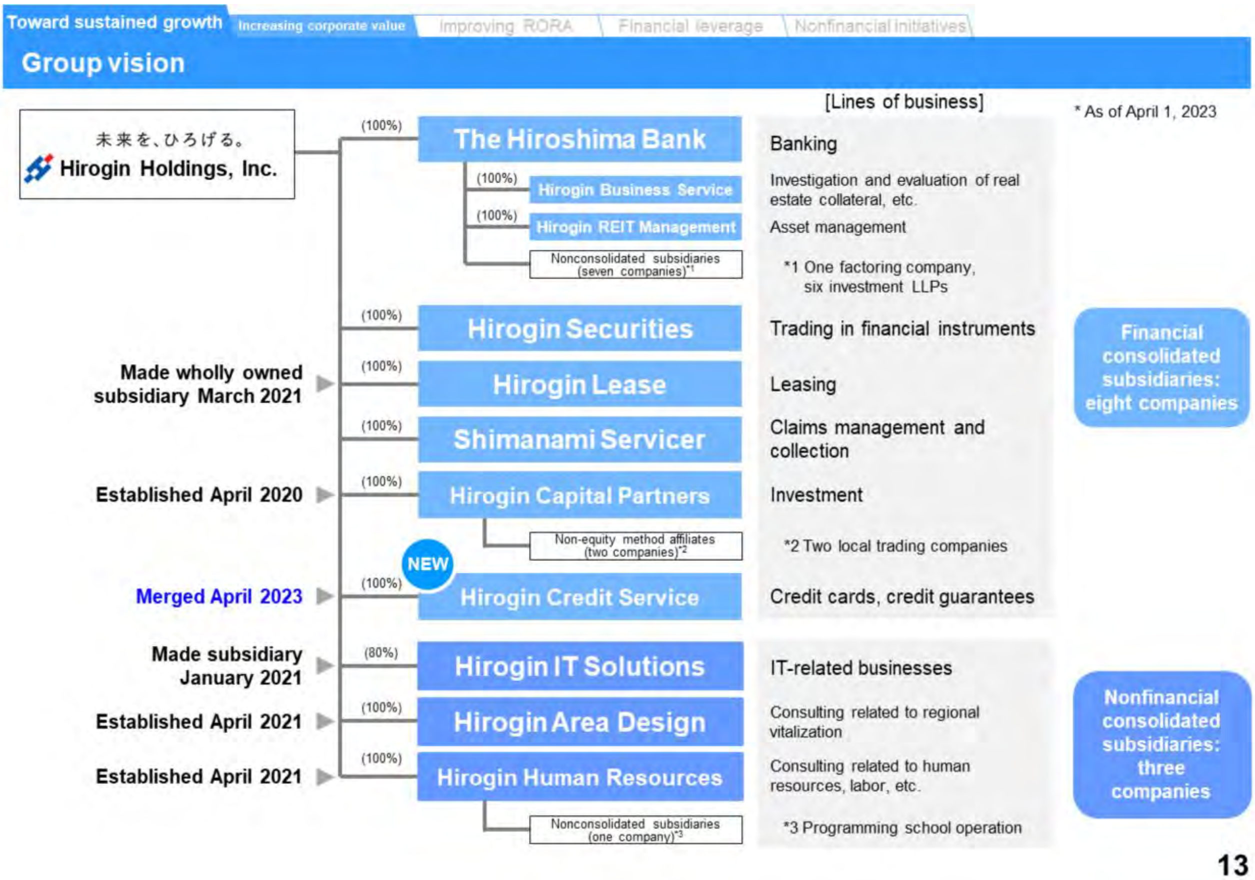
- This slide shows projected dividends for FY2023.
- Up to this point, we used a target dividend table to determine dividends per share based on the range of net income attributable to owners of the parent.
- Recently, we eliminated the target dividend table and switched to a dividend policy that seeks to achieve a payout ratio of roughly 40%.
- As a result, we plan to pay dividends of 36.0 yen per share in FY2023 for a payout ratio of 40.7%.
- We also plan to acquire treasury shares proactively, targeting a consolidated capital adequacy ratio of roughly 11%. This will strengthen returns to shareholders.
- We plan to acquire 3 billion yen of treasury shares in FY2023.
- This acquisition should boost the total return ratio to 51.6%.
- See the later slides for more information on returns to shareholders.



- To realize our management philosophy, the Group will achieve sustained growth by delivering solutions to the challenges facing our community and our customers and by contributing to the progress of four local prefectures.
- Based on this idea, in October 2020, we became the first group in Japan to migrate to a holding-company structure owning an independent bank, thus becoming the first holding company in Japan to own an independent bank. This measure will strengthen our capacity to deliver solutions to customer issues.



- In the two years since transitioning to a holding company structure, we have taken various steps to strengthen our solutions functions, including establishing three nonfinancial subsidiaries.
- In April of this year, Hirogin Guarantee, a Bank subsidiary, merged with Hirogin Card Service to form Hirogin Credit Services, the ninth direct subsidiary of the holding company.
- We believe that in addition to expanding our lines of business and enhancing Group synergies, this Group structure solidifies the structures needed to address the needs and issues of the community and of our customers.

Group vision

- The first stage of the Mid-Term Plan following the transition to a holding company structure is generating steady results due to factors including efforts to transform employee awareness associated with this transition and progress on enhancing Groupwide joint efforts.
- In addition to achieving the earnings plans for FY2023, the final fiscal year of the Mid-Term Plan 2020, we will move forward with efforts to prepare for the next Mid-Term Plan.

Results and issues through now

Results

- Realizing efforts to transform employee awareness to recognize our status as a Regional Comprehensive Services Group
- Steady progress on joint efforts among Group companies to deliver solutions, including solutions in nonfinancial areas, based on alliances with various Group functions, to drive steady growth in the customer base

Issues

- Moving forward to propose and deploy strategies centered on the holding company
  - Proposing and deploying strategies to improve future earning capacity in (individual) asset management and securities investment
  - Moving forward with business efficiency improvements and business consolidation

Steady progress on the first stage following the transition to a holding company structure

Future progress

In the final fiscal year of the Mid-Term Plan 2020:

- Achieving Mid-Term Plan targets at high levels (net income attributable to owners of the parent to exceed 27 billion yen)
- Advancing efforts to prepare for the next Mid-Term Plan

Enhancing the management strategies planning sections of the holding company

- Enhancing efforts to draft Groupwide management strategies
- Enhancing and intensifying involvement of subsidiaries in drafting measures and alliances

Toward the second stage following the transition to a holding company structure

* See p. 16 for more information.

- In addition to the structural reforms presented on the previous slide, reforms in our awareness to reflect our status as a Regional Comprehensive Services Group have resulted in steady progress on joint efforts among Group companies to deliver solutions, including solutions in nonfinancial spheres. These efforts drive steady growth in the customer base.
- At the same time, we must address various issues, including the need to make progress on formulating and implementing strategies centered on the holding company, to improve business efficiency, and to strengthen future asset management earnings capabilities.
- Overall, despite these issues, we believe that we have made steady progress on the Mid-Term Plan, the first stage following our transition to a holding company structure.
- In FY2023, the final fiscal year of the current Mid-Term Plan, we will work to achieve the target of 27.5 billion yen in profit.
- In addition, through enhancements of the sales strategy planning section in the holding company, including the addition of eight staff members in April, we will enhance our capacity to propose sales strategies throughout the Group, strengthen involvement in formulating measures, and enhance strategic alliances at subsidiaries, with the ultimate goal of growing the Group’s earnings.
- Based on these initiatives, we will proceed to the second stage that follows our transition to a holding company structure.

Group vision - Reference -

▶ **Steady progress on joint efforts among Group companies to deliver solutions, including solutions in nonfinancial areas, based on alliances with various Group functions, to drive steady growth in the customer base**

Main initiatives of Group companies

	Financial/ nonfinancial needs	Main solutions provider	Results * FY2022, end of March 2023		Cumulative total since transition to holding company structure
Financial	Asset management	Hirogin Securities	Number of financial instruments brokerage accounts	**28,624 accounts** (+2,503 accounts vs. end of March 2022)	+7,581 accounts vs. end of September 2020
Financial	Capital investment, leasing	Hirogin Lease	Number of customers	**6,412** (+88 vs. end of March 2022)	+254 vs. end of September 2020
Financial	Diversification of payment methods	Hirogin Card Service	Number of corporate card contracts concluded	**8,743** (+154 vs. end of March 2022)	+451 since end of October 2020
Financial	Capital enhancement (business succession, business revitalization)	Hirogin Capital Partners	Amount invested (Total of funds and principal investments)	**3.7 billion yen** (+800 million yen vs. end of March 2022)	+3.6 billion yen vs. end of September 2020
Nonfinancial	Recruiting/HR systems development	Hirogin Human Resources	Number of companies with whom consulting contracts concluded	**81** (+50 vs. end of March 2022)	+81 since April 2021
Nonfinancial	ICT, business efficiency	Hirogin IT Solutions	Number of contracts concluded	**203** (+103 vs. FY2021)	316 since January 2021
Nonfinancial	Solutions to community challenges	Hirogin Area Design	Number of orders received during period	**22** (+3 vs. FY2021)	41 since April 2021

Synergies generated by Group cooperation (profit)

1.6 billion yen

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

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- This slide shows the major initiatives and results of Group companies.
- We made steady progress in the first stage along the customer axis.

Second stage following the transition to a holding company structure

► In the second stage, the functionally enhanced management planning sections of the holding company will play central roles in improving the quality of Group companies, expanding the axes along which their businesses are based to further enhance Groupwide joint efforts, and reallocating management resources through structural reforms.

Improving the quality of Group companies and expanding the axes along which their businesses are based

- Improving the quality of Group companies' solutions
- Growing the extent and quantity of solutions through external alliances and other means (including possible M&A activities)
- Establishing new operating companies

✖

Further enhancing Groupwide joint efforts

- Joint efforts among operating companies
- Joint efforts between the holding company and operating companies
- Stimulating exchange of human resources and establishing a new short-term trainee program among operating companies

✖

Reallocating management resources through structural reforms

- Reallocating management resources to the corporate sector and new businesses, through reorganization of Group companies and thorough reforms to each company's businesses
- Active investment in priority areas
- Securing specialized human resources through means including midcareer hiring

Growing together with our community and our customers

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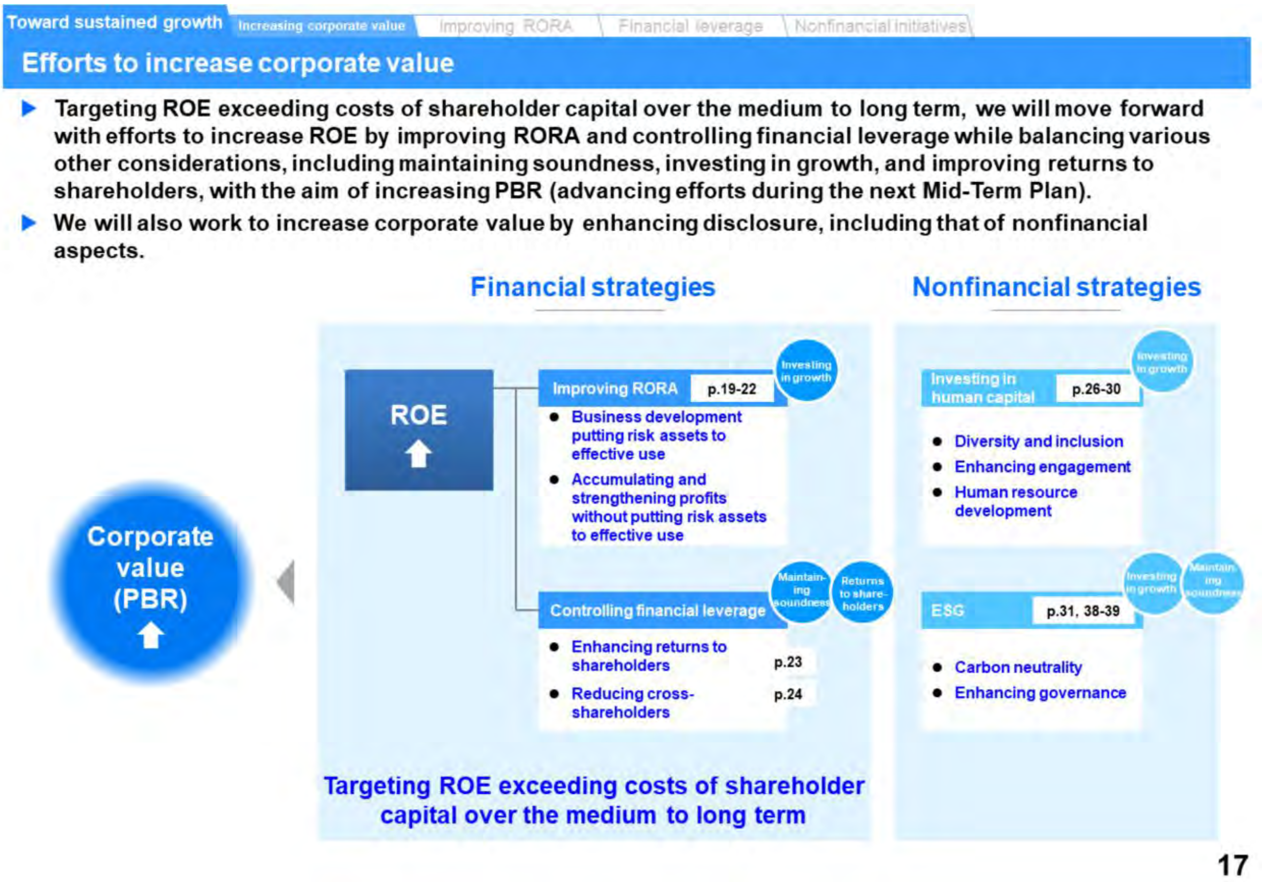
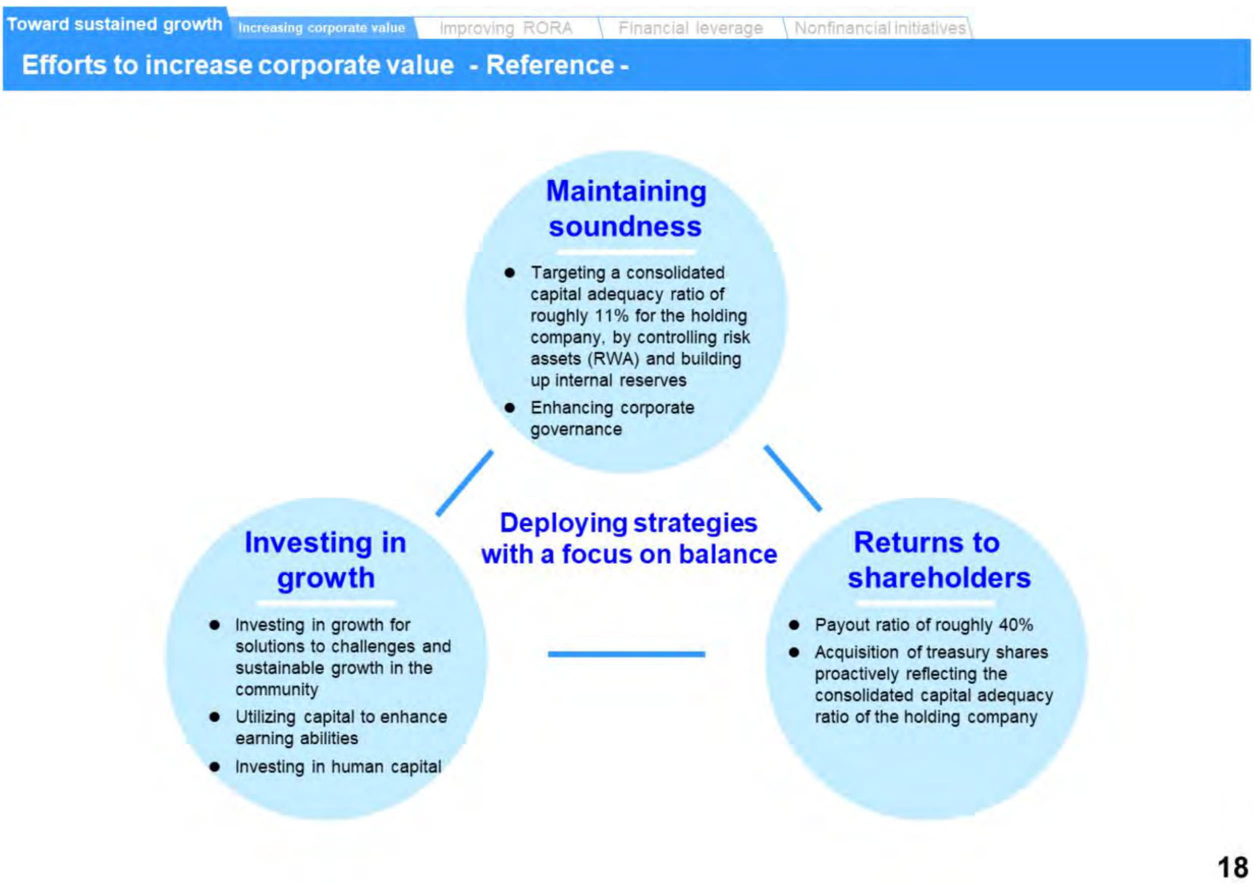
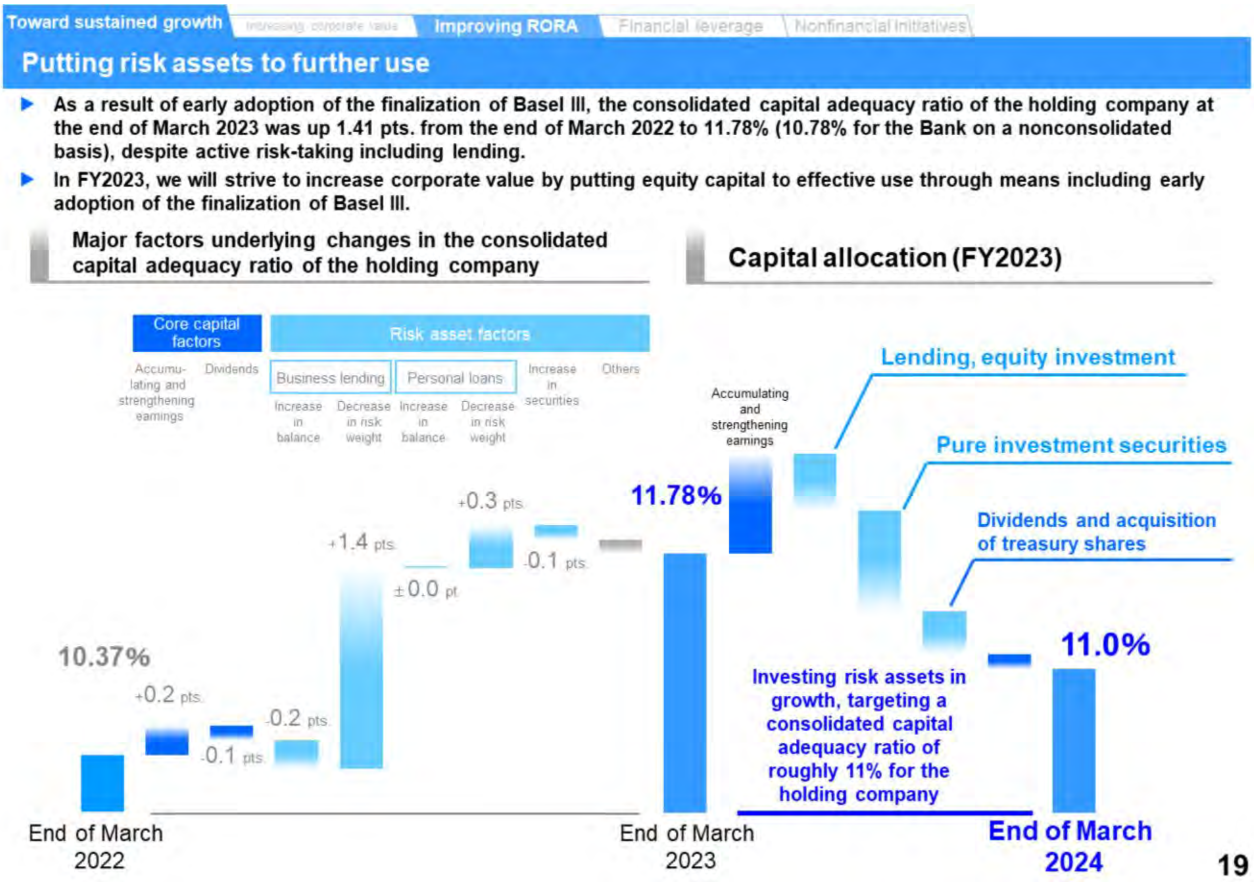
- This slide addresses how we should proceed in the second stage following the transition to the holding company structure based on the issues encountered in Stage One.
- First, in addition to improving the quality of Group company solutions and strengthening them in scope and volume, we will further improve the quality of Group companies and expand the axes along which their businesses are based.
- To do so, we will seek out external alliances, including alliances with partners from other industries, and consider possible M&A initiatives. Another possibility is the establishment of new operating companies.
- We must also continue to enhance joint efforts among our nonbanking subsidiaries and their joint efforts with the holding company. This will be in addition to the joint efforts between the Bank and nonbanking subsidiaries that generated results in the first stage.
- To do so, we will establish a new trainee program and take other measures to stimulate the exchange of human resources among subsidiaries.
- We will also reallocate human capital and other management resources to the corporate sector and new businesses. This will be achieved by reorganizing Group companies, establishing comprehensive reforms in each company's businesses, and promoting active investment.
- These measures will help us grow alongside our community and our customers.



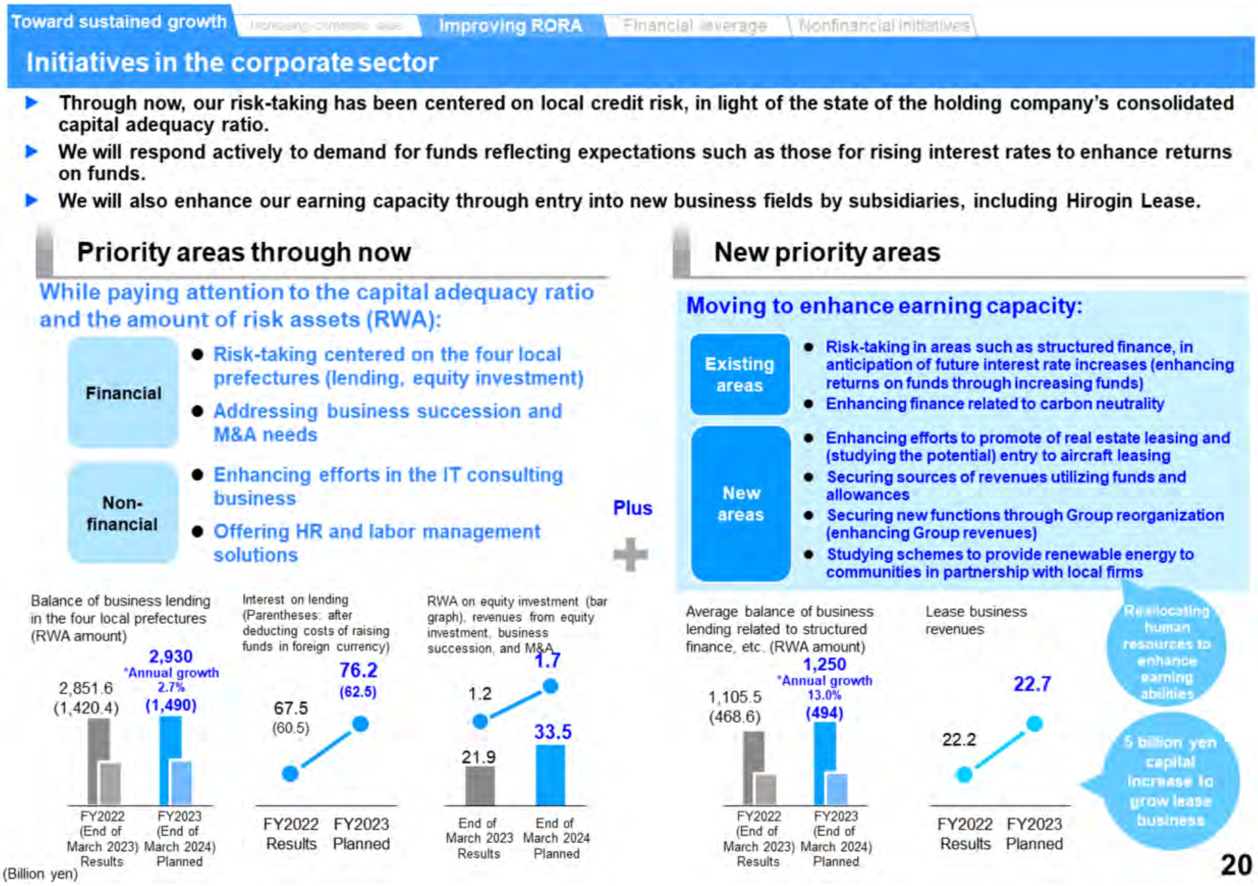
- This slide reviews how we plan to increase corporate value.
- We plan to implement both financial and nonfinancial strategies to increase corporate value, or PBR.
- In the financial sphere, we will strive to boost ROE by growing RORA and controlling financial leverage.
- In the nonfinancial sphere, we will boost our investment in human capital, advance ESG initiatives, and enhance both financial and nonfinancial disclosure.
- By enhancing these efforts in the period covered by the next Mid-Term Plan, we will boost ROE and grow PBR by balancing the needs to maintain soundness, invest in growth, and improve returns to shareholders.



- This slide presents the measures proposed to increase corporate value seen on the last slide by striking a balance among three initiatives: maintaining soundness, investing in growth, and increasing returns to shareholders.
- While accounting for the consolidated capital adequacy ratio of the holding company, we will invest in ways that strengthen our ability to provide solutions to challenges, lead to sustainable growth in the community, enhance Company earning capabilities, and improve returns to shareholders. In this way, we will implement strategies with a focus on balance.
- The following slides give the specifics of efforts to increase corporate value.



- This slide shows our efforts to improve RORA.
- First, we will pursue business while putting risk assets to use.
- Due to the early adoption of the finalization of Basel III, the consolidated capital adequacy ratio of the holding company at the end of March 2023 was up 1.41 pts. from last year to 11.78%. This was despite active risk-taking, including loan activity.
- In FY2023, we will strive to increase corporate value by putting the equity capital accumulated in this way to effective use. This will entail strengthening the Group by enhancing capital allocation in loans, securities, and other areas and by investing in growth and pursuing challenges to strengthen earnings potential. At the same time, we will enhance returns to shareholders.



- This slide shows our efforts to improve RORA in the corporate sector.
- To date, reflecting the target of at least 10% for the holding company's consolidated capital adequacy ratio, we have done business while focusing on credit risk-taking. These efforts include loans and equity investments in the community based on careful assessments of risk assets.
- We have also grown revenues in the corporate solutions sector, including M&A and business succession. These Group strengths do not involve use of risk assets.
- While we will continue to emphasize such measures as drivers of the growth of Group, we will also develop new businesses by making effective use of risk assets.
- Specifically, in the spheres/areas in which we are already active, we will pursue aggressive risk-taking in areas such as structured finance (in anticipation of future interest rate increases) and recently established finance related to carbon neutrality. Both are areas on which we have focused little to date.
- As new areas, in addition to enhancing efforts to promote real estate leasing and examining a potential venture into aircraft leasing at Hirogin Lease, we will secure sources of revenues at other operating companies through the judicious use of funds and alliances as well as Group reorganization.
- In light of the characteristics of our region, which features a concentration of manufacturing industries and high CO_2 emissions, we expect carbon neutrality initiatives to have a major impact on the local economy.
- Accordingly, in partnership with local firms, we will consider various schemes for supplying renewable energy to the community.
- These efforts will strengthen both interest and non-interest earnings.

Toward sustained growth | Increasing corporate value | **Improving RORA** | Financial leverage | Nonfinancial initiatives

Rebuilding the securities portfolio

▶ **We will seek to achieve 1% yields on securities (after reflecting costs of raising funds externally) by building a securities portfolio capable of generating sustained and stable high returns on funds from a medium- to long-term perspective within the range of tolerable risks.**

Target portfolio

	End of March 2023 Results	End of March 2024 Planned	Medium- to long-term direction
Securities balance (RWA amount)	1.5815 trillion yen (634.9 billion yen) Yield 0.36%	1.9 trillion yen (880 billion yen) Yield 0.4%	2 trillion yen Yield 1%
Treasuries, municipal bonds, corporate bonds	1.01 trillion yen	1.2 trillion yen	1.41 trillion yen
Foreign bonds	220.5 billion yen	230 billion yen	140 billion yen
Equities, ETFs	129.9 billion yen	180 billion yen	200 billion yen
Investment trusts, etc.	156.8 billion yen	160 billion yen	140 billion yen

Future investment policy

- **Building a securities portfolio capable of generating sustained and stable high returns on funds from a medium- to long-term perspective within the range of tolerable risks**

1% yields on securities

- Accumulating and strengthening treasuries in stages as interest rates rise (with the goal of building a ladder portfolio through periodic purchases over the long term)
- Accumulating and strengthening municipal bonds using lines for holding to maturity, etc.

- Reducing fixed rate bonds with negative spreads
- Responding to interest rate fluctuations by growing investment in variable rate bonds issued by foreign firms (corporate bonds, CMO floaters)

- Increasing yields by growing the ratio of risk assets centered on domestic equity assets

- Increasing yields through investment in foreign bonds with no fund-raising costs (taking forex risk through balanced investment with consideration for correlations among portfolio assets)
- Reducing risk assets such as existing investment trusts and foreign exchange positions

Note: Based on internal managerial figures; balances based on book values; yields reflect consideration for external fundraising costs; securities balances (overall) include cross-shareholdings; investment trusts, etc. include specified monetary trusts.

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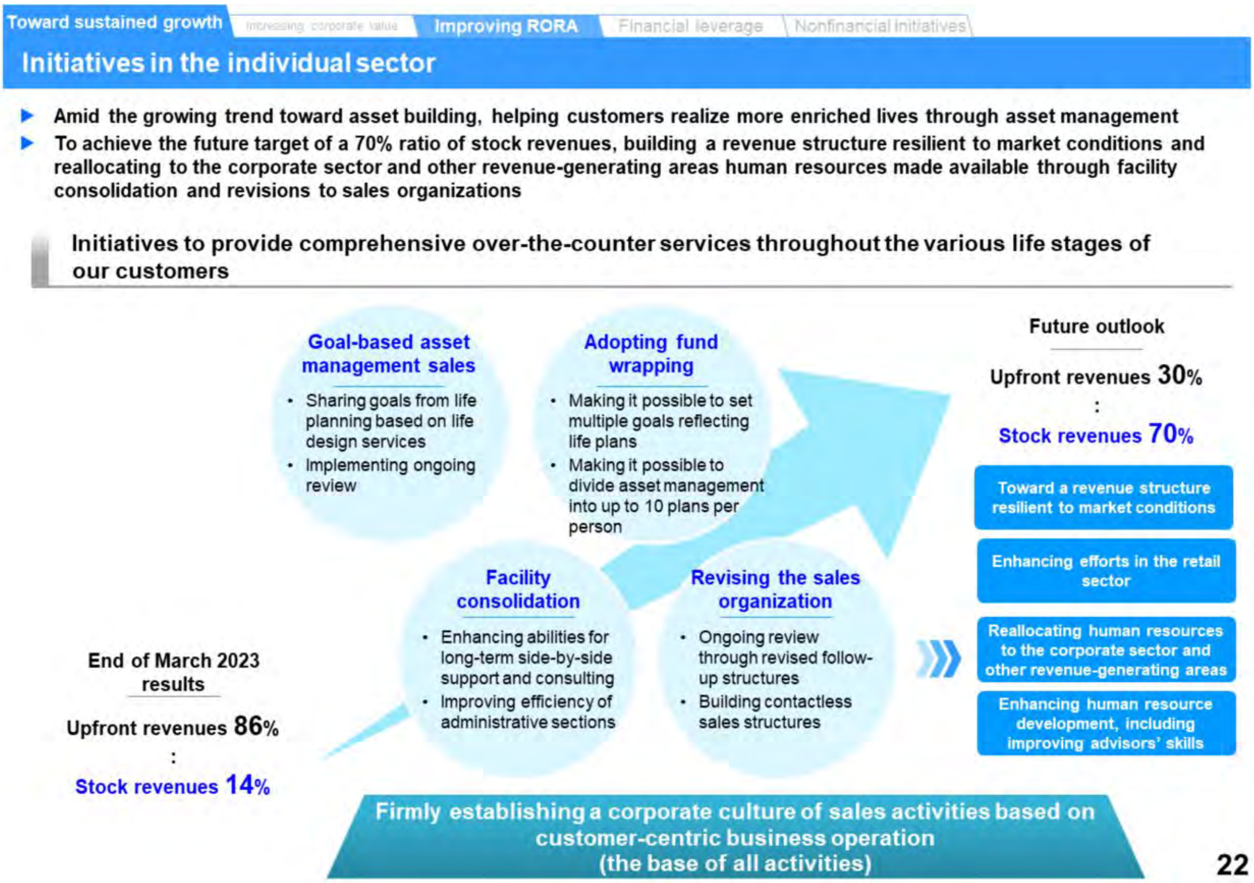
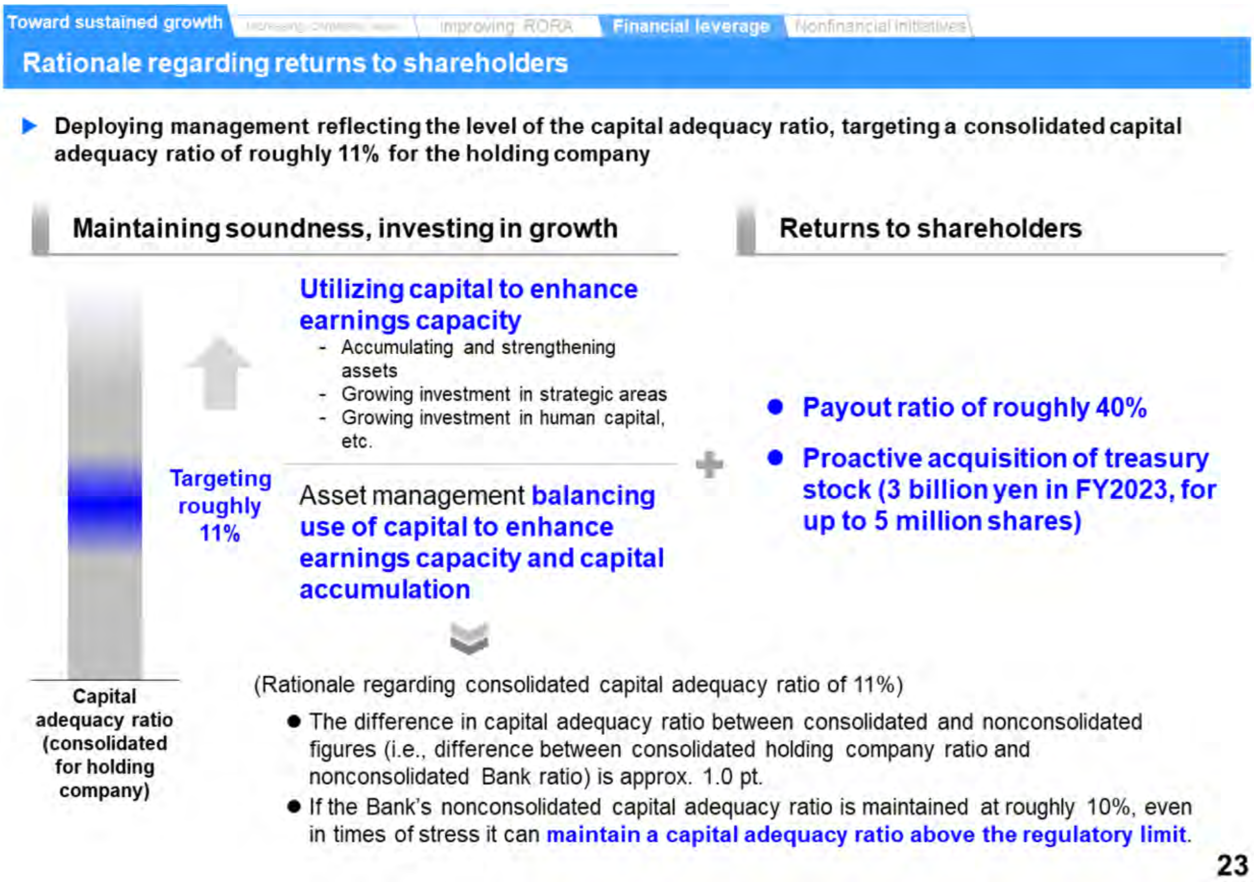
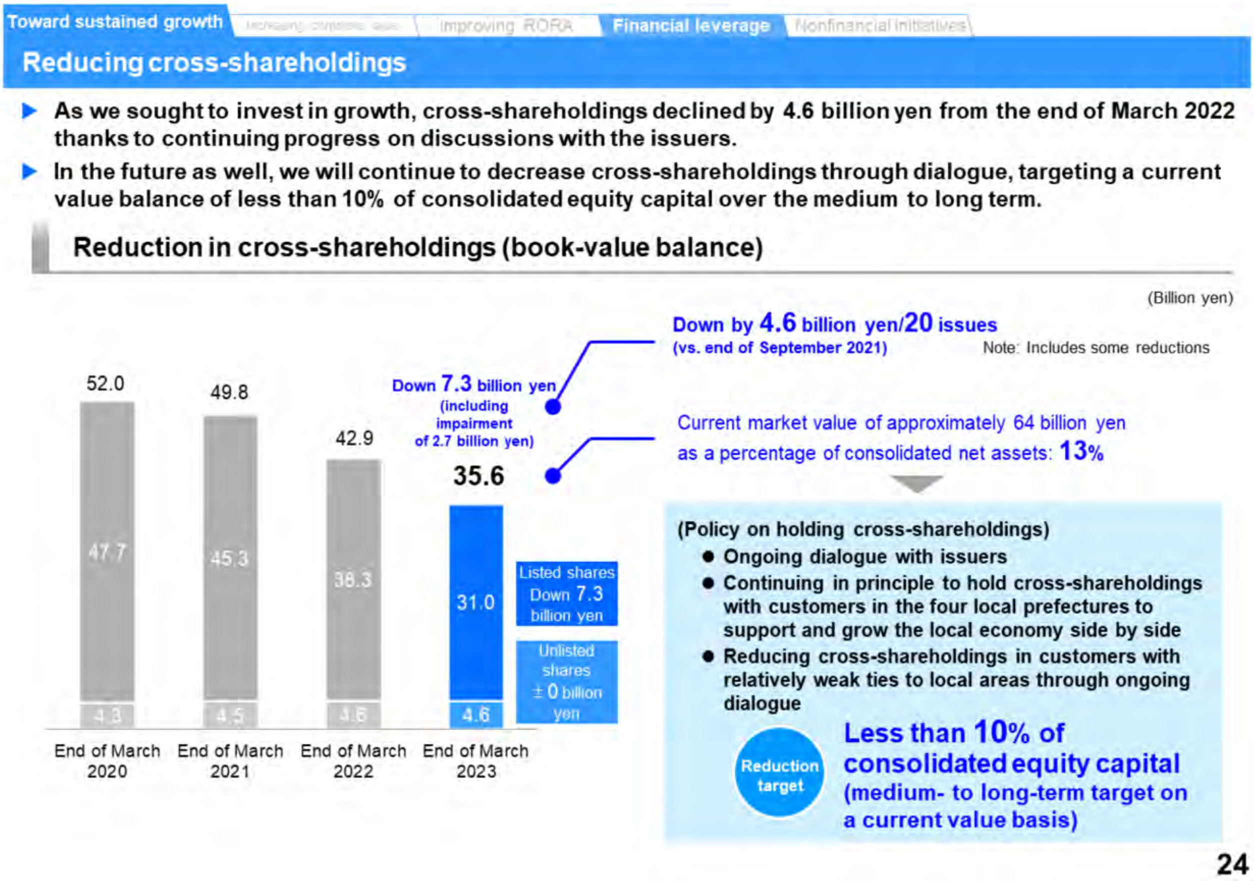
- This next slide concerns rebuilding the securities portfolio.
- To date, our subsidiary Hiroshima Bank has sought to achieve capital gains through short-term trades and investments based on interest rate risks, with an emphasis on liquidity and stability.
- This has led to various issues, including Group exposure to rising interest rates.
- We believe that we must rebuild the securities portfolio and carry stable holdings that are more likely to improve Group earnings in the future.
- To build a securities portfolio capable of generating sustained and stable high returns on funds from a medium- to long-term perspective within a range of tolerable risks, we will seek to achieve a balance of 1.9 trillion yen and 0.4% yields, even after accounting for the cost of raising funds externally during this fiscal year. Over the medium to long term, we will target a balance of 2 trillion yen and 1% yields after accounting for the cost of raising funds externally.



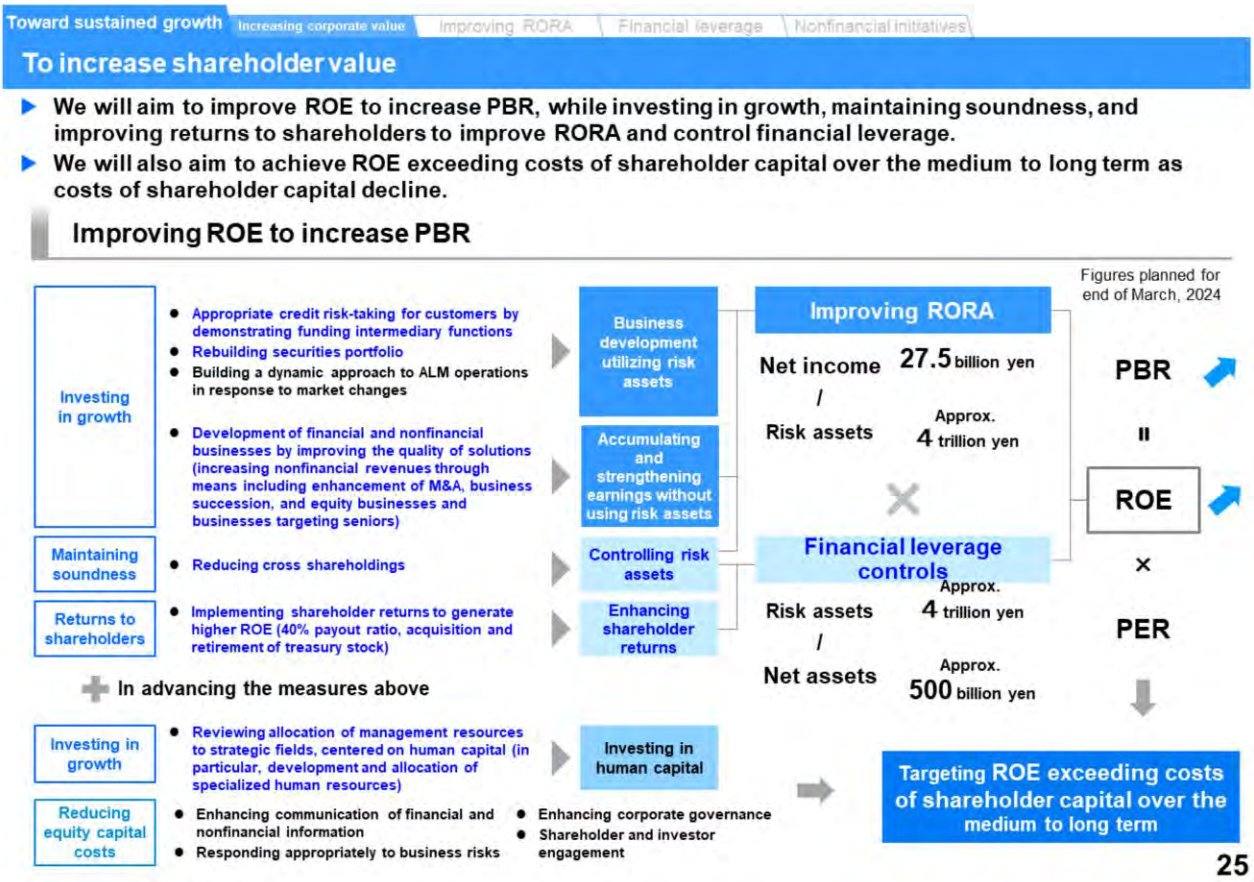
- Next, let's look at initiatives in the individual sector.
- Despite recent revenue challenges, including the cessation of sales of structured bonds, we broke free of our focus on proposing asset management through products and services and made progress on shifting to goal-driven and asset management-based consulting services. Asset management will help customers achieve more prosperous lives.
- In addition, we plan to reform the revenues structure from one with an up-front focus to one centered on stock revenues, which will be less susceptible to market conditions. We will do so through the new fund wrapping business and other initiatives.
- We will also enhance our capacity to address the individual retail sector by consolidating facilities and reviewing sales structures, including giving consideration to the optimal form of joint efforts between the Bank and Hirogin Securities. We will reassign human resources to the corporate sector and other revenue-generating areas based on the conclusions.



- The following slides address financial leverage controls.
- First, let's look at returns to shareholders.
- As mentioned earlier, we have revised our policy on returns to shareholders.
- While targeting an 11% consolidated capital adequacy ratio for the holding company, we will leverage capital to enhance our earnings capacity and to strengthen returns to shareholders.
- The rationale for a 11% consolidated capital adequacy ratio is as follows. The current difference in the capital adequacy ratio between the consolidated holding company ratio and the nonconsolidated Bank ratio is about 1.0 point. If we consider the potential impact on the capital adequacy ratio of a worst-case scenario similar to the 2008 financial crisis, in cases where the Bank can maintain a nonconsolidated capital adequacy ratio of roughly 10%, the policy would be sufficient to maintain levels at or above regulatory requirements, even under stress.



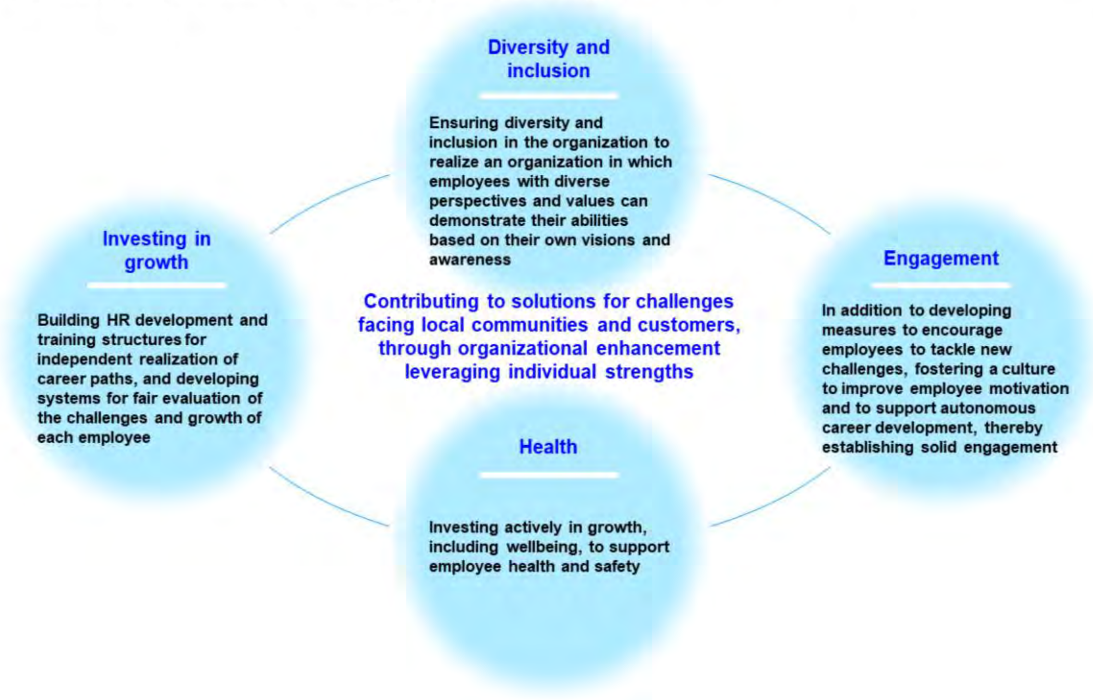
- This slide looks at the state of reductions in cross-shareholdings.
- Thanks to continuing progress on discussions with the issuers, cross-shareholdings on 20 issues declined by 4.6 billion yen from the end of March 2022. This includes partial reductions in holdings of issues.
- In the future, we will continue to seek to reduce cross-shareholdings in customers with relatively weak ties to local areas through ongoing dialogue. At the same time, to support and grow the local economy hand-in-hand with our communities, we will continue to maintain our cross-shareholdings within the four local prefectures.
- We will strive to achieve a current value balance of less than 10% of consolidated equity capital over the medium to long term.



- This slide shows how the strategies we have considered up to this point will improve ROE.
- In addition to growing interest income by investing in growth—that is, through appropriate credit risk-taking with customers, through funding intermediary functions, and by rebuilding the securities portfolio—we will increase RORA by strengthening net non-interest income through improving the quality of our solutions for both financial and nonfinancial business development.
- We will also strengthen risk asset controls in various ways, including reducing cross-shareholdings, maintaining shareholder returns based on a payout ratio of 40% to increase ROE, and promoting financial leverage controls through the acquisition and retirement of treasury stock.
- As pillars supporting these efforts, in addition to reviewing the allocation of management resources to strategic fields in order to invest in growth (specifically, in human capital), we will strengthen efforts in governance and risk management, reduce costs of shareholder capital, and enhance communications with our shareholders.
- Through these measures, we will achieve ROE exceeding costs of shareholder capital and increase PBR for the medium to long term.

Investing in human capital: ① Overview

▶ **Advancing initiatives in the areas of diversity and inclusion, engagement, health, and investing in growth, to strengthen the organization for leveraging individual abilities**



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- This slide concerns investments in human capital.
- We currently face the need to enhance efforts in the area of human capital—the foundation for creating sustained corporate value—and to strengthen related disclosures.
- To strengthen our capacity to leverage personal capabilities, we are moving forward with initiatives in the areas of diversity, inclusion, and engagement. These efforts will make work more rewarding and encourage career-building and personal development.
- We are currently supporting various initiatives related to employee health, safety, and growth to promote the independent realization of career paths.
- The following slides address practical efforts to invest in human capital.

Investing in human capital: ② Diversity and inclusion

▶ Empowering human resources with diverse values and skills while deploying various measures and designing various systems to put diversity and inclusion into practice

Active hiring of and support for women

Active hiring of women	● With the aim of raising the percentage of women in management and supervisory positions, regularly identifying and coordinating candidates
Support for building career mindsets	● Coaching - Coaching to support building career mindsets among women candidate managers and supervisors who face issues with motivation ● Holding career seminars - Holding career seminars for women employees and their superiors (on topics such as internal communication skills for effecting desired change and management to motivate women)

(Women as percentage of)	As of April 1, 2023	April 1, 2024 target	April 1, 2031 target
Managers*1	7%	Approx. 7%	Approx. 25%
Management class*2	17%	Approx. 20%	Approx. 30%
Management class candidates	35%	Approx. 35%	Approx. 45%
New hires	42%	Approx. 50%	
Total employees	42%	—	Approx. 45%

*1 Managers and supervisors under the Labor Standards Act and those with equivalent authority (e.g., managerial personnel)
*2 Total of managers and employees approaching manager status

Support for work-life balance

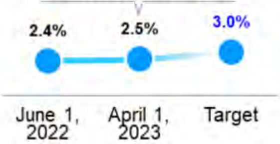
Encouraging employees to take childcare leave	● Encouraging employees to take childcare leave based on our vision that it is vital to foster a culture in which both men and women take childcare leave and pursue reduced working hours, since childcare is a responsibility shared by both men and women

(Percentages taking childcare leave)	FY2022
Men	106%
Women	97%

Note: Pursuant to the Act on the Promotion of Women's Active Engagement in Professional Life, calculated as the number of workers taking childcare leave/number of workers who gave birth or whose spouse gave birth, during the subject period (April 1, 2022-March 31, 2023). While the percentage is roughly 100% since the leave is taken across fiscal years, all workers who gave birth or whose spouse gave birth in FY2022 took childcare leave (includes planned leave).

Promoting the employment of people with disabilities

Statutory employment rate (2.3%) achieved



● Hirogin Business Service K.K. has been accredited as a subsidiary subject to special provisions
● We have established the new Heartful Business Division to support growth and to strengthen motivation so that all employees can work at their own pace and in line with their own aims, regardless of disability status.

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- This slide concerns diversity and inclusion.
- The Group is implementing various measures and designing various systems to build an organization that empowers women. This includes the active hiring of women and measures to strengthen support for them.
- We are providing active support for work-life balance in various ways, including encouraging employees to take childcare leave.
- We are currently targeting a 3% rate of employment of those with disabilities to fulfill our mission to support their independence. The results include the recent accreditation of an exceptional subsidiary that employs those with disabilities.

Investing in human capital: ③ Engagement

- We are focusing on fostering a culture of boldly taking on new challenges to support individuals who seek out challenges, through means including business contests.
- We are also striving to increase corporate value by expanding employee involvement in management, through adoption of an employee stock ownership plan (ESOP).

Holding business contests (since FY2021)

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

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

Launching Kids' Programming School program

* We have established the nonconsolidated subsidiary Hirogin Knowledge Square Co., Ltd. by acquiring the company that operates this program.

Establishing an employee stock ownership plan (ESOP)

Targets	
	• **Raising awareness of increasing stock prices over the medium to long term** through employees sharing value with shareholders • Striving to increase corporate value by **raising awareness of participation in management**

(Implementation details) * Current plan

- Around September 2023, establish an investment trust
- Shares to be acquired by the trust to be acquired from the stock market

(Status of the ESOP)

ESOP participation rate (as of March 2022) **79.0%** (35.1%) ( ) is industry average

Encouragement* rate **10.0%** (6.1%) ( ) is industry average

* Company support for employee contributions

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- This slide looks at employee engagement.
- We organize business contests every year for employees. The Kids' Programming School project, which won in the first year of the contest, began doing business in March of this year, with the originator of the concept serving as its representative.
- We also have decided to adopt an employee stock ownership program (ESOP).
- As part of our efforts to invest in human capital, this decision seeks to raise awareness among employees of the behavior of share prices over the medium to long term. It is part of an initiative to promote ways in which employees can share in company value alongside shareholders; to promote awareness of employee roles in company management; and, ultimately, to strengthen corporate value.

Investing in human capital: ③ Engagement

- We have established the new Future Creation Task Force consisting of younger employees, to help visualize the Group's future in the period of the next Mid-term Plan and beyond.
- We have also established a new shadow board to reflect in management the ideas of younger employees and the middle-ranking and core generations.

Establishing the Future Creation Task Force (since FY2022)

Target	● Visions for the future of the region and the Group among young employers
Details of activities	● Discussing future visions that the region and the Group wants to or should seek to achieve 10 years from now ● Presentations were made to members of the Board of Directors in March 2023.

(Future outlook)

- Reflecting the results of these efforts in **establishing a new Future Creativity Working Group to serve as a shadow board**
- Together with discussion and deliberation by **younger employees (20s through mid-30s) and the middle-ranking and core generations (mid-30s through 40s)** of matters related to promoting efforts to build the future of the region and the Group, **making recommendations and offering opinions to management and others** concerning the details thereof and other matters

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- Last fiscal year, we established a new Future Creation Task Force, composed of younger employees, to envision the Group's future in the period covered by the next Mid-term Plan and beyond. Presentations were made to members of the Board of Directors in March of this year.
- Building on this task force, we plan to establish new Future Creativity Working Groups to serve as shadow boards.
- In addition to discussions of and deliberations on matters related to efforts to build the future of the region and the Group, two working groups of younger employees and middle-ranking and core generations will make recommendations and offer opinions to management and others concerning the details thereof and other matters.
- In this and other ways, we will continue to foster a culture that encourages those who boldly seek out new challenges and supports them as they seek to do so.

Investing in human capital: ④ Investing in growth

▶ In addition to enhancing HR development by linking on- and off-the-job training, enhancing highly specialized training programs by establishing a new HR System

HR development structure

A new HR system to contribute to high levels of specialization

Developing diverse HR systems for employee specialization and responsibilities

Professional course | Concentration course | Master course (Job-based) NEW

Master course ... A new course intended to demonstrate high levels of specialization in limited business fields from among chosen fields. The job-based training program included in the concentration courser to date will be carried out as part of this course.

Results related to support for growth (FY2022)

Trainees (cumulative total)	3,638
Total investment in training expenses, etc.	283 million yen
Training hours/person*1	13 hours
Meister accredited personnel *Total as of March 31, 2023	
Consulting *Meister* accredited personnel	16
Banking business *Meister* accredited personnel	63
Asset management business *Meister* accredited personnel	87
Employees using in-house internships	107
Employees dispatched to MBA programs *Cumulative total as of March 31, 2023	44
Amount invested in self-improvement support, etc. (reskilling)	31 million yen
Holders of FP1 or CFP certification	468
Holders of IT Passport certification	2,238
HR exchange within the Group*2 *As of March 31, 2023	221
Employees seconded externally (Bank) *As of March 31, 2023	122
Trainees (Bank) *As of March 31, 2023	44

*1 Total training hours divided by total Hirogin Group employees
*2 Number seconded within Group

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- The Group is currently implementing various measures to develop diverse HR programs to meet varying levels of employee specialization and responsibilities and to support employees as they seek to realize and fulfill their career paths. These programs include the establishment of a new HR system.
- The chart at right presents quantitative results related to support for employee growth.
- We will continue to enhance investments in human capital in various ways, including focusing on the development of highly specialized human resources.

Regional and Group carbon neutrality initiatives

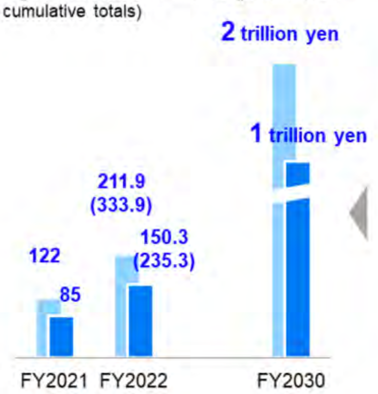
- Subsidiary Hiroshima Bank has calculated greenhouse gas emissions from business lending, part of Category 15 under Scope 3.
- In the future, in addition to promoting customer engagement we will utilize various solutions and alliances to grow businesses by promoting carbon neutrality in the community.

* Group initiatives are described on p. 38.

Medium- to long-term goal of sustainable finance

Goal — Executing 2 trillion yen in sustainable finance to contribute to solutions to environmental and social issues (cumulative FY2021-2030, including 1 trillion yen in environmental finance)

Execution of sustainable finance (billion yen)
* Right: environmental finance (parentheses: cumulative totals)



Comprehensive consulting
- Side-by-side support (both financial and nonfinancial) for major industries (e.g., Mazda suppliers, shipping)
- Enhancing engagement

Alliances
- Support for joint efforts with external stakeholders and other parties
- Studying renewable energy supply plans for the community in joint efforts with local firms

Scope 3/Category 15

Goal — Striving to **achieve carbon neutrality** with respect to all greenhouse gas emissions throughout the supply chain, including investment and lending portfolio **(Scopes 1, 2, 3), by FY2050**

In light of the properties of the four local prefectures, where manufacturing industries are concentrated, we calculated Scope 3/Category 15 emissions by participating in the Ministry of the Environment's portfolio carbon analysis pilot program support project for financial institutions.

Greenhouse gas emissions of Hiroshima Bank's business lending (financed emissions) (FY ended March 2022, t-CO_2)

	Industry	t-CO_2	Total of local, main, and sub-main
1	Electricity	1,591,000	441,717
2	Metals, mining	988,365	448,050
3	Sea shipping	889,379	545,699
4	Automotive	538,381	275,277
	⋮	⋮	
	Total	10,287,278	5,537,914

Targeting carbon neutrality

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- This slide reviews our efforts to move closer to carbon neutrality for the region and the Group.
- In light of the characteristics of the four local prefectures, which feature concentrations of manufacturing industries, our subsidiary Hiroshima Bank took part in the Ministry of the Environment's portfolio carbon analysis pilot program support for financial institutions and calculated greenhouse gas emissions, part of Category 15 under Scope 3.
- In addition to promoting engagement with major industries in the region, including Mazda suppliers and shipping, we will draw on various solutions and alliances to promote carbon neutrality in the community and to grow our businesses.

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Conclusion

Summary

FY2022	● **We achieved positive performance** during this period in various areas, including corporate solutions revenues. ● However, net income attributable to owners of the parent fell year on year to 12.5 billion yen. We recorded losses on sales of foreign bonds and losses on valuation of stock holdings in securities investments. ● **Annual dividends were 27 yen** per share, as announced at the start of the year.
FY2023	● We project net income attributable to owners of the parent of **27.5 billion yen** in the final fiscal year of the Mid-Term Plan, thanks to enhanced Group joint efforts and quality improvements at individual Group companies. (We plan to **achieve the target of the Mid-Term Plan**.) ● Based on the revised policy on shareholder returns announced recently, we plan to realize **a payout ratio of 40% (annual dividends of 36 yen per share)** and acquire **3 billion yen of treasury stock**.
Future initiatives	● By making effective use of equity capital, we will strive to **increase revenues further** by investing management resources in our strengths **in the corporate sector**. ● In **securities investment**, an issue for the Group, we will **improve revenues** by restructuring the portfolio over three to four years. ● Through these initiatives, we will build a business portfolio able to **secure more than 30 billion yen** in net income attributable to owners of the parent with **stability**. ● While boosting the investment essential for sustained growth while recording steady profits, we will **carry out ongoing acquisition of treasury stock** targeting a consolidated capital adequacy ratio of 11% for the holding company.

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- We achieved positive performance in our key businesses, including corporate solutions revenues.
- However, net income attributable to owners of the parent fell year on year to 12.5 billion yen. We recorded losses on sales of foreign bonds and losses on the valuation of stock holdings in securities investments.
- We project net income attributable to owners of the parent of 27.5 billion yen in FY2023, the final fiscal year of the Mid-Term Plan, thanks to enhanced Group joint efforts and quality improvements at individual Group companies. This exceeds the target set in the Mid-Term Plan.
- Based on a new policy on shareholder returns, we plan to realize a payout ratio of 40% and annual dividends of 36 yen per share. We plan to acquire 3 billion yen of treasury stock.
- In the future, by making more effective use of equity capital, which has increased due to the early adoption of the finalization of Basel III and other factors, we will strive to increase revenues still further by investing management resources into our strengths in the corporate sector.
- In securities investment, an issue for the Group, we will improve revenues by restructuring the portfolio over a timeframe of three to four years.
- Through these initiatives, we will build a business portfolio capable of securing more than 30 billion yen in net income attributable to owners of the parent on a stable basis.
- In addition, as we increase investment that is essential to sustained growth, we will target steady profits and continue to acquire treasury stock, targeting a consolidated capital adequacy ratio of 11% for the holding company.

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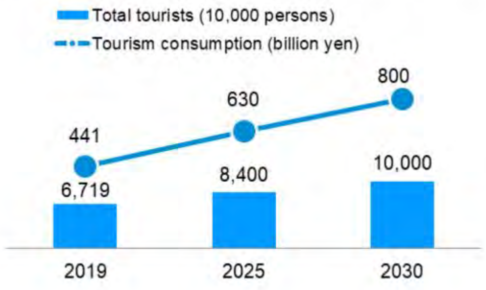
Community vitalization, regional creativity

- **Hirogin Area Design will play a central role in active involvement in community development efforts including tourism promotion and redevelopment projects in response to the planned Hiroshima G7 Summit.**

Tourism promotion

Hiroshima Prefecture tourism plans (source: Hiroshima Prefecture Tourism Promotion Plan)



Economic impact of Hiroshima G7 Summit (based on discussion with Associate Prof. Kanto of Yamaguchi University)

Direct economic impact	**72-96** billion yen
Subsequent economic impact	**250** billion yen

Urban development

Redevelopment in the city of Hiroshima

Numerous redevelopment projects in locations other than central Hiroshima are also underway.

DX strategy

- Promoting digital transformation (DX) from the three perspectives of community, customers, and the Company
- Adopting new services to increase value to customers through means such as use of technology and external alliances

DX in various operations and measures

Digital innovation (new business creation)

Using digital technologies to create new businesses

- Improving customer value by creating new business models and businesses using digital technologies

Digitization (Transition to digital on the offense)

Applying digital technologies to reform existing businesses and processes

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

Digitization (Transition to digital on the defense)

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

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

Business portal | Bringing video content production in house | Web branch appointment service | AI voice bot | etc.

Active initiatives and a changing awareness among Group companies and personnel

Systems — Infrastructure improvement 1: **Developing a management structure for DX promotion and governance**

Building a DX promotion structure led by business sections, establishing a Group DX Committee to handle coordination functions

Human resources — Infrastructure improvement 2: **DX human resources**

Defining, securing, and training the human resources needed to fulfill functions and roles in the DX promotion and management structure

IT — Infrastructure improvement 3: **DX infrastructure development**

Realizing a DX infrastructure capable of responding flexibly to changing business and social conditions

Data — Infrastructure improvement 4: **More advanced data use**

Identifying more advanced data use as a core driver for realizing individual strategies

IT strategy

- To realize a more advanced systems using cloud technologies, participating in the MEJAR next-generation banking system project with five banks: the Bank of Yokohama, Hokuriku Bank, Hokkaido Bank, 77 Bank, and Higashi-Nippon Bank
- Moving forward with joint efforts with MEJAR member banks in areas beyond the banking system, continuing to identify priorities for joint efforts, drawing on the strengths of each bank

Joint efforts in areas other than the banking system

Digital	● Development of financial services related to digital fields through participation in the MEJAR Digital Innovation Hub
Cybersecurity	● Participation in CMS- CSIRT for cybersecurity joint efforts
Sustainability	● Concluding agreement on joint efforts in sustainability products and services ● Jointly enhancing sustainability service options
M&A	● Periodic exchange of information on M&A projects

Progress

Moving forward with the current Flight21 banking system	Improving reliability, productivity, and efficiency, securing ease of transition to the next-generation system, and modernizing HR development*
Adaption to next-generation banking system	Carrying out preparations together with other MEJAR participant banks

Steady progress is being made as we continue joint efforts with the Fukuoka Financial Group and MEJAR banks.

* Replacing existing systems with modern ones by incorporating new technologies while drawing on existing assets

Status of carbon neutral initiatives - FY2022 efforts reflecting TCFD recommendations -

▶ **To support customers' carbon neutral efforts, in addition to enhancing service options reflecting needs and status of initiatives, we implemented energy conservation and investment in energy conservation for store equipment, etc. to eliminate Scopes 1 and 2 greenhouse gas emissions by FY2030.**

Governance

- Sustainability added to Directors' skills matrix

Strategies

- Formulating a roadmap toward carbon neutrality in Group Scopes 1 and 2 greenhouse gas emissions
- Adopting use of electricity from renewables and carbon neutral gas at the head office building, to realize carbon neutrality within the Group as well
- Measures and support to achieve carbon neutrality in the region and among customer firms (adoption and participation in the Ministry of the Environment's portfolio carbon analysis pilot program support project for financial institutions, establishment of Hirogin Positive Impact Finance)
- Enhancing the scope of disclosure of credit exposure to carbon-related assets (expanding from the energy sector to also include transport, materials and structures, and agriculture, food, and forestry)

Risk management

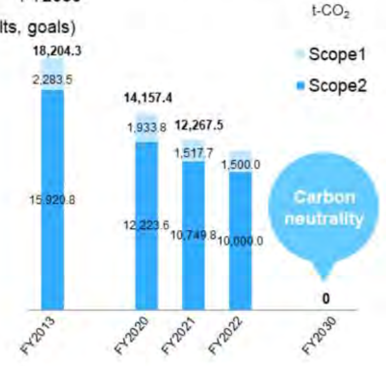
- Amendments of our Policy on Investment and Financing for Environmental and Social Solutions
  - Setting target year for a balance of zero in project finance for coal-fired thermal power generation (2035)
  - Adding new policies on coal, petroleum, and gas extraction, palm oil farms, and large-scale lumbering

Indicators and goals

(Goals)

- Setting medium to long term goals for greenhouse gas emissions reductions and sustainable finance in the Group
  ① Achieving Scopes 1 and 2 carbon neutrality by FY2030
  ② Achieving Scopes 1, 2, and 3 carbon neutrality by FY2050
  ③ Cumulative total of 2 trillion yen in sustainable finance from FY2021 through FY2030

(Results, goals)



Enhancing corporate governance

Appointment of new independent outside directors

Directors (internal) 5

Directors and audit and supervisory board members (internal) 1

Directors and audit and supervisory board members (external) 3

(Inde-pendent) (Inde-pendent) (Inde-pendent)

NEW Directors (external) + 1

(Independent)

Ratio 40%

Ratio of non-executive Directors 50%

Note: The information above is conditional on approval by the June 27, 2023 Regular General Meeting of Shareholders.

Skills matrix

Name	Post	Fields of experience			
		Management strategy, sustainability	Legal, risk management	Sales strategy	DX, IT, systems
Koji Ikeda	Chairman (Representative Director)	✓	✓	✓	✓
Toshio Heya	President (Representative Director)	✓	✓	✓	✓
Kazuo Kiyomune	Director (Senior Managing Executive Officer)	✓	✓	✓	
Akira Ogi	Director (Senior Managing Executive Officer)	✓		✓	✓
Fumitsugu Kariyada	Director (Managing Executive Officer)	✓	✓	✓	
Tatsuro Kumano	Director (Audit and supervisory committee member)		✓	✓	

Name	Post	Areas of particular expectations			
		Management strategy, sustainability	Economy, financial markets	Finance, accounting	DX, IT, systems
Yoshinori Shinmen	Director		✓		
Satoshi Miura	Director (Audit and supervisory committee member)	✓			✓
Hiroko Tani	Director (Audit and supervisory committee member)			✓	
Toshiaki Kitamura	Director (Audit and supervisory committee member)				✓

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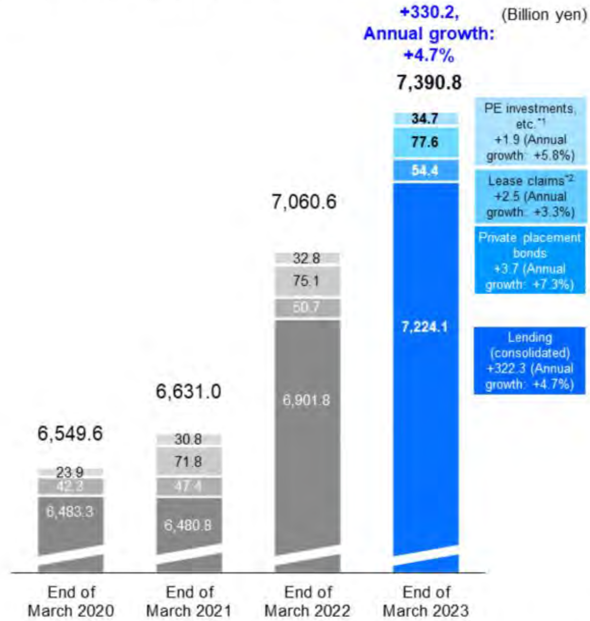
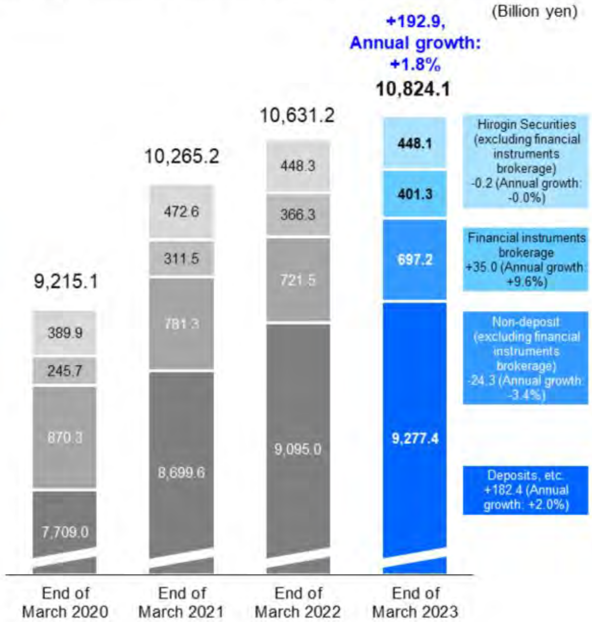
Group total credit, Group total assets under management (balances at end of March 2023)

Trend in group total credit



*1 PE investments, etc. includes private REIT investments. Balance of investments indicated in parentheses.
*2 Represents the lease claims of Hirogin Lease.

Total assets under management (Hiroshima Bank + Hirogin Securities)

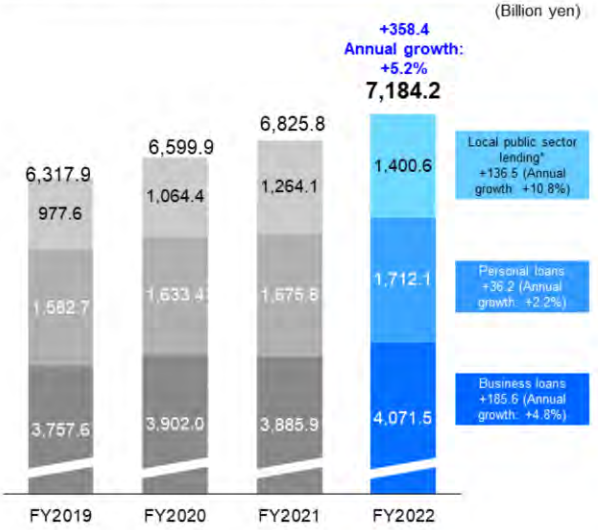


Notes:
1. Hirogin Securities balances are shown on a mark-to-market basis.
2. Excluding financial instruments brokerage through the Hirogin App (Rakuten Securities, SBI Securities)

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

Trends in (average) balances of loans

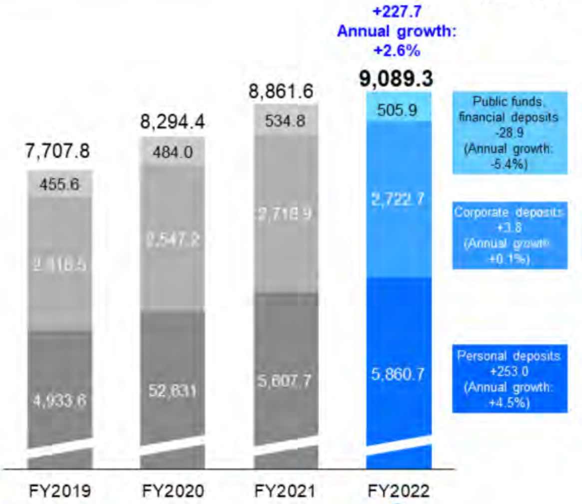
(Billion yen)



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

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

(Billion yen)



Stable deposit fundraising structure (adhesion)

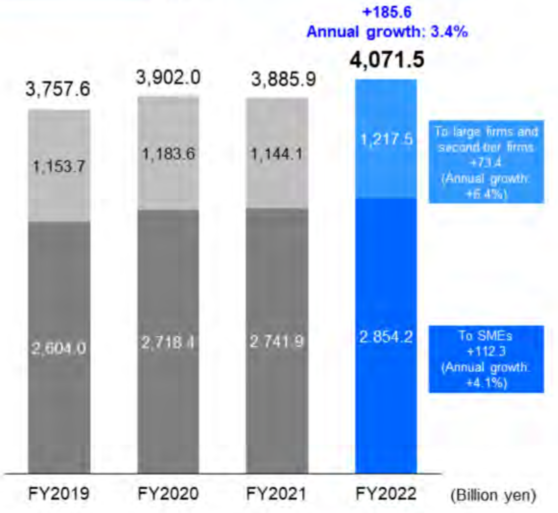
Settlement accounts* balance as a percentage of the total corporate and individual deposit balance of 8.6758 trillion yen (end of March 2023): **59.1%**

* Settlement accounts are those used for salary transfer, pension receipt, and payment of utilities among individual deposits and those with loan balances among corporate deposits.

SME lending, personal loans

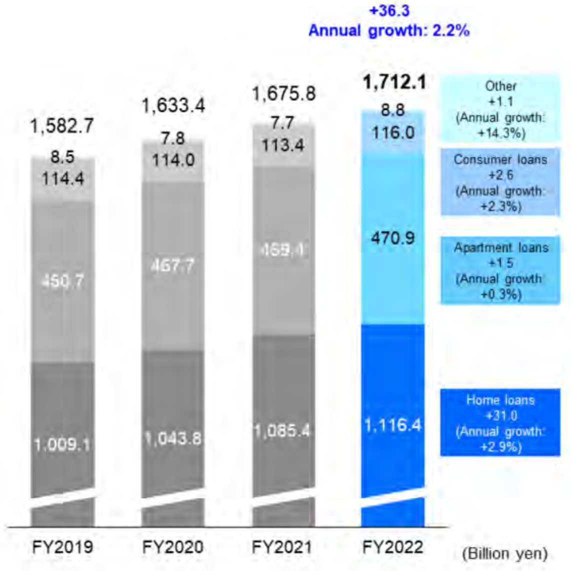
Trends in balances of business loans (average)

Yields on loans (stock rates/yen) in FY2022 2H		
	Large firms	0.37%
	Second-tier firms	0.50%
	SMEs	0.94%
	(Total)	0.75%



Loans to SMEs as a percentage of commercial lending	69.3%	69.7%	70.6%	70.1%

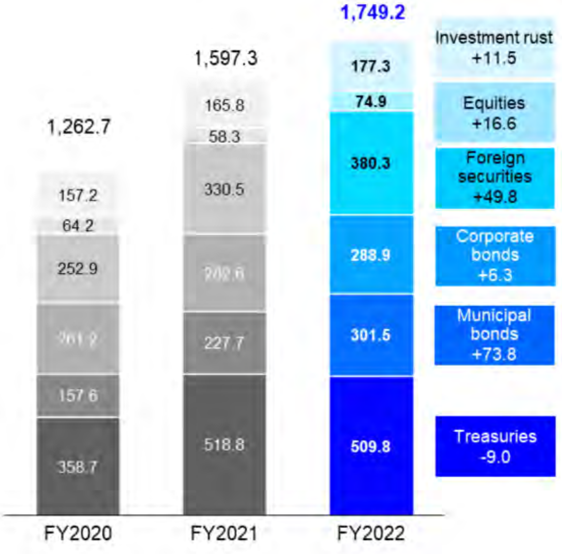
Trends in balance of personal loans (average)



Securities balances, revaluation gain/loss

Securities balances (average balance)

(Billion yen)



Securities revaluation gain/loss

(Billion yen)

	End of March 2020	End of March 2021	End of March 2022	End of March 2023	vs. end of March 2023
Held to maturity	-	-	-	0	0
Bonds	-	-	-	0	0
Other	-	-	-	-	-
Other securities	20.8	38.6	1.5	-12.5	-14.0
Bonds	5.1	0.1	-11.2	-21.3	-10.1
Treasuries	2.6	-1.8	-8.4	-14.0	-5.6
Municipal bonds	0.6	0.5	-1.7	-4.3	-2.6
Corporate bonds	1.8	1.4	-1.0	-3.0	-2.0
Equities	22.2	43.1	31.6	40.6	9.0
Other	-6.5	-4.6	-18.9	-31.8	-12.9
Foreign bonds	1.6	-5.8	-16.0	-22.4	-6.4
Investment trusts	-8.1	1.4	-2.9	-9.6	-6.7
Total	**20.8**	**38.6**	**1.5**	**-12.5**	**-14.0**

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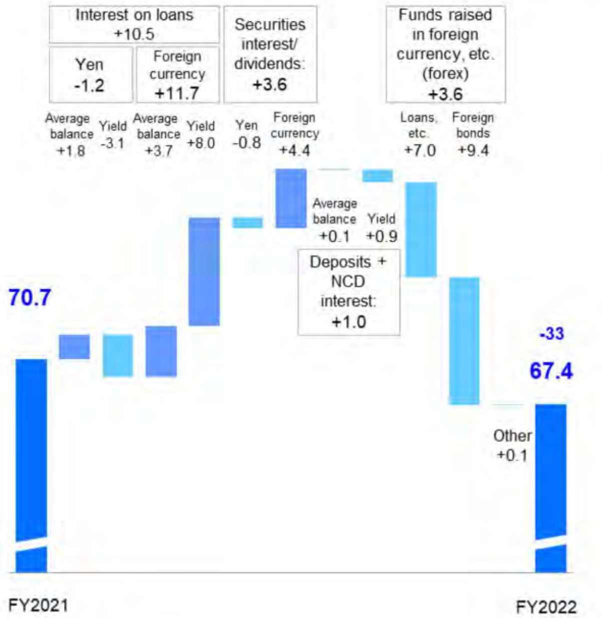
Net interest income, net non-interest income

Factors contributing to changes in net interest income

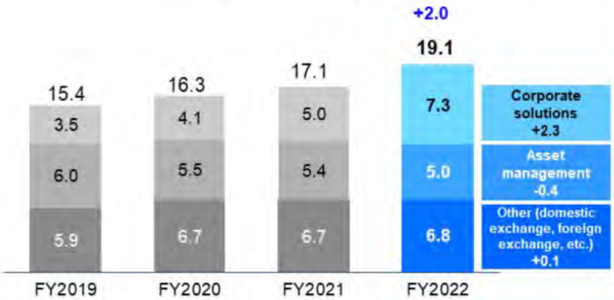
(Billion yen)



Net non-interest income

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

(Billion yen)



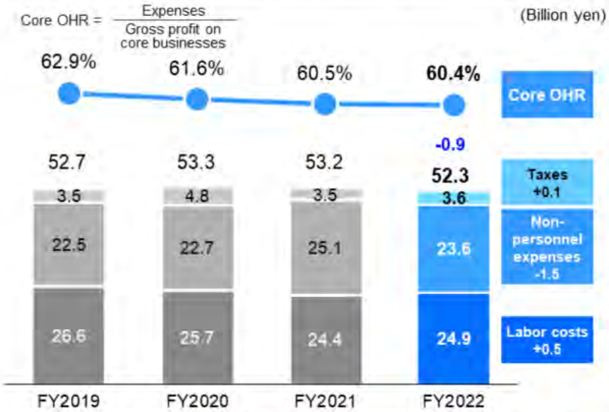
Reference: Consulting business income by customer category (corporate/individual)

(Billion yen)

	FY2019	FY2020	FY2021	FY2022	YoY change
Corporate solutions	3.5	4.1	5.0	7.3	2.3
Customer derivatives	1.0	1.1	1.2	3.5	2.3
Business succession support, M&As	0.4	0.6	0.6	1.0	0.4
Asset management	6.0	5.5	5.4	5.0	-0.4
Investment trust	0.5	0.6	0.7	0.8	0.1
Equity business	1.3	-	0.9	0.2	-0.7
Total	**10.8**	**9.6**	**11.3**	**12.5**	**1.2**

Expenses, core OHR, net income

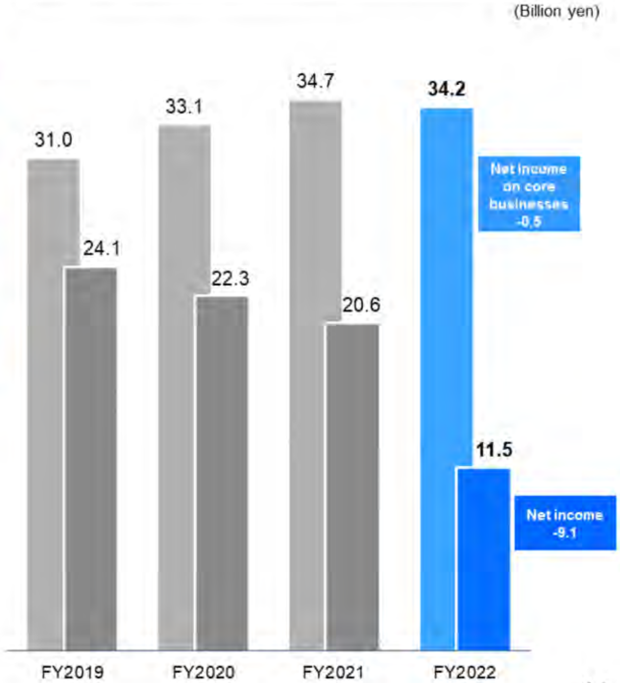
Expenses (excluding one-time disposal), core OHR



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

	YoY change	Main factor
Labor costs	+0.5	• Retirement benefit expenses +1.0 • Increase in the holding company's share of executive and employee (seconded personnel) costs -2
Non-personnel expenses	-1.5	• Deposit insurance -1.2 • Related to head office building -0.6 (supplies, etc.) • Administrative charges paid to the holding company + 3 (offset in consolidation of accounts)
Taxes	+0.1	• Related to head office building +0.2 (real estate acquisition tax, etc.)
Total expenses	**-0.9**	

Net income on core businesses/net income



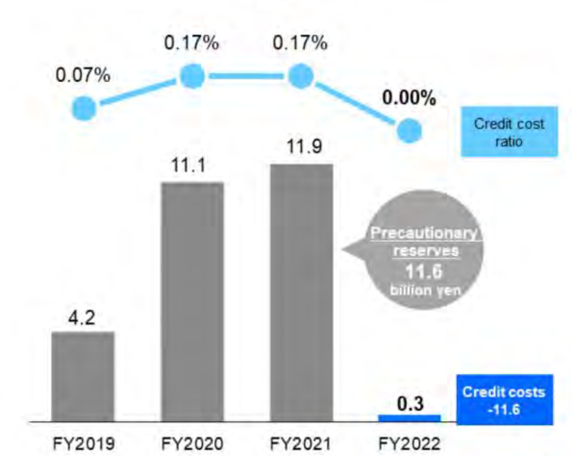
Credit costs, NPLs

Credit costs, credit cost ratio

(Billion yen)

Credit cost ratio = $\frac{\text{Credit costs}}{\text{Outstanding loan balance}}$

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



(Billion yen, %)

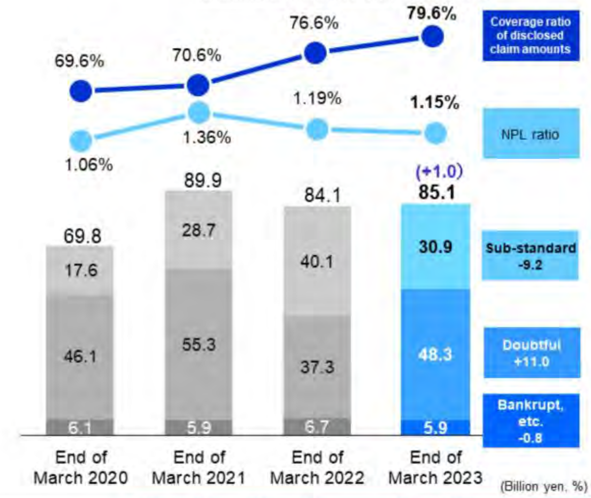
	FY2008	FY2009	FY2010	FY2011		FY2019	FY2020	FY2021	FY2022
Credit costs	23.2	14.6	11.9	9.1	…	4.2	11.1	11.9	0.3
Credit cost ratio	0.53	0.33	0.27	0.20		0.07	0.17	0.17	0.00

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

(Billion yen)

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

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



(Billion yen, %)

	End of March 2009	End of March 2010	End of March 2011	End of March 2012		End of March 2020	End of March 2021	End of March 2022	End of March 2023
Figures for claims disclosed under the Act on Emergency Measures for the Revitalization of the Financial Functions	128.4	111.9	115.8	105.2	…	69.8	89.9	84.1	85.1
NPL ratio	2.82	2.50	2.60	2.31		1.06	1.36	1.19	1.15

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

This material contains statements about future business performance.

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

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

Management Planning Group, Hirogin Holdings, Inc.

Tel.: 082-245-5151

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

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

Reference Materials

Table of Contents

Part 1 Economic Data for Hiroshima Prefecture

Part 2 Data for Hirogin Holdings

Part 3 Data for Hiroshima Bank

Part 1 Economic Data for Hiroshima Prefecture

1. Profile of Hiroshima Prefecture

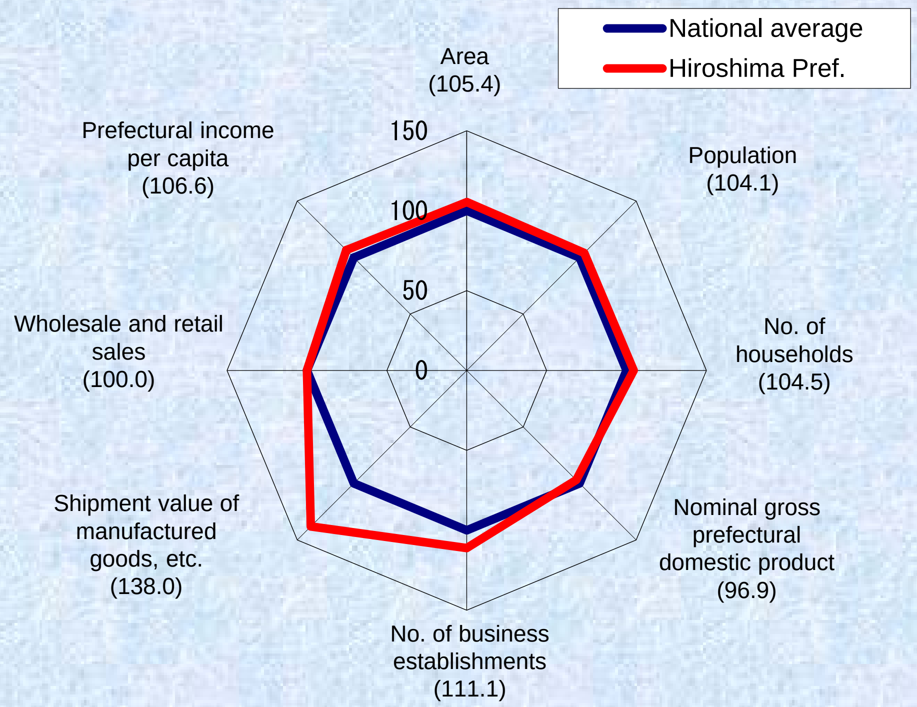
In terms of key indexes, Hiroshima Prefecture accounts for about 2.2% of Japan and falls around 11th place in the national ranking.

Hiroshima Prefecture's ranking and share of Japan

			Actual data	National ranking	Share of Japan	As of
Regionality	Area	km^2	8,479	11th/47	2.2	July. 2023
	Population	Thousand people	2,789	12th/47	2.2	January. 2022
	No. of households	Thousand households	1,328	11th/47	2.2	January. 2022
Economy	Nominal gross prefectural domestic product	Trillion yen	12.0	12th/47	2.1	FY2019
	No. of business establishments	Thousand establishments	123	11th/47	2.4	2021
	Shipment value of manufactured goods, etc.	Trillion yen	8.9	11th/47	2.9	2020
	Wholesale and retail sales	Trillion yen	11.5	10th/47	2.1	2021
	Prefectural income per capita	Thousand yen	3,153	12th/47	–	FY2019
Finance	Deposits outstanding	Trillion yen	15.0	12th/47	1.6	March. 2022
	Loans outstanding	Trillion yen	10.8	10th/47	2.0	March. 2022

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

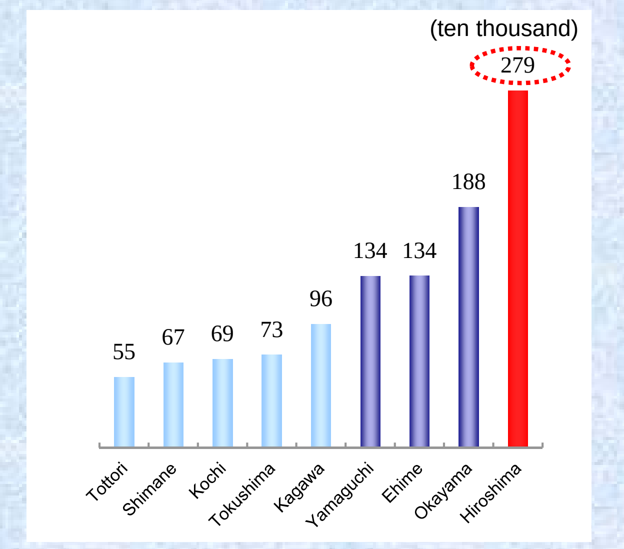
[Comparison between Hiroshima Prefecture and national average]



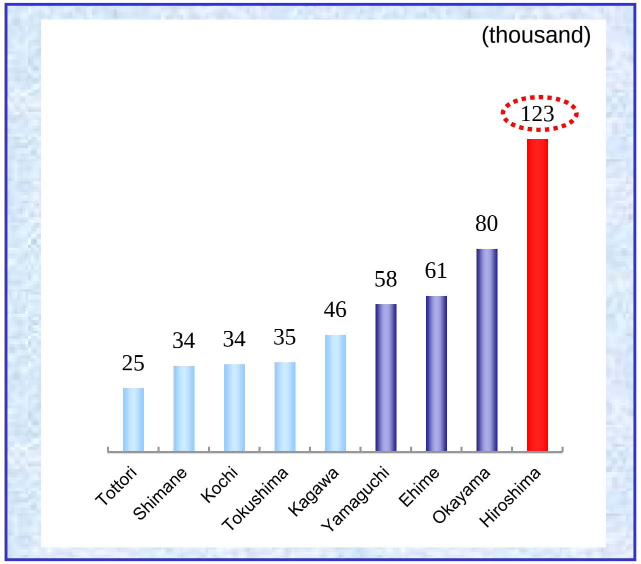
Note: Each index of Hiroshima Prefecture is calculated based on a national average=100.

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

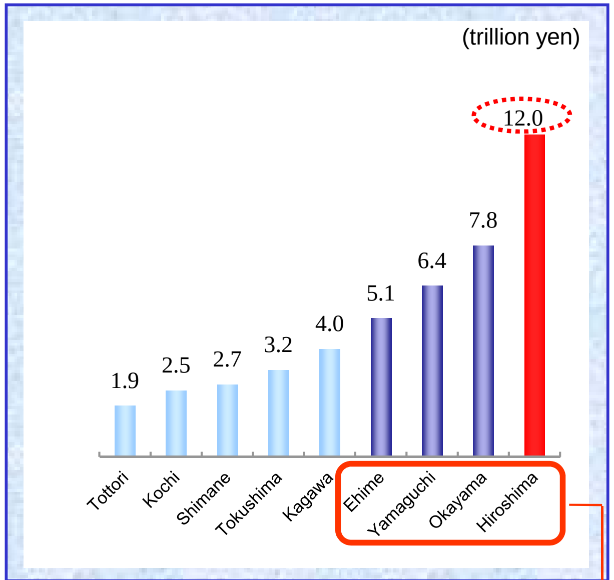
Population in the Chugoku and Shikoku regions by prefecture



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



Prefectural GDP (nominal)



Population ranking by prefecture

(ten thousand people)

1	Tokyo	1,379
2	Kanagawa Prefecture	922
3	Osaka Prefecture	880
4	Aichi Prefecture	753
5	Saitama Prefecture	739
6	Chiba Prefecture	631
⋮		
12	Hiroshima Prefecture	279
13	Kyoto Prefecture	251
⋮		
20	Okayama Prefecture	188
⋮		
27	Ehime Prefecture	134
28	Yamaguchi Prefecture	134
⋮		
47	Tottori Prefecture	55
	Total	12,593

735 ten thousand

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 2022)

Number of business establishments ranking by prefecture

(thousand)

1	Tokyo	624
2	Osaka Prefecture	383
3	Aichi Prefecture	301
4	Kanagawa Prefecture	285
5	Saitama Prefecture	231
⋮		
11	Hiroshima Prefecture	123
12	Kyoto Prefecture	111
⋮		
21	Okayama Prefecture	80
26	Ehime Prefecture	61
28	Yamaguchi Prefecture	58
⋮		
47	Tottori Prefecture	25
	Total	5,211

322 thousand

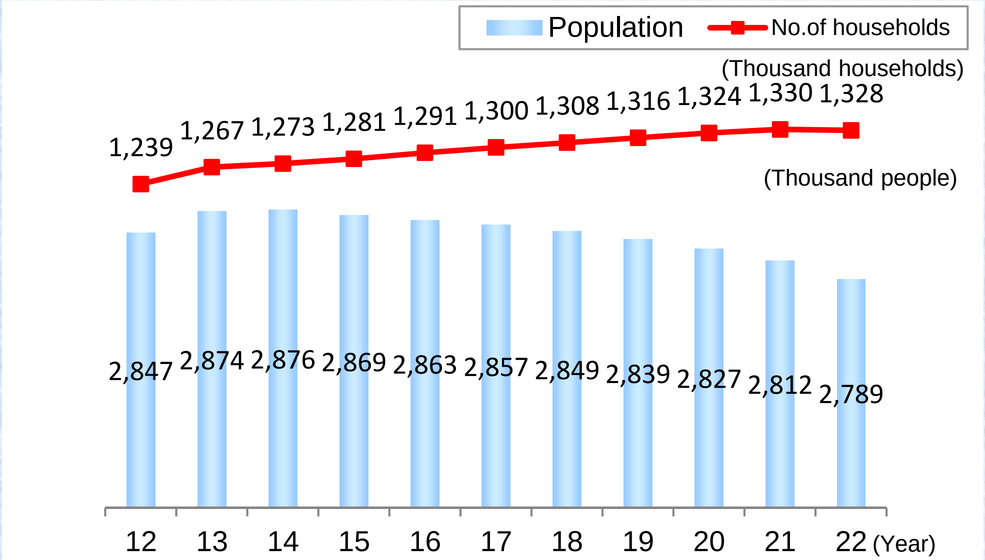
Source: Economic census 2016

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

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

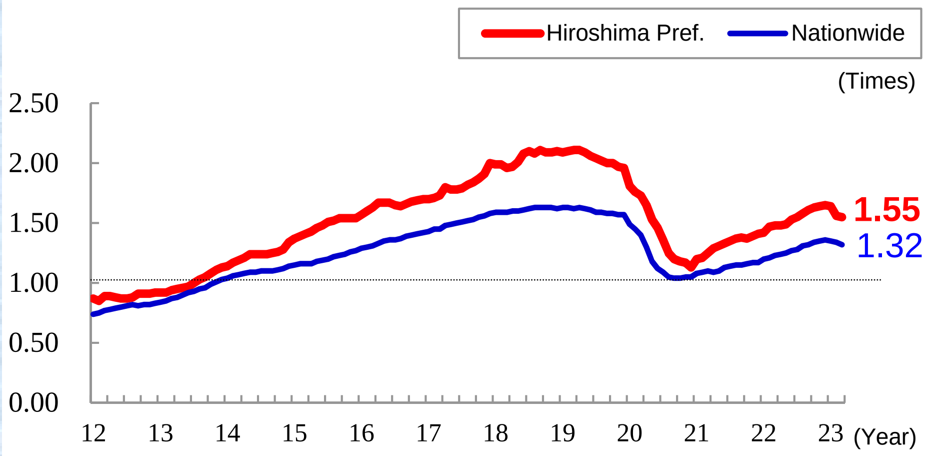
3. Population and Labor Force in Hiroshima Prefecture

Changes in population and number of households in Hiroshima Prefecture



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

Changes in job-offers-to-seekers ratio



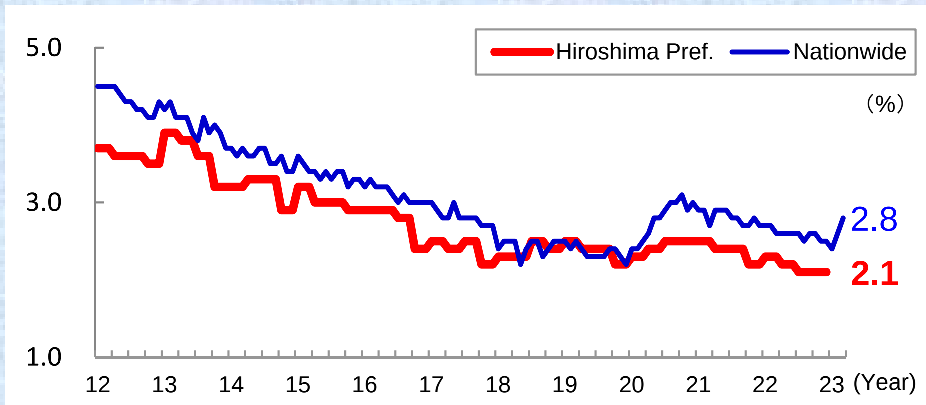
Source: MHLW

Estimates for future population

Population (Thousand people)	2015	2020	Rate of increase/ decrease	2030	Rate of increase/ decrease
Hiroshima Pref.	2,844	2,814	-1.1	2,689	-5.4
Okayama Pref.	1,922	1,890	-1.7	1,797	-6.5
Yamaguchi Pref.	1,405	1,352	-3.8	1,230	-12.4
Shimane Pref.	694	670	-3.5	615	-11.3
Tottori Pref.	573	556	-3.0	516	-9.9
Ehime Pref.	1,385	1,333	-3.8	1,212	-12.5
Kagawa Pref.	976	951	-2.6	889	-9.0
Tokushima Pref.	756	723	-4.4	651	-13.9
Kochi Pref.	728	691	-5.1	614	-15.6

Source: National Institute of Population and Social Security Research,「March 2018 Estimates」

Changes in unemployment rate

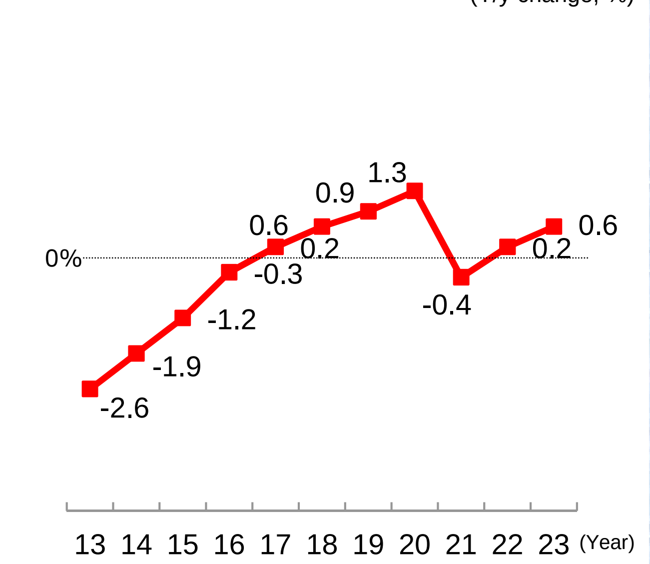


Note: The most recent figures are from October-December for Hiroshima and as of March for Japan overall.
Source: Statistics Bureau, Ministry of Internal Affairs and Communications

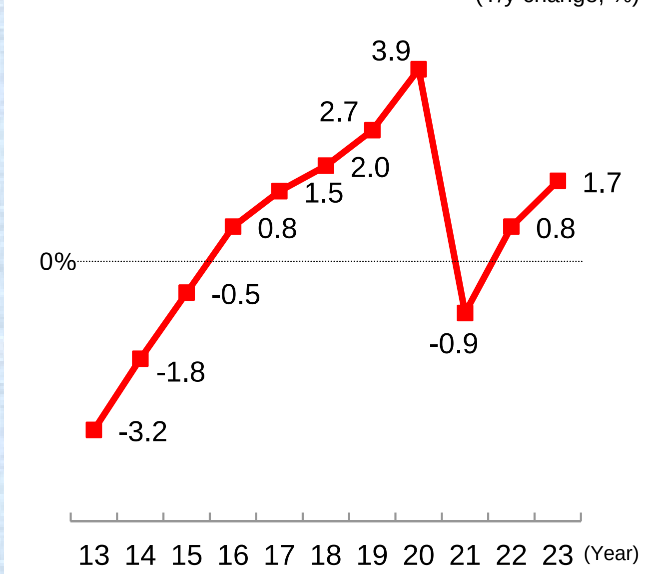
4. Trends of Land Prices in Hiroshima Prefecture

Changes in official land price by use

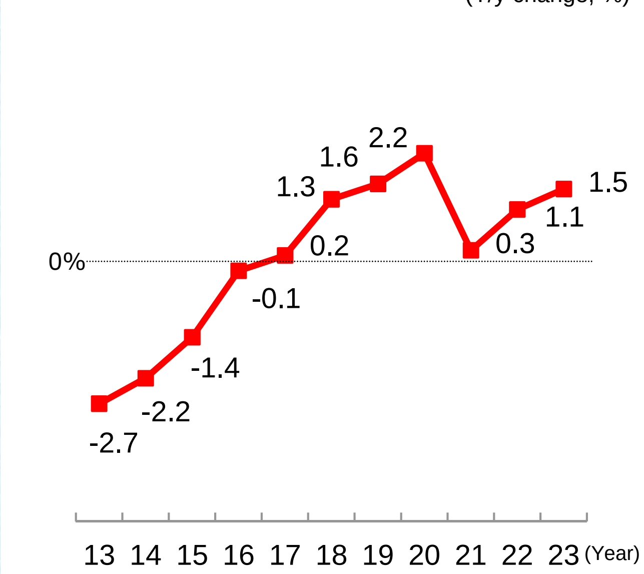
Residential district



Commercial district



Industrial district



Land price fluctuation rate in major cities of Hiroshima Prefecture

Major cities	Residential district			Commercial district			Industrial district		
	2021	2022	**2023**	2021	2022	**2023**	2021	2022	**2023**
Hiroshima City	0.4	1.4	**1.7**	-0.4	2.6	**3.7**	1.0	1.9	**2.4**
Kure City	-1.4	-1.4	**-1.1**	-0.9	-1.0	**-0.6**	-1.2	-1.4	**-1.1**
Fukuyama City	-1.0	-0.2	**0.5**	-1.4	0.8	**2.1**	-0.3	0.9	**1.6**
Higashihiroshima City	-0.3	0.3	**0.7**	0.3	1.2	**1.3**	3.1	3.2	**3.0**

Highest land price in 4 local prefectures

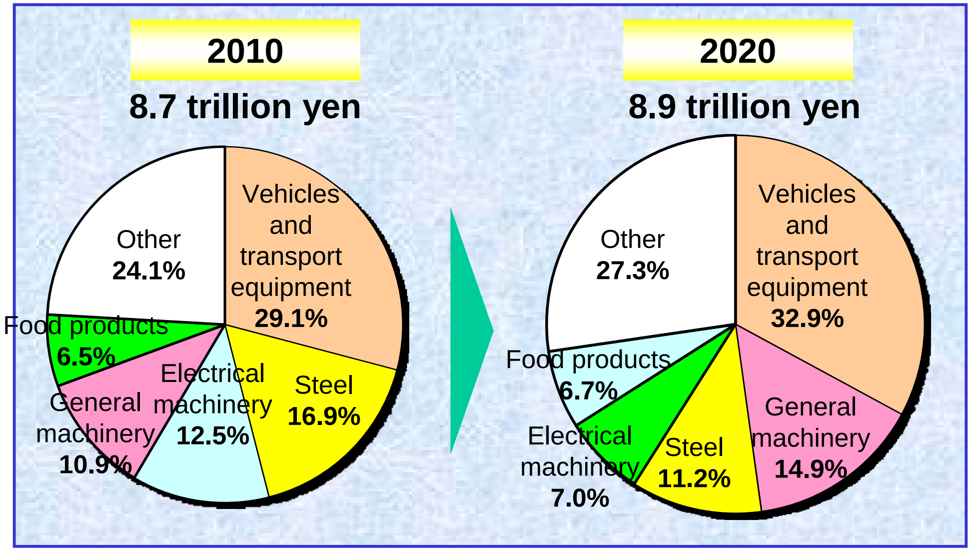
(Unit: Thousand yen/m^2)

Hiroshima Prefecture	Residential district	1,530
	Commercial district	3,700
Okayama Prefecture	Residential district	180
	Commercial district	1,650
Yamaguchi Prefecture	Residential district	89
	Commercial district	179
Ehime Prefecture	Residential district	236
	Commercial district	831

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

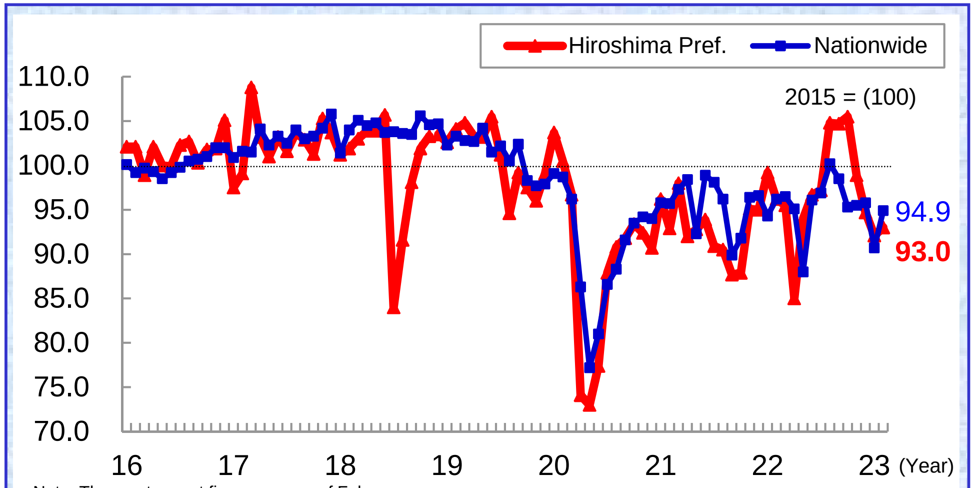
5. Production Activities in Hiroshima Prefecture

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



Source: Ministry of Economy

Industrial Production Index (Hiroshima Prefecture)



Note: The most recent figures are as of February.
Source: Ministry of Economy, Hiroshima Prefecture

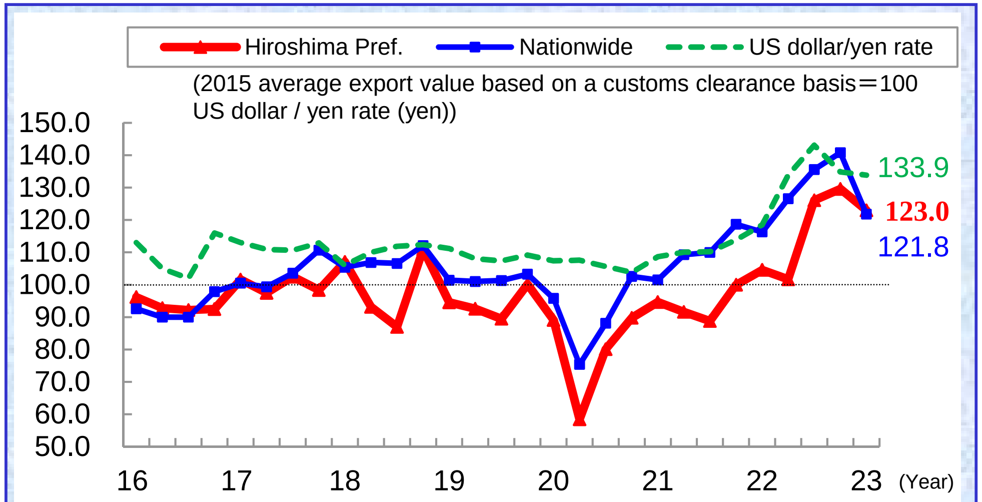
Major export destination countries and regions (Hiroshima Prefecture)

(JPY Bn)

	2010	2022	Increase/decrease	Rate of increase/decrease
Total	1,989.2	2,745.3	756.1	38.0
Asia	926.7	1,025.4	98.7	10.7
China	348.4	206.9	−141.5	−40.6
Korea	180.4	169.1	−11.3	−6.2
Thailand	108.9	182.0	73.1	67.1
Taiwan	64.5	114.3	49.8	77.2
Singapore	46.2	52.9	6.7	14.4
North America	324.7	818.3	493.6	152.0
The United States	269.9	729.4	459.5	170.2
Western Europe	179.7	232.6	52.9	29.4
Germany	38.2	56.0	17.8	46.6
England	43.8	46.6	2.8	6.4

Source: Kobe Customs

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



Note: USD/JPY exchange rates are based on monthly averages from October. Source: Kobe Customs, Bank of Japan

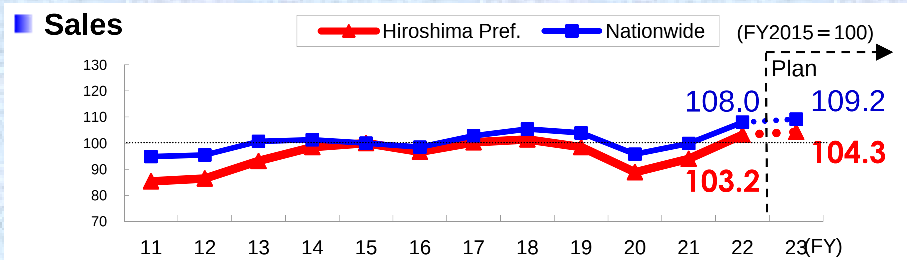
6. Overview of Hiroshima Prefecture's economy

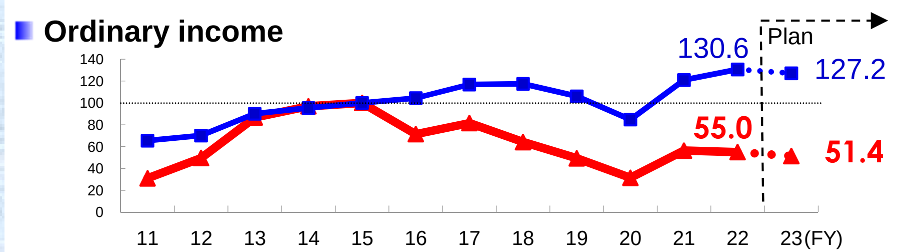
Latest business confidence

		Movements by item: May 2022	Movements by item: May 2023
Hiroshima	Overview	A gentle recovering trend despite downward pressure	Recovering
Hiroshima	Private consumption	Signs of recovery despite lingering downward pressure	Gently recovering
Hiroshima	Business investment	Slowly recovering	Slowly recovering
Hiroshima	Production	Recovering	Slowing pace of recovery
Hiroshima	Exports	Recovering	A recovering trend as supply-chain restrictions ease

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

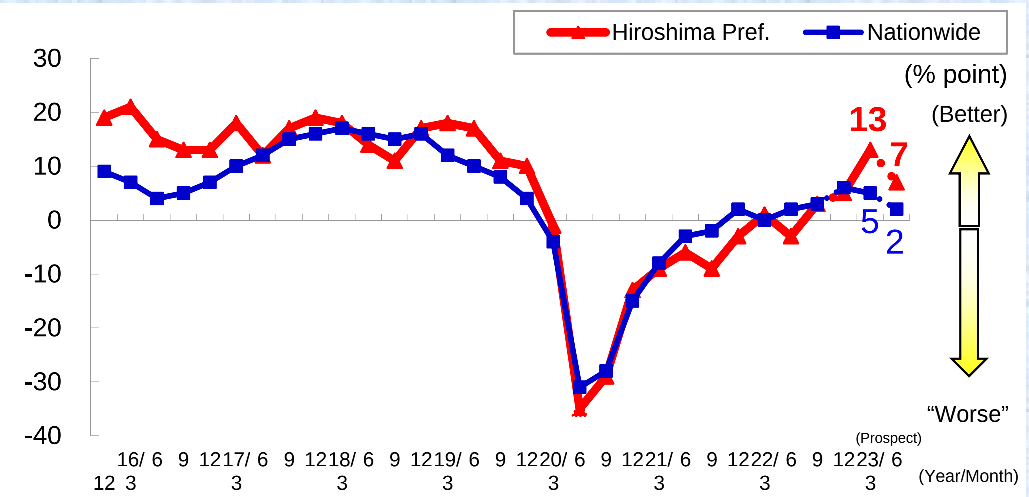
Sales and ordinary income





Source: Tankan by Bank of Japan

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



Source: Tankan by Bank of Japan

Amounts of capital investment

(YoY change,%)

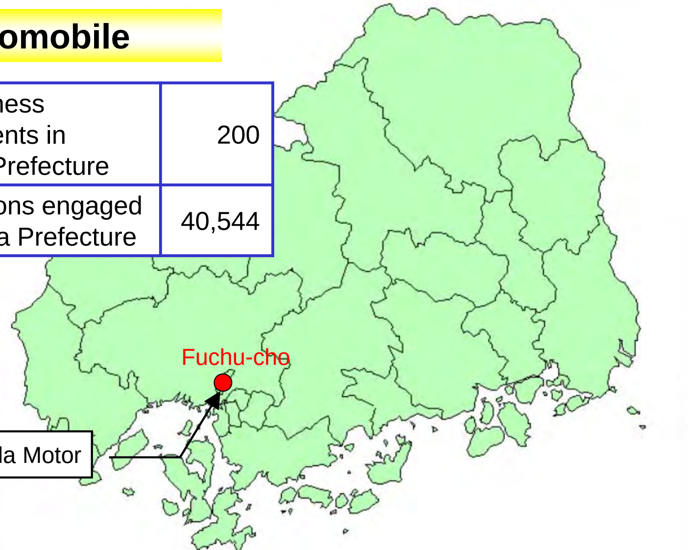
	FY2021 results	FY2022 results	FY2023 plans
All industries	8.0	1.7	3.8
Manufacturing	47.0	-4.5	8.1
Major companies	42.6	-6.4	8.2
Mid-sized companies	66.8	-7.2	13.8
SMEs	42.2	15.6	-2.7
Non-manufacturing	-9.8	6.2	0.9
Major companies	-10.0	5.9	0.5
Mid-sized companies	-8.3	4.6	9.2
SMEs	-7.2	33.9	-15.8

Source: Tankan by Bank of Japan

7. Major Industry Trends -Transportation Equipment-

Automobile

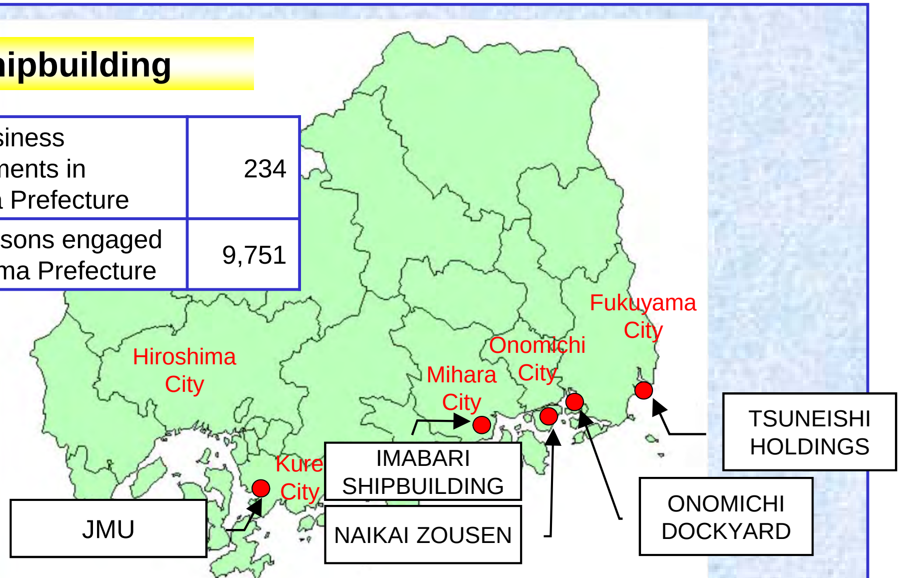
No. of business establishments in Hiroshima Prefecture	200
No. of persons engaged in Hiroshima Prefecture	40,544



Source: Hiroshima Prefecture, 2020 Census of Manufactures

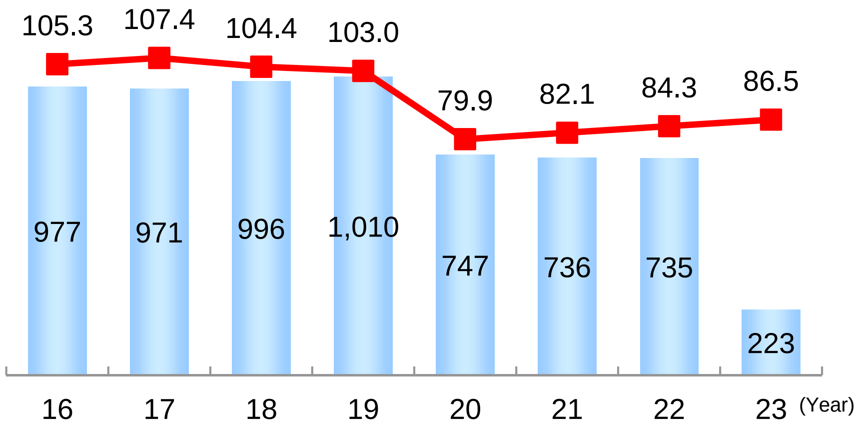
Shipbuilding

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



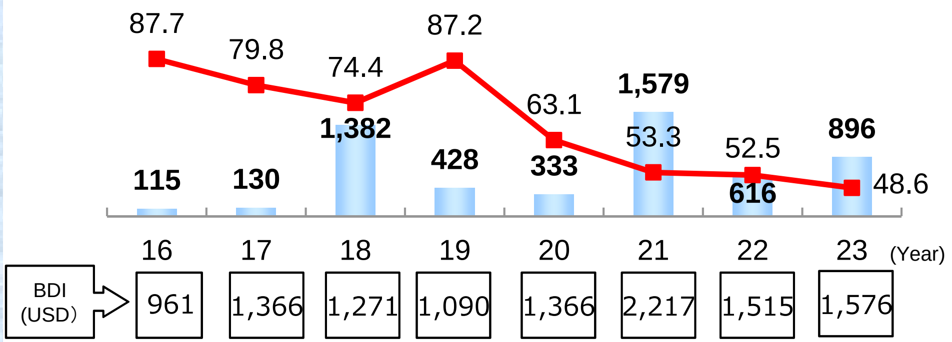
Source: Hiroshima Prefecture, 2020 Census of Manufactures

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



Note: Figures for 2023 Mazda domestic production volume are from January-March; production index is based on January-February figures. Sources: Hiroshima Prefecture, Mazda Motor Corporation

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

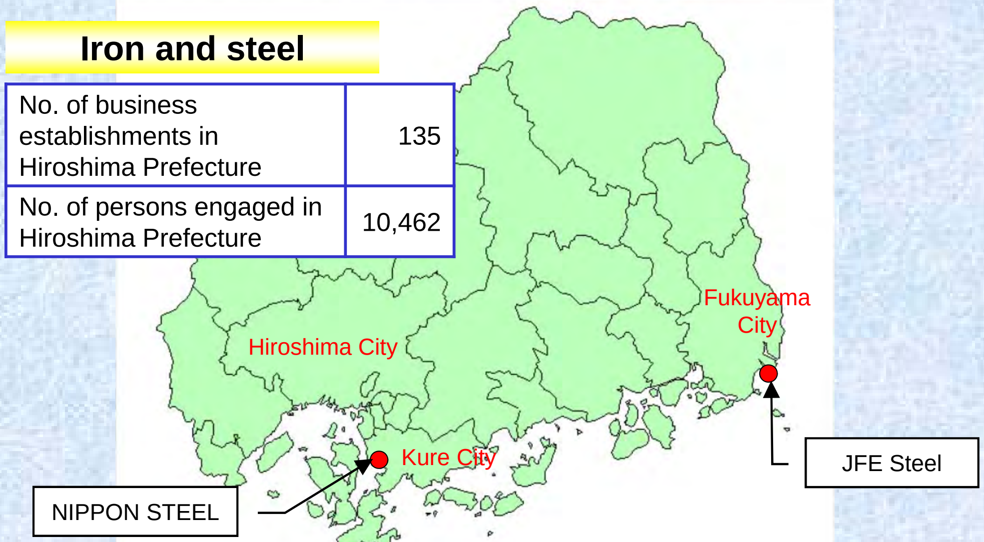


Note: Figures for 2023 new shipbuilding orders and the production index are from January-February; BDI shown as of end of April. Sources: Hiroshima Prefecture, Chugoku District Transport Bureau and Bloomberg L.P.

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

Iron and steel

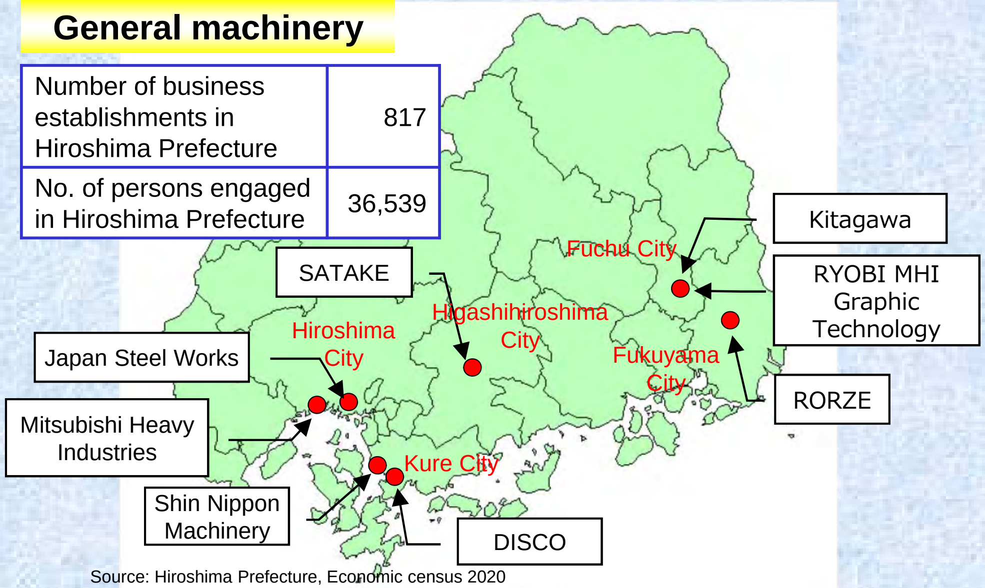
No. of business establishments in Hiroshima Prefecture	135
No. of persons engaged in Hiroshima Prefecture	10,462



Note: The blast furnace in the Kure Area of the Nippon Steel Setouchi Works was decommissioned in September 2021, and plans call for closure of the entire facility by the end of 2023.Source: Hiroshima Prefecture, Economic census 2020

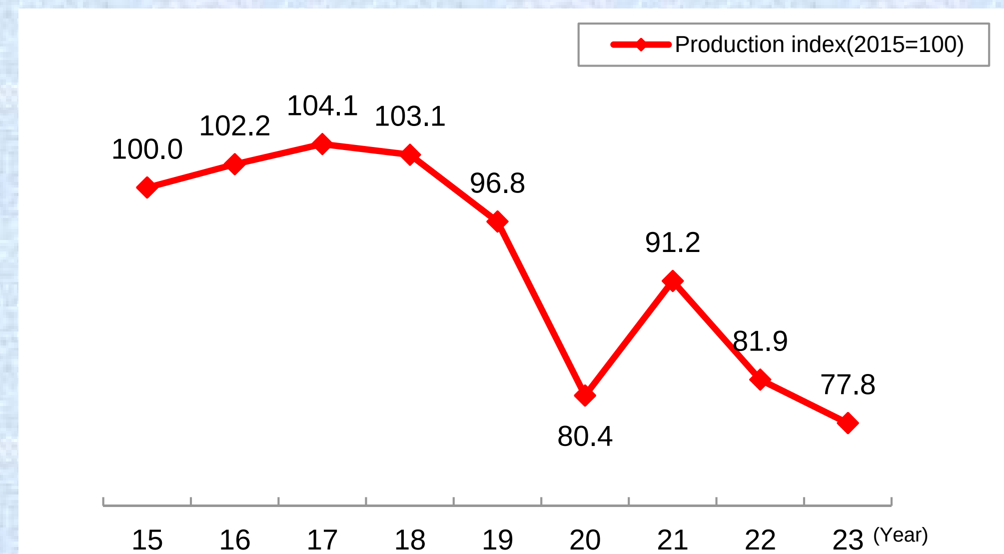
General machinery

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



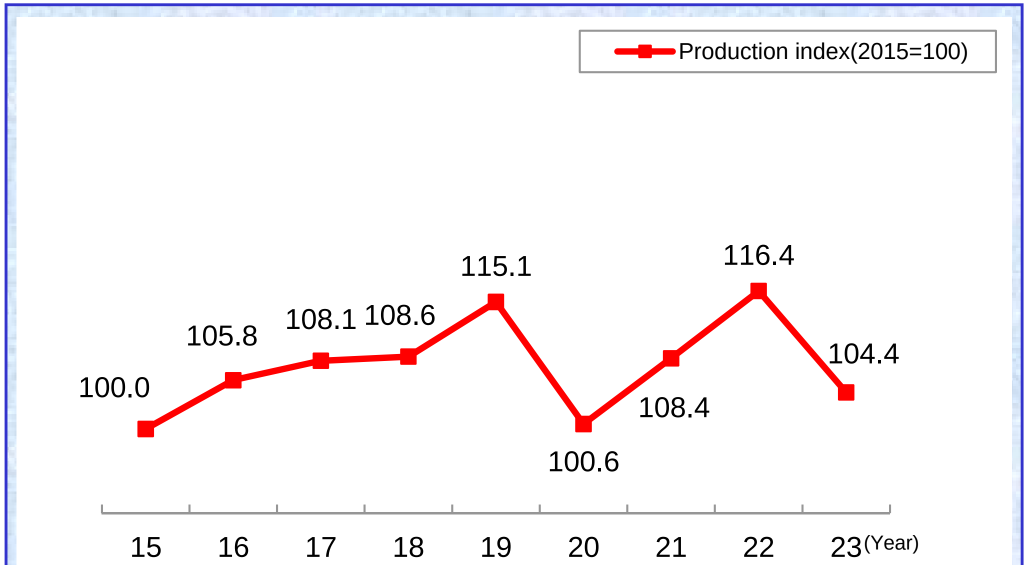
Source: Hiroshima Prefecture, Economic census 2020

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



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

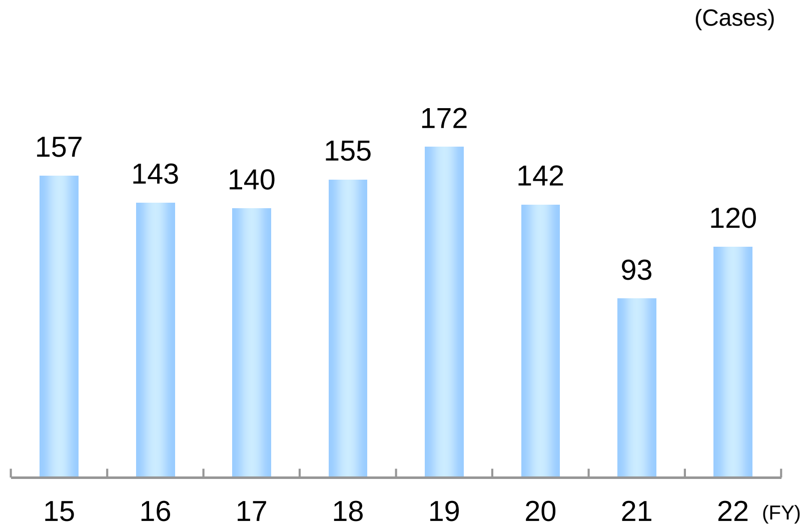
Industrial Production Index of the general machinery sector (Hiroshima Prefecture)



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

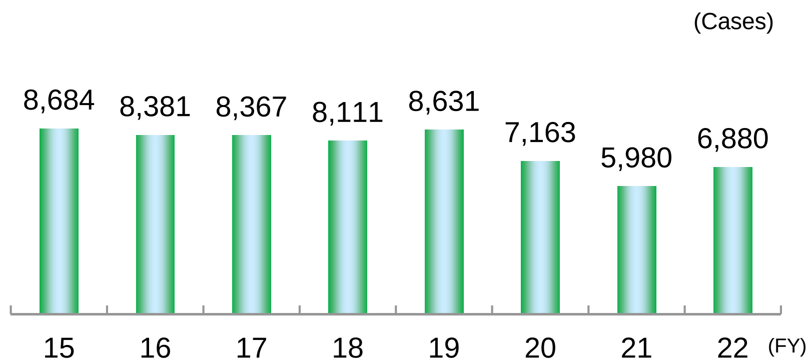
9. Bankruptcies in Hiroshima Prefecture

Number of bankruptcies in Hiroshima Prefecture



Source: Tokyo Shoko Research

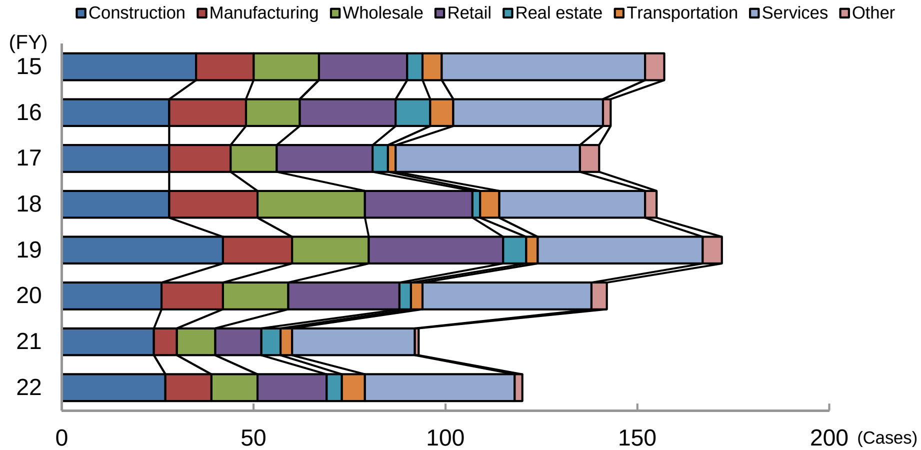
<Reference> Changes in number of bankruptcies nationwide



Source: Tokyo Shoko Research

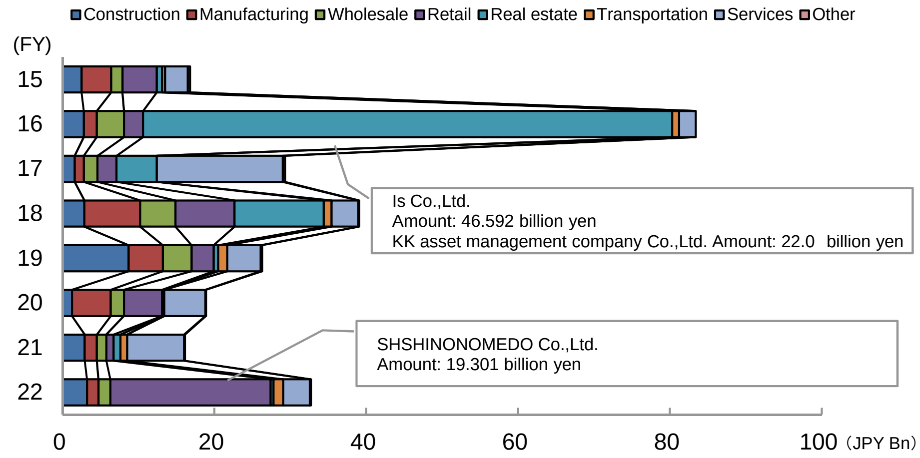
Bankruptcies in Hiroshima Prefecture by industry sector

Number of Bankruptcies



Source: Tokyo Shoko Research

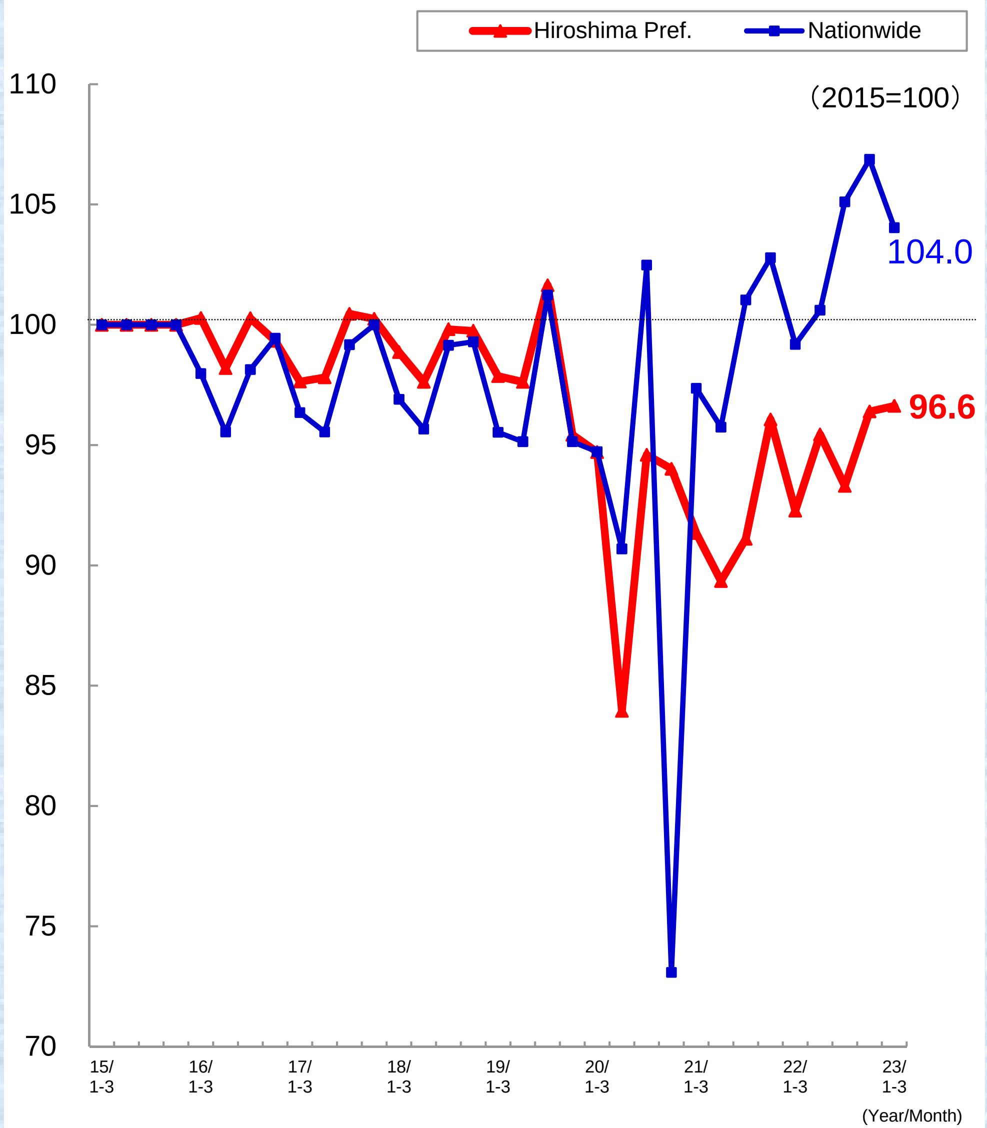
Total liabilities



Source: Tokyo Shoko Research

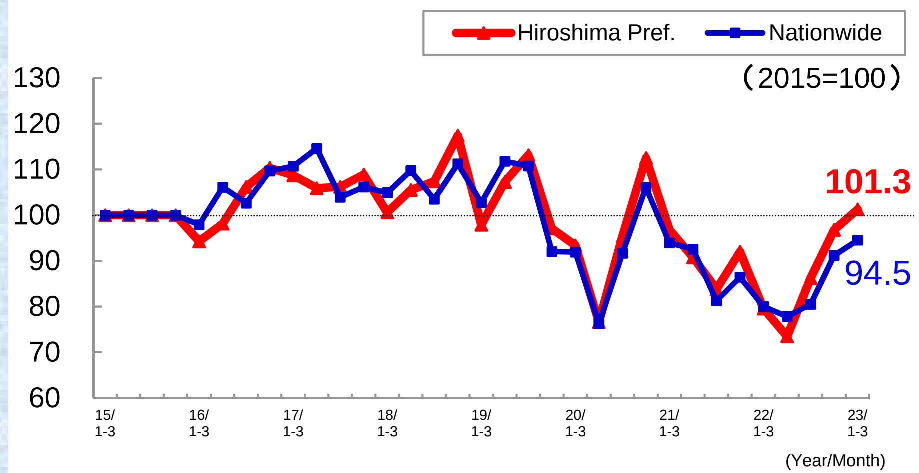
10. Consumer Spending

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



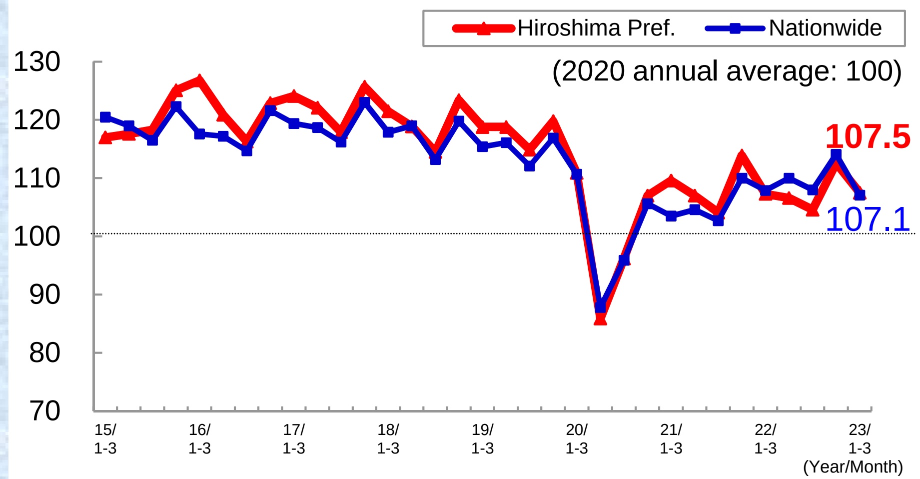
Source: Ministry of Economy

Changes in new car registration



Source: Japan Automobile Dealers Association

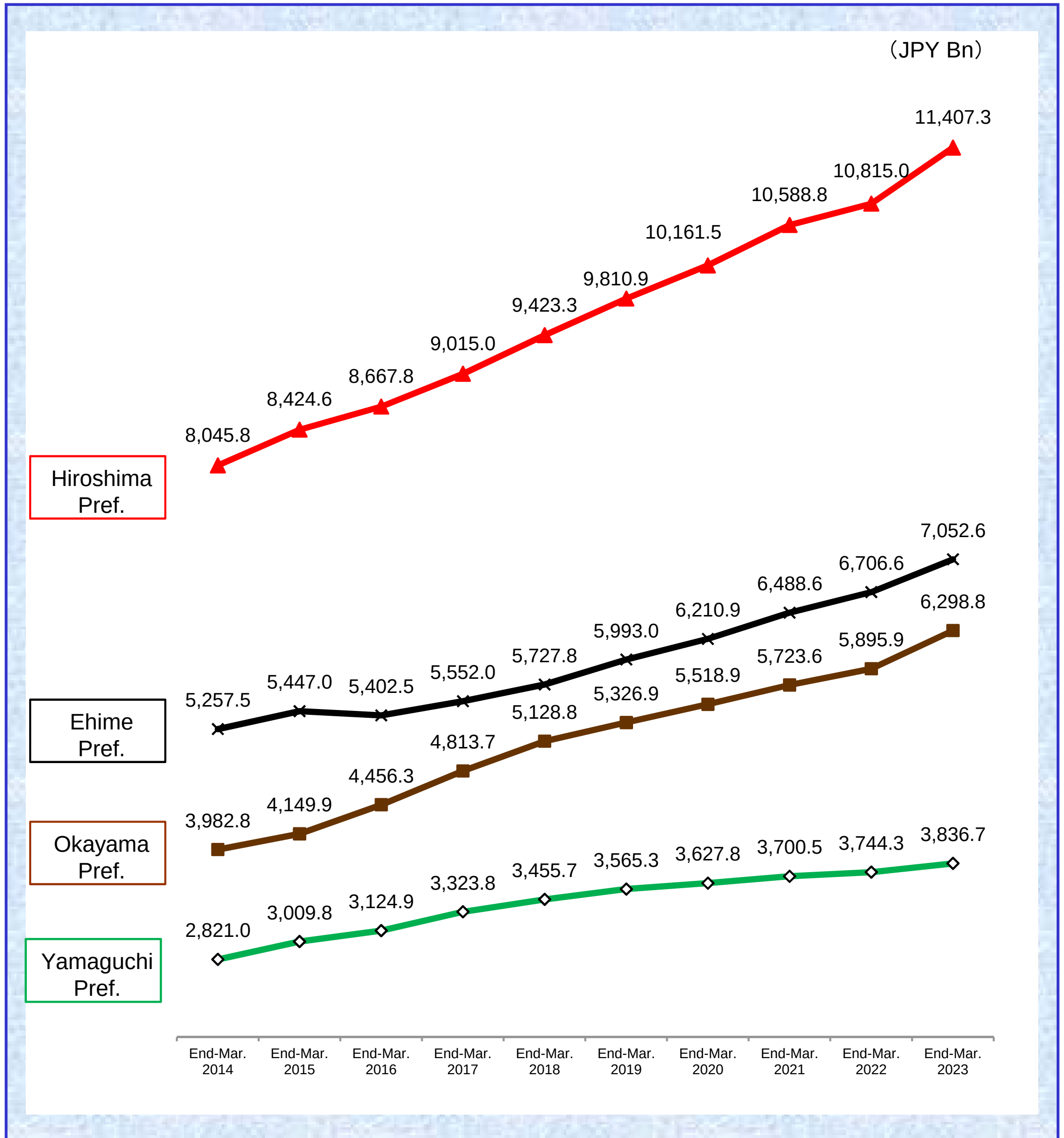
Changes in overtime working hours



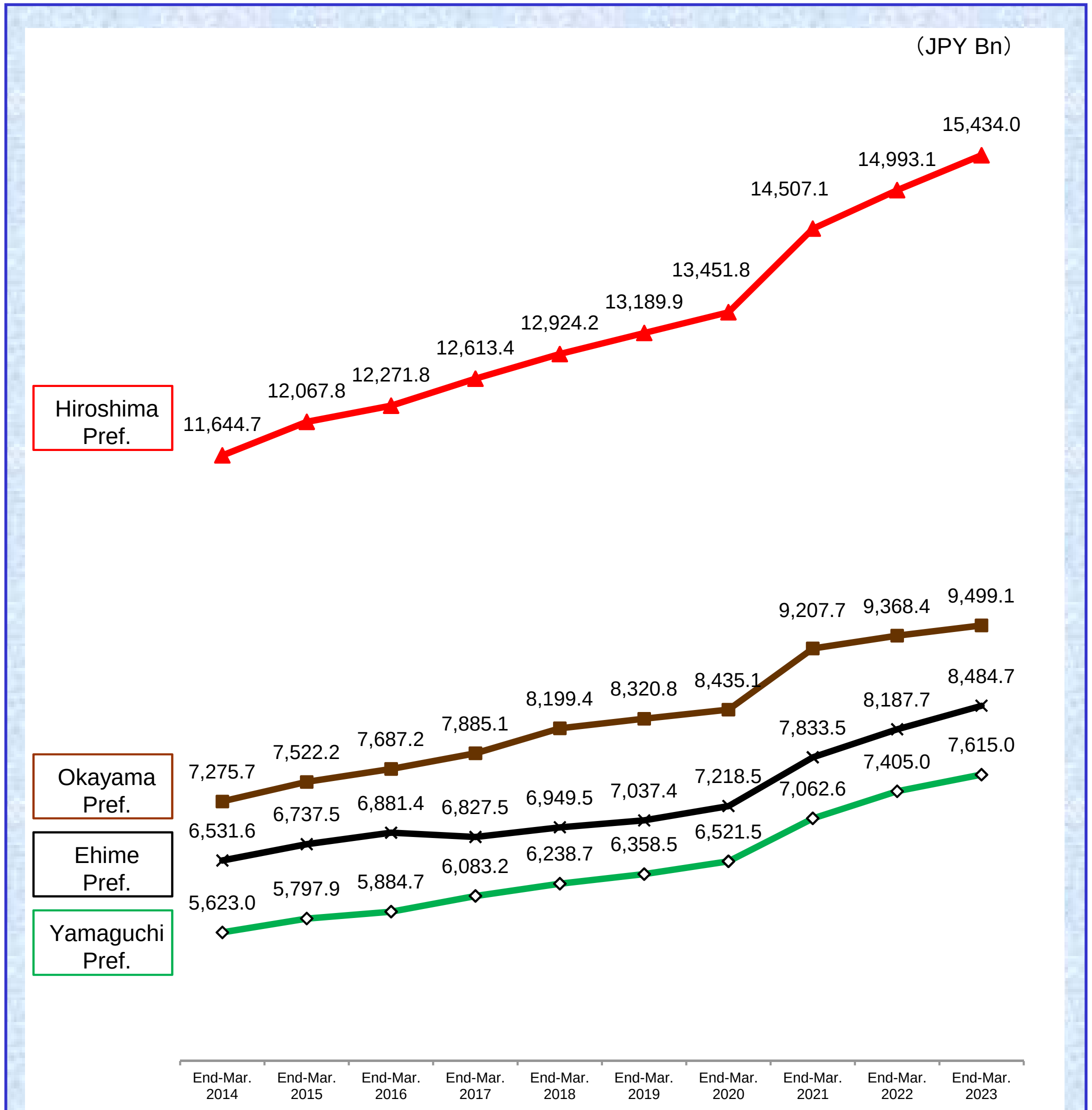
Note: Most recent figures for Hiroshima and Japan overall are from January-February.
Source: MHLW

11. Trends of Loans/Deposits in Hiroshima Prefecture

Changes in loans outstanding



Changes in deposits outstanding



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

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

Key indexes of each city

			Hiroshima City	Sapporo City	Sendai City	Fukuoka City	As of
Regional	Area	km2	907	1,121	786	343	July. 2023
	Population	Thousand people	1,189	1,961	1,065	1,568	January. 2022
	No. of households	Thousand households	575	1,087	529	825	January. 2022
Economy	Nominal gross regional domestic product	Billion yen	5,317.1	7,610.0	5,327.3	7,604.5	FY2019
	No. of business establishments	Establish-ments	52,041	71,870	47,077	73,223	2021
	Shipment value of manufactured goods, etc.	Billion yen	2,804.9	644.5	818.4	597.0	2020
	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	3,345	2,928	3,313	3,274	FY2019

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

Part 2　Data for Hirogin Holdings

1. Changes in Earnings Performance (Hirogin Holdings Consolidated)

1. Status of consolidated financial results

(JPY Bn)

	FY2020	1H of FY2021	FY2021	1H of FY2022	FY2022	Compared to FY2021
Consolidated gross profit	**95.2**	**47.7**	**92.0**	**48.5**	**79.3**	**-12.7**
Net interest income	66.8	33.8	69.5	34.7	66.2	-3.3
Net fees and commissions income	19.5	10.5	21.1	9.9	20.8	-0.3
Income from specific transactions and other businesses	8.8	3.4	1.3	3.8	-7.7	-9.0
Operating expenses (-)	57.8	29.6	58.0	29.2	58.0	0.0
Credit costs (-)	11.2	5.0	12.4	0.5	0.6	-11.8
Gains/losses related to equities, etc.	4.5	3.4	5.0	-4.1	-2.2	-7.3
Gains/losses from equity method investments	0.1	-	-	-	-	-
Other	0.1	0.2	0.4	0.1	0.4	0.0
Ordinary profit	**31.0**	**16.7**	**27.0**	**14.7**	**18.7**	**-8.3**
Extraordinary gains/losses	-0.1	-0.6	5.8	-0.1	-0.5	-6.3
Total income tax, etc. (-)	9.3	4.8	9.9	4.4	5.7	-4.2
Net income attributable to owners of the parent	**21.5**	**11.1**	**22.9**	**10.0**	**12.5**	**-10.4**

1. Changes in Earnings Performance (Hirogin Holdings Consolidated)

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

(JPY Bn)

	FY2020	1H of FY2021	FY2021	1H of FY2022	FY2022	Compared to FY2021
Corporate solutions	4.1	1.6	5.0	3.7	7.3	2.3
Asset management	5.5	2.8	5.4	2.4	5.0	-0.4
Equity business	-	0.6	0.9	-	0.2	-0.7
Net income for Group companies	**2.4**	**1.9**	**3.5**	**1.3**	**2.3**	**-1.2**
Hirogin Securities (included above)	0.9	0.7	1.2	0.2	0.1	-1.1
Shimanami Servicer (included above)	0.2	0.3	0.2	0.1	0.2	0.0
Hirogin Lease (included above)	0.1	0.3	0.7	0.3	0.5	-0.2
Total	**12.0**	**6.9**	**14.8**	**7.4**	**14.8**	**0.0**

3. Group total credit

(JPY Bn)

	March 31, 2021	September 30, 2021	March 31, 2022	September 30, 2022	March 31, 2023	Compared to March 31, 2022
Group total credit	**6,631.0**	**6,917.4**	**7,060.6**	**7,246.5**	**7,390.8**	**330.2**
Lending (consolidated)	6,480.8	6,766.3	6,901.8	7,085.4	7,224.1	322.3
Lease claims *1	71.8	69.8	75.1	76.0	77.6	2.5
PE investments, etc. *2	30.8	33.1	32.8	35.0	34.7	1.9
Private placement bonds	47.4	48.0	50.7	49.8	54.4	3.7

*1 : Represents the lease claims of Hirogin Lease.
*2 : "PE investments, etc." includes private REIT investments.

2. Consolidated Capital Adequacy Ratio

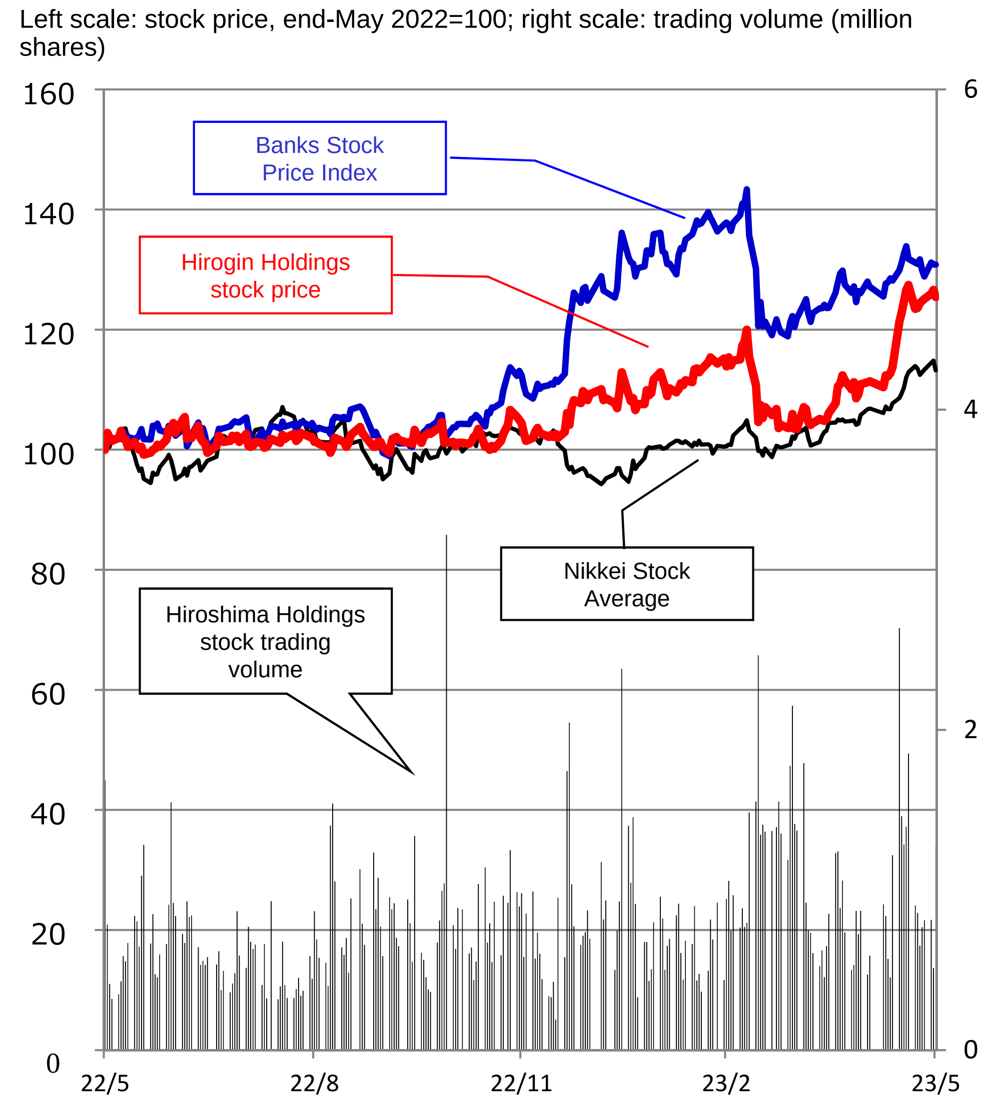
(JPY Bn)

		March 31, 2021	September 30, 2021	March 31, 2022	September 30, 2022	March 31, 2023	Compared to March 31, 2022
Amount of basic items related to core capital	①	480.5	487.7	467.0	472.9	481.0	14.0
Of which, amount of shareholders' equity related to common stock or mandatory convertible preferred stock		441.3	449.3	457.4	462.1	461.7	4.3
Of which, amount included in the amount of basic items related to core capital, of the amount of eligible former capital raising instruments		15.0	15.0	-	-	-	-
Amount of adjustment items related to core capital	②	72.2	74.5	47.2	48.3	59.3	12.1
Amount of owned equity ① - ②	③	408.2	413.2	419.8	424.5	421.7	1.9
Total amount of risk-weighted assets, etc.	④	3,850.4	3,882.7	4,046.7	4,006.8	3,576.8	-469.9
Consolidated capital adequacy ratio ③ / ④		**10.60%**	**10.64%**	**10.37%**	**10.59%**	**11.78%**	**1.41%**

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

3. Hirogin Holdings Stock Information

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



Composition of shareholders

(%)

	21/3	21/9	22/3	22/9	23/3
Financial institutions	40.1	40.1	39.6	37.9	35.8
Financial instruments business operators (brokerage houses)	1.8	1.7	1.9	2.2	2.6
General corporations	29.3	29.3	29.0	28.5	27.5
Foreigners	13.0	11.9	11.6	12.3	13.3
Individuals	15.8	17.0	17.9	19.1	20.8
Treasury stock	0.0	0.0	0.0	0.0	0.0

Major shareholders (March 31, 2023)

Shareholder's name	No. of shares held (hundred shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	344,560	11.03
Custody Bank of Japan, Ltd. (trust account)	186,309	5.96
Meiji Yasuda Life Insurance Company	95,047	3.04
Sompo Japan Insurance Inc.	75,000	2.40
CP Chemical Incorporated	74,638	2.38
Sumitomo Life Insurance Company	60,380	1.93
Employee stock ownership (Hirogin Holdings)	59,205	1.89
The Bank of Fukuoka, Ltd.	55,004	1.76
Nippon Life Insurance Company	48,339	1.54
JP MORGAN CHASE BANK	39,655	1.26

Part 3 Data for Hiroshima Bank

1. Changes in Earnings Performance (nonconsolidated)

1. Total

(JPY Bn)

	FY2020	1H of FY2021	FY2021	1H of FY2022	FY2022	Compared to FY2021
Net interest income	70.2	35.0	70.7	35.9	67.4	-3.3
Net fees and commissions income	13.9	7.2	14.5	6.9	14.2	-0.3
Specific transaction profit	0.8	0.3	0.6	0.8	1.4	0.8
Other banking profit (excluding gains/losses on bonds)	1.5	0.6	1.9	2.4	3.4	1.5
Core gross banking profit	**86.5**	**43.3**	**87.9**	**46.2**	**86.5**	**-1.4**
- Expenses	53.3	27.3	53.2	26.3	52.3	-0.9
Core banking profit	**33.1**	**15.9**	**34.7**	**19.8**	**34.2**	**-0.5**
Gains/losses on bonds	3.2	-0.6	-7.2	-1.9	-16.7	-9.5
Actual net banking profit	**36.3**	**15.2**	**27.4**	**17.9**	**17.4**	**-10.0**
- General provision for doubtful debt	1.2	0.2	6.0	-0.8	-6.0	-12.0
- Non-performing loans written off	9.8	4.6	5.9	1.3	6.3	0.4
Gains/losses on stocks	4.5	3.3	5.0	-4.1	-2.2	-7.2
Ordinary profit	**31.0**	**14.9**	**22.8**	**14.0**	**16.4**	**-6.4**
Extraordinary income/loss	0.0	-0.6	5.9	-0.1	-0.5	-6.4
Income before income taxes	**31.0**	**14.3**	**28.8**	**13.8**	**15.9**	**-12.9**
Corporate taxes	8.6	3.8	8.1	3.7	4.3	-3.8
Net income	**22.3**	**10.4**	**20.6**	**10.1**	**11.5**	**-9.1**
Adjusted overhead ratio	**61.6%**	**63.2%**	**60.5%**	**57.0%**	**60.4%**	**-0.1%**

2. Domestic operations

(JPY Bn)

	FY2020	1H of FY2021	FY2021	1H of FY2022	FY2022	Compared to FY2021
Net Interest income	61.2	30.8	60.9	30.4	59.1	-1.8
Net fees and commissions income	13.7	7.2	14.4	6.9	14.0	-0.4
Specific transaction profit	0.0	0.0	0.0	0.0	0.0	0.0
Other banking profit (excluding gains/losses on bonds)	0.0	0.0	0.0	-0.0	-0.0	-0.0
Core gross banking profit	**75.0**	**38.1**	**75.4**	**37.3**	**73.2**	**-2.2**

2. Investment and Fundraising

1. Total

(JPY Bn)

	FY2020		1H of FY2021		FY2021		1H of FY2022		FY2022		Compared to FY2021		
	Average balance	Yield	Average balance	Yield	Average balance	Yield	Average balance	Yield	Average balance	Yield	Average balance	YoY	Yield
Interest-earning assets	**8,035.8**	**0.93%**	**8,459.6**	**0.86%**	**8,537.1**	**0.87%**	**8,913.6**	**0.94%**	**9,016.8**	**0.97%**	**479.7**	**5.6%**	**0.10%**
Loans and bills discounted	6,599.9	0.88%	6,760.5	0.84%	6,825.8	0.83%	7,077.3	0.88%	7,184.2	0.94%	358.4	5.3%	0.11%
Trading securities	1,262.7	1.09%	1,528.6	0.90%	1,597.3	0.82%	1,760.4	1.05%	1,749.2	0.95%	151.9	9.5%	0.13%
Call loans	118.1	0.00%	115.4	0.01%	60.1	0.04%	23.6	0.33%	27.4	0.59%	-32.7	-54.4%	0.55%
Due from banks*	8.4	5.73%	8.6	9.40%	9.0	22.72%	10.8	22.78%	13.0	17.29%	4.0	44.4%	-5.43%
Interest-bearing liabilities	**9,619.2**	**0.04%**	**10,643.0**	**0.03%**	**10,791.7**	**0.03%**	**10,877.1**	**0.11%**	**10,959.9**	**0.18%**	**168.2**	**1.6%**	**0.15%**
Deposits	7,920.6	0.01%	8,407.3	0.01%	8,436.6	0.00%	8,670.2	0.01%	8,683.7	0.02%	247.1	2.9%	0.02%
Negotiable CDs	373.8	0.01%	433.4	0.00%	424.9	0.00%	424.9	0.00%	405.6	0.00%	-19.3	-4.5%	0.00%
Call money	29.5	-0.03%	7.7	-0.01%	65.2	-0.01%	67.9	-0.02%	222.8	-0.03%	157.6	241.7%	-0.02%
Borrowed money	766.3	0.07%	1,070.0	0.04%	1,114.7	0.03%	963.1	0.02%	946.0	0.02%	-168.7	-15.1%	-0.01%

2. Domestic operations

(JPY Bn)

	FY2020		1H of FY2021		FY2021		1H of FY2022		FY2022		Compared to FY2021		
	Average balance	Yield	Average balance	Yield	Average balance	Yield	Average balance	Yield	Average balance	Yield	Average balance	YoY	Yield
Interest-earning assets	**7,644.4**	**0.83%**	**8,013.7**	**0.79%**	**8,101.9**	**0.77%**	**8,387.8**	**0.73%**	**8,527.3**	**0.71%**	**425.4**	**5.3%**	**-0.06%**
Loans and bills discounted	6,025.2	0.85%	6,162.1	0.81%	6,230.7	0.79%	6,407.8	0.75%	6,489.2	0.74%	258.5	4.1%	-0.05%
Trading securities	1,009.7	1.06%	1,192.9	0.99%	1,266.6	0.77%	1,346.3	0.77%	1,368.6	0.65%	102.0	8.1%	-0.12%
Call loans	114.2	-0.02%	112.3	-0.01%	56.3	-0.01%	19.5	0.00%	22.6	0.00%	-33.7	-59.9%	0.01%
Due from banks*	8.4	5.73%	8.6	9.40%	9.0	22.72%	10.8	22.78%	13.0	17.29%	4.0	44.4%	-5.43%
Interest-bearing liabilities	**9,232.0**	**0.02%**	**10,198.9**	**0.01%**	**10,358.4**	**0.02%**	**10,359.9**	**0.01%**	**10,474.5**	**0.01%**	**116.1**	**1.1%**	**-0.01%**
Deposits	7,770.6	0.01%	8,254.8	0.00%	8,279.4	0.00%	8,489.1	0.00%	8,495.1	0.00%	215.7	2.6%	0.00%
Negotiable CDs	373.8	0.01%	433.4	0.00%	424.9	0.00%	424.9	0.00%	405.6	0.00%	-19.3	-4.5%	0.00%
Call money	29.5	-0.03%	7.7	-0.01%	65.2	-0.01%	67.9	-0.02%	222.8	-0.03%	157.6	241.7%	-0.02%
Borrowed money	749.2	0.06%	1,064.4	0.04%	1,109.4	0.03%	958.3	0.02%	942.8	0.02%	-166.6	-15.0%	-0.01%

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

3. Loans (1)

1. Loans outstanding by region

(JPY Bn)

Outstanding balance	March 31, 2021		September 30, 2021		March 31, 2022		September 30, 2022		March 31, 2023		Compared to March 31, 2022		
	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	YoY	% of total
Loans	**6,540.8**	**100.0%**	**6,824.0**	**100.0%**	**6,965.5**	**100.0%**	**7,144.7**	**100.0%**	**7,275.3**	**100.0%**	**309.8**	**4.4%**	**-**
Hiroshima	4,191.8	64.1%	4,206.5	61.6%	4,225.1	60.7%	4,266.5	59.7%	4,296.5	59.1%	71.4	1.7%	-1.6%
Okayama	355.1	5.4%	347.6	5.1%	347.5	5.0%	350.7	4.9%	356.1	4.9%	8.6	2.5%	-0.1%
Ehime	523.8	8.0%	516.1	7.6%	546.1	7.8%	600.3	8.4%	598.6	8.2%	52.5	9.6%	0.4%
Yamaguchi	221.2	3.4%	216.6	3.2%	218.4	3.1%	230.6	3.2%	232.8	3.2%	14.4	6.6%	0.1%
Other	1,248.9	19.1%	1,537.2	22.5%	1,628.4	23.4%	1,696.6	23.7%	1,791.3	24.6%	162.9	10.0%	1.2%

2. Loans outstanding by business category

(JPY Bn)

Outstanding balance	March 31, 2021		September 30, 2021		March 31, 2022		September 30, 2022		March 31, 2023		Compared to March 31, 2022		
	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	YoY	% of total
Loans	**6,540.8**	**100.0%**	**6,824.0**	**100.0%**	**6,965.5**	**100.0%**	**7,144.7**	**100.0%**	**7,275.3**	**100.0%**	**309.8**	**4.4%**	**-**
Business	**3,870.0**	**59.2%**	**3,818.8**	**56.0%**	**3,913.7**	**56.2%**	**4,037.4**	**56.5%**	**4,104.0**	**56.4%**	**190.3**	**4.9%**	**0.2%**
Leading medium-sized and large enterprises	1,113.8	17.0%	1,131.4	16.6%	1,151.2	16.5%	1,206.8	16.9%	1,288.4	17.7%	137.2	11.9%	1.2%
Small and medium-sized enterprises	2,756.2	42.1%	2,687.4	39.4%	2,762.5	39.7%	2,830.6	39.6%	2,815.6	38.7%	53.1	1.9%	-1.0%
Local governments	**1,011.4**	**15.5%**	**1,329.6**	**19.5%**	**1,355.9**	**19.5%**	**1,395.8**	**19.5%**	**1,432.0**	**19.7%**	**76.1**	**5.6%**	**0.2%**
Of which loans to the Ministry of Finance	**360.8**	**5.5%**	**665.7**	**9.8%**	**704.1**	**10.1%**	**735.2**	**10.3%**	**783.5**	**10.8%**	**79.4**	**11.3%**	**0.7%**
Personal loans	**1,659.4**	**25.4%**	**1,675.6**	**24.6%**	**1,695.9**	**24.3%**	**1,711.5**	**24.0%**	**1,739.2**	**23.9%**	**43.3**	**2.6%**	**-0.4%**

3. Business loans by interest rate

(JPY Bn)

Outstanding balance	March 31, 2021		September 30, 2021		March 31, 2022		September 30, 2022		March 31, 2023		Compared to March 31, 2022		
	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	YoY	% of total
Yen-based business loans	**3,451.5**	**100.0%**	**3,417.3**	**100.0%**	**3,461.4**	**100.0%**	**3,490.0**	**100.0%**	**3,564.8**	**100.0%**	**103.4**	**3.0%**	**-**
Fixed interest rates	**997.4**	**28.9%**	**1,031.1**	**30.2%**	**1,032.3**	**29.8%**	**1,047.9**	**30.0%**	**1,105.9**	**31.0%**	**73.6**	**7.1%**	**1.2%**
Variable interest rates	**2,454.1**	**71.1%**	**2,386.2**	**69.8%**	**2,429.1**	**70.2%**	**2,442.1**	**70.0%**	**2,458.9**	**69.0%**	**29.8**	**1.2%**	**-1.2%**
Market rates	1,286.4	37.3%	1,262.8	37.0%	1,306.8	37.8%	1,329.1	38.1%	1,381.4	38.8%	74.6	5.7%	1.0%
Short-term prime rates	1,167.7	33.8%	1,123.4	32.9%	1,122.3	32.4%	1,113.0	31.9%	1,077.5	30.2%	-44.8	-4.0%	-2.2%
Of which negotiation-based rates	379.5	11.0%	372.1	10.9%	382.1	11.0%	390.0	11.2%	367.5	10.3%	-14.6	-3.8%	-0.7%
Of which market-linked rates	788.2	22.8%	751.4	22.0%	740.2	21.4%	723.0	20.7%	710.0	19.9%	-30.2	-4.1%	-1.5%

4. Breakdown of personal loans

(JPY Bn)

Outstanding balance	March 31, 2021		September 30, 2021		March 31, 2022		September 30, 2022		March 31, 2023		Compared to March 31, 2022		
	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	YoY	% of total
Personal loans	**1,659.4**	**100.0%**	**1,675.6**	**100.0%**	**1,695.9**	**100.0%**	**1,711.5**	**100.0%**	**1,739.2**	**100.0%**	**43.3**	**2.6%**	**-**
Of which housing loans	**1,068.0**	**64.4%**	**1,084.7**	**64.7%**	**1,104.9**	**65.2%**	**1,116.0**	**65.2%**	**1,132.9**	**65.1%**	**28.0**	**2.5%**	**0.0%**
Of which apartment loans	**470.6**	**28.4%**	**469.6**	**28.0%**	**470.4**	**27.7%**	**470.9**	**27.5%**	**474.5**	**27.3%**	**4.1**	**0.9%**	**-0.5%**
Of which consumer loans	**114.7**	**6.9%**	**113.1**	**6.7%**	**112.3**	**6.6%**	**115.4**	**6.7%**	**123.2**	**7.1%**	**10.9**	**9.7%**	**0.5%**
Of which loans by purpose	78.8	4.7%	77.8	4.6%	78.0	4.6%	81.4	4.8%	89.3	5.1%	11.3	14.5%	0.5%
Of which card loans	35.9	2.2%	35.3	2.1%	34.3	2.0%	34.0	2.0%	33.9	1.9%	-0.4	-1.2%	-0.1%

4. Loans (2)

5. Loans outstanding by industry sector

(JPY Bn)

Outstanding balance	March 31, 2021		September 30, 2021		March 31, 2022		September 30, 2022		March 31, 2023		Compared to March 31, 2022		
	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	YoY	% of total
Loans	**6,540.8**	**100.0%**	**6,824.0**	**100.0%**	**6,965.5**	**100.0%**	**7,144.7**	**100.0%**	**7,275.3**	**100.0%**	**309.8**	**4.4%**	**-**
Manufacturing	740.6	11.3%	722.2	10.6%	708.5	10.2%	714.3	10.0%	725.3	10.0%	16.8	2.4%	-0.2%
Construction	174.8	2.7%	163.0	2.4%	169.8	2.4%	174.8	2.4%	177.0	2.4%	7.2	4.2%	0.0%
Transportation and mailing	347.9	5.3%	379.1	5.6%	392.7	5.6%	421.6	5.9%	434.9	6.0%	42.2	10.7%	0.3%
Wholesale and retail	549.5	8.4%	544.9	8.0%	537.7	7.7%	548.8	7.7%	567.9	7.8%	30.2	5.6%	0.1%
Finance and insurance	234.9	3.6%	229.8	3.4%	255.0	3.7%	247.5	3.5%	287.3	3.9%	32.3	12.7%	0.3%
Real estate	849.5	13.0%	842.0	12.3%	864.9	12.4%	882.2	12.3%	897.3	12.3%	32.4	3.7%	-0.1%
Leasing	292.2	4.5%	295.0	4.3%	301.0	4.3%	308.8	4.3%	303.5	4.2%	2.5	0.8%	-0.1%
Services	336.0	5.1%	329.2	4.8%	332.7	4.8%	334.1	4.7%	327.5	4.5%	-5.2	-1.6%	-0.3%
Other	3,015.4	46.1%	3,318.8	48.6%	3,403.2	48.9%	3,512.6	49.2%	3,554.6	48.9%	151.4	4.4%	0.0%
<Reference>													
Automobile-related (domestic)	182.7	2.8%	183.3	2.7%	189.1	2.7%	206.9	2.9%	193.7	2.7%	4.6	2.4%	-0.1%
Shipbuilding and marine transportation	717.9	11.0%	710.2	10.4%	743.1	10.7%	819.6	11.5%	808.7	11.1%	65.6	8.8%	0.4%

6. Moneylending shares in Hiroshima Prefecture

(%)

Shares in Hiroshima Prefecture	March 31, 2021	September 30, 2021	March 31, 2022	September 30, 2022	March 31, 2023	Compared to March 31, 2022
Hiroshima Bank	**34.3%**	**34.1%**	**33.9%**	**33.2%**	**32.9%**	**-1.0%**
Other regional banks	19.9%	20.1%	21.0%	21.0%	21.0%	0.0%
Second regional banks	19.2%	19.1%	18.9%	18.7%	18.6%	-0.3%
Mega banks	13.1%	13.2%	12.9%	14.1%	14.5%	1.6%
Shinkin Banks	13.5%	13.5%	13.3%	13.0%	13.0%	-0.3%

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

(JPY Bn)

Outstanding balance	March 31, 2021		September 30, 2021		March 31, 2022		September 30, 2022		March 31, 2023		Compared to March 31, 2022		
	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	YoY	% of total
Loans outstanding to small and medium-sized enterprises, etc.	4,415.6	67.5%	4,363.0	63.9%	4,458.4	64.0%	4,542.1	63.6%	4,554.8	62.6%	96.4	2.2%	-1.4%

5. Deposits

1. Breakdown of deposits

(JPY Bn)

Outstanding balance	March 31, 2021		September 30, 2021		March 31, 2022		September 30, 2022		March 31, 2023		Compared to March 31, 2022		
	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	YoY	% of total
Deposits	**8,699.6**	**100.0%**	**8,811.9**	**100.0%**	**9,095.0**	**100.0%**	**9,002.5**	**100.0%**	**9,277.4**	**100.0%**	**182.4**	**2.0%**	**-**
Liquid deposits	6,021.3	69.2%	6,017.0	68.3%	6,394.1	70.3%	6,281.0	69.8%	6,638.5	71.6%	244.4	3.8%	1.3%
Fixed-term deposits	2,215.7	25.5%	2,212.7	25.1%	2,190.5	24.1%	2,186.5	24.3%	2,167.4	23.4%	-23.1	-1.1%	-0.7%
Foreign currency deposits, etc.	131.3	1.5%	130.6	1.5%	166.4	1.8%	147.0	1.6%	138.9	1.5%	-27.5	-16.5%	-0.3%
NCD	331.2	3.8%	451.4	5.1%	343.8	3.8%	387.9	4.3%	332.5	3.6%	-11.3	-3.3%	-0.2%

2. Deposits outstanding by region

(JPY Bn)

Outstanding balance	March 31, 2021		September 30, 2021		March 31, 2022		September 30, 2022		March 31, 2023		Compared to March 31, 2022		
	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	YoY	% of total
Deposits	**8,699.6**	**100.0%**	**8,811.9**	**100.0%**	**9,095.0**	**100.0%**	**9,002.5**	**100.0%**	**9,277.4**	**100.0%**	**182.4**	**2.0%**	**-**
Hiroshima	7,707.5	88.6%	7,819.9	88.7%	8,085.7	88.9%	8,001.0	88.9%	8,281.4	89.3%	195.7	2.4%	0.4%
Okayama	345.5	4.0%	340.5	3.9%	331.1	3.6%	330.0	3.7%	317.9	3.4%	-13.2	-4.0%	-0.2%
Ehime	202.8	2.3%	212.9	2.4%	221.4	2.4%	245.2	2.7%	242.8	2.6%	21.4	9.7%	0.2%
Yamaguchi	228.7	2.6%	229.9	2.6%	225.0	2.5%	225.8	2.5%	238.6	2.6%	13.6	6.0%	0.1%
Other	215.0	2.5%	208.4	2.4%	231.5	2.5%	200.4	2.2%	196.6	2.1%	-34.9	-15.1%	-0.4%

3. Deposits outstanding by person

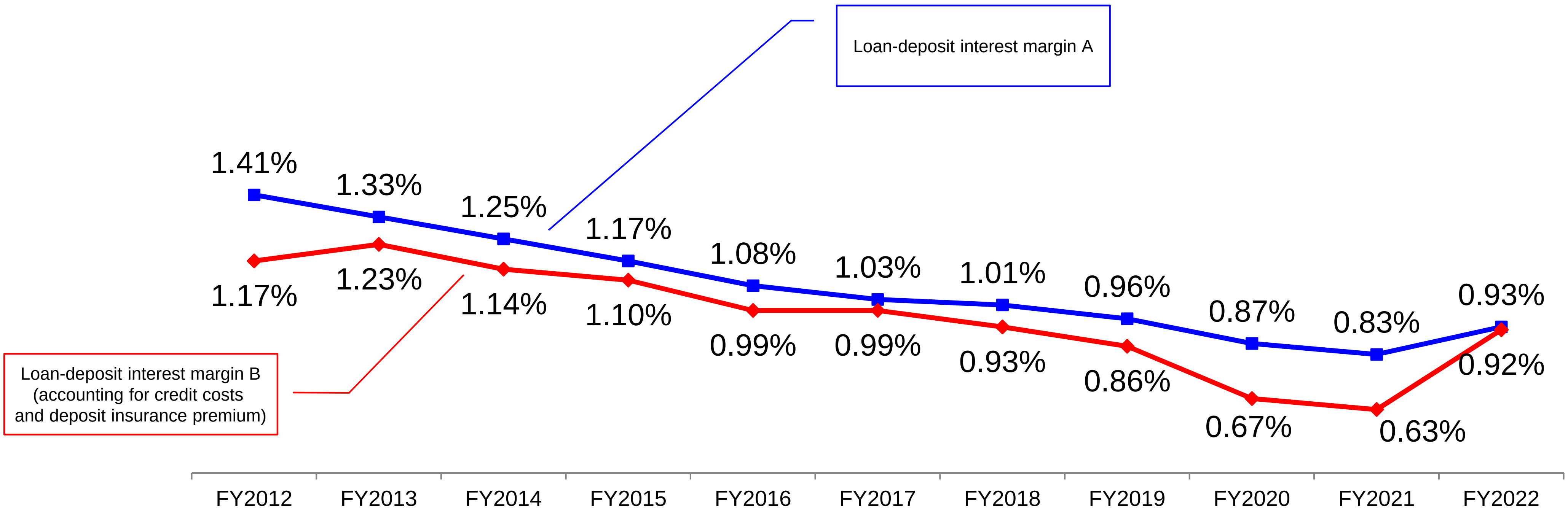
(JPY Bn)

Outstanding balance	March 31, 2021		September 30, 2021		March 31, 2022		September 30, 2022		March 31, 2023		Compared to March 31, 2022		
	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	YoY	% of total
Deposits	**8,699.6**	**100.0%**	**8,811.9**	**100.0%**	**9,095.0**	**100.0%**	**9,002.5**	**100.0%**	**9,277.4**	**100.0%**	**182.4**	**2.0%**	**-**
Individual	**5,448.5**	**62.6%**	**5,583.8**	**63.4%**	**5,735.5**	**63.1%**	**5,843.4**	**64.9%**	**5,922.7**	**63.8%**	**187.2**	**3.3%**	**0.8%**
Liquid deposits	3,645.7	41.9%	3,777.4	42.9%	3,944.0	43.4%	4,056.2	45.1%	4,159.5	44.8%	215.5	5.5%	1.5%
Fixed-term deposits	1,771.5	20.4%	1,776.5	20.2%	1,766.2	19.4%	1,765.9	19.6%	1,743.3	18.8%	-22.9	-1.3%	-0.6%
Foreign currency deposits	31.2	0.4%	29.7	0.3%	25.2	0.3%	21.2	0.2%	19.8	0.2%	-5.4	-21.4%	-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%
Corporate	**2,750.5**	**31.6%**	**2,696.7**	**30.6%**	**2,769.6**	**30.5%**	**2,719.0**	**30.2%**	**2,753.1**	**29.7%**	**-16.5**	**-0.6%**	**-0.8%**
Liquid deposits	2,105.5	24.2%	2,068.5	23.5%	2,094.1	23.0%	2,094.1	23.3%	2,136.6	23.0%	42.5	2.0%	0.0%
Fixed-term deposits	407.6	4.7%	394.2	4.5%	385.8	4.2%	379.0	4.2%	384.1	4.1%	-1.7	-0.4%	-0.1%
Foreign currency deposits	100.1	1.2%	100.8	1.1%	141.1	1.6%	125.8	1.4%	119.1	1.3%	-22.0	-15.6%	-0.3%
NCD	137.2	1.6%	133.1	1.5%	148.5	1.6%	120.0	1.3%	113.2	1.2%	-35.3	-23.8%	-0.4%
Public fund	**432.0**	**5.0%**	**483.6**	**5.5%**	**511.8**	**5.6%**	**399.7**	**4.4%**	**539.8**	**5.8%**	**28.0**	**5.5%**	**0.2%**
Financial	**68.5**	**0.8%**	**47.7**	**0.5%**	**77.9**	**0.9%**	**40.2**	**0.4%**	**61.7**	**0.7%**	**-16.2**	**-20.8%**	**-0.2%**

* "Deposits" includes "NCD".

6. Status of Loan-Deposit Interest Margin Rates

Trend of loan-deposit interest margin rates



	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
(1) Loan interest rate	1.49%	1.39%	1.30%	1.22%	1.12%	1.06%	1.03%	0.98%	0.88%	0.83%	0.94%
(2) Credit cost ratio	0.18%	0.04%	0.05%	0.03%	0.05%	0.00%	0.05%	0.07%	0.17%	0.17%	0.00%
(3) Deposit rate, etc.	0.08%	0.06%	0.05%	0.05%	0.04%	0.03%	0.02%	0.02%	0.01%	0.00%	0.01%
(4) Deposit insurance premium (deposit insurance premium/ average balance of deposits, etc.)	0.06%	0.06%	0.06%	0.04%	0.04%	0.04%	0.03%	0.03%	0.03%	0.03%	0.01%
(5) Loan-deposit margin A [(1) - (3)]	**1.41%**	**1.33%**	**1.25%**	**1.17%**	**1.08%**	**1.03%**	**1.01%**	**0.96%**	**0.87%**	**0.83%**	**0.93%**
(6) Loan-deposit margin B [(1) - (2) - (3) - (4)]	**1.17%**	**1.23%**	**1.14%**	**1.10%**	**0.99%**	**0.99%**	**0.93%**	**0.86%**	**0.67%**	**0.63%**	**0.92%**

7. Securities (1)

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

(JPY Bn)

	One year or less	More than one year but not more than three years	More than three years but not more than five years	More than five years but not more than seven years	More than seven years but not more than 10 years	More than 10 years	Term to maturity not specified	Total
March 31, 2022								
Government bonds	**14.0**	**10.1**	**3.9**	**2.0**	**322.9**	**147.3**	**-**	**500.4**
Local government bonds	**5.3**	**29.4**	**54.1**	**32.9**	**91.1**	**50.8**	**-**	**263.9**
Corporate bonds	**14.5**	**60.0**	**48.9**	**12.4**	**15.8**	**131.4**	**-**	**283.2**
Stocks	**-**	**-**	**-**	**-**	**-**	**-**	**108.0**	**108.0**
Other securities	**19.7**	**50.1**	**57.3**	**87.0**	**78.7**	**128.5**	**91.7**	**513.3**
Of which foreign securities	1.9	27.5	32.4	73.6	66.3	112.0	22.1	336.1
March 31, 2023								
Government bonds	**-**	**-**	**14.9**	**33.8**	**294.2**	**88.1**	**-**	**431.2**
Local government bonds	**4.5**	**53.6**	**83.2**	**43.3**	**83.7**	**49.4**	**-**	**317.9**
Corporate bonds	**19.1**	**69.4**	**50.6**	**20.0**	**5.8**	**126.0**	**-**	**291.3**
Stocks	**-**	**-**	**-**	**-**	**-**	**-**	**109.8**	**109.8**
Other securities	**18.7**	**28.1**	**37.9**	**18.0**	**33.7**	**186.8**	**107.6**	**431.2**
Of which foreign securities	3.3	9.6	9.7	2.9	20.2	157.1	19.3	222.4

8. Securities (2)

2. Breakdown of net unrealized gains/losses on securities

(JPY Bn)

	March 31, 2021	September 30, 2021	March 31, 2022	September 30, 2022	March 31, 2023	Compared to March 31, 2022
Securities	**38.6**	**39.6**	**1.5**	**-50.4**	**-12.5**	**-14.0**
Stocks	**43.1**	**38.5**	**31.6**	**33.1**	**40.6**	**9.0**
Bonds	**0.1**	**2.1**	**-11.2**	**-20.4**	**-21.3**	**-10.1**
Government and local government bonds	-1.3	1.2	-10.1	-18.0	-18.3	-8.2
Corporate bonds	1.4	0.9	-1.0	-2.4	-3.0	-2.0
Other	**-4.6**	**-0.9**	**-18.9**	**-63.1**	**-31.8**	**-12.9**
Of which foreign bonds	-5.8	-3.1	-16.0	-52.9	-22.4	-6.4

3.Balance of cross-shareholdings

(JPY Bn)

	March 31, 2021	September 30, 2021	March 31, 2022	September 30, 2022	March 31, 2023	Compared to March 31, 2022
Cross-shareholdings	**49.8**	**48.6**	**42.9**	**39.3**	**35.6**	**-7.3**
Publicly traded shares	45.3	43.9	38.3	34.8	31.0	-7.3
Unlisted shares	4.5	4.7	4.6	4.5	4.6	0.0

4. Duration

(Year)

	March 31, 2021	September 30, 2021	March 31, 2022	September 30, 2022	March 31, 2023	Compared to March 31, 2022
Yen bond duration	6.54	6.95	7.24	6.83	6.57	-0.67
Foreign bond duration	5.05	5.00	5.57	5.21	5.24	-0.33

5. Interest rate delta*

(JPY Bn)

	March 31, 2021	September 30, 2021	March 31, 2022	September 30, 2022	March 31, 2023	Compared to March 31, 2022
Government bonds, etc.	2.6	3.5	4.0	3.9	3.6	-0.4
Foreign securities in foreign currencies	1.7	1.4	1.8	2.3	1.3	-0.5

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

9. Business Operations

1. Breakdown of corporate solutions

(Trades/JPY Bn)

	FY2020		1H of FY2021		FY2021		1H of FY2022		FY2022		Compared to FY2021	
	No. of trades	Profit	No. of trades	Profit	No. of trades	Profit	No. of trades	Profit	No. of trades	Profit	No. of trades	Profit
Corporate solutions	**-**	**4.1**	**-**	**1.6**	**-**	**5.0**	**-**	**3.7**	**-**	**7.3**	**-**	**2.3**
Business succession support, M&As	116	0.6	45	0.2	112	0.6	48	0.7	106	1.0	-6	0.4
Derivatives	153	1.1	61	0.5	148	1.2	192	2.2	325	3.5	177	2.3
Syndicated loans, etc.	28	1.7	11	0.6	21	2.2	13	0.5	26	1.9	5	-0.3
Bond trustee services	129	0.4	72	0.2	152	0.5	40	0.1	109	0.5	-43	0.0
Business matching, etc.	-	0.3	-	0.1	-	0.2	-	0.1	-	0.2	-	0.0

2. Breakdown of asset management

(JPY Bn)

	FY2020		1H of FY2021		FY2021		1H of FY2022		FY2022		Compared to FY2021	
	Sales	Profit	Sales	Profit	Sales	Profit	Sales	Profit	Sales	Profit	Sales	Profit
Asset management	**-**	**5.5**	**-**	**2.8**	**-**	**5.4**	**-**	**2.3**	**-**	**5.0**	**-**	**-0.4**
Investment trusts	24.3	1.1	11.9	0.6	23.9	1.1	17.0	0.5	30.5	0.9	6.6	-0.2
Pension insurance	21.3	0.7	8.5	0.3	15.1	0.4	9.1	0.3	25.1	0.8	10.0	0.4
Life insurance sales by banks	-	1.3	-	0.6	-	1.2	-	0.5	-	1.0	-	-0.2
Non life insurance	-	0.1	-	0.1	-	0.1	-	0.0	-	0.1	-	0.0
Public bonds	12.5	0.1	5.7	0.0	10.3	0.1	6.3	0.0	16.0	0.0	5.7	-0.1
Financial instruments intermediary services	10.7	1.0	2.7	0.5	7.0	1.0	5.4	0.4	5.9	0.7	-1.1	-0.3
Foreign currency deposits	43.8	0.6	29.8	0.3	54.2	0.6	24.2	0.2	48.6	0.4	-5.6	-0.2
Trust business, etc.	-	0.6	-	0.3	-	0.7	-	0.3	-	0.8	-	0.1

3. Total assets in custody

(JPY Bn)

Outstanding balance	March 31, 2021		September 30, 2021		March 31, 2022		September 30, 2022		March 31, 2023		Compared to March 31, 2022		
	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	% of total	Ending balance	YoY	% of total
Total assets in custody	**10,265.2**	**100.0%**	**10,365.8**	**100.0%**	**10,631.2**	**100.0%**	**10,520.5**	**100.0%**	**10,824.1**	**100.0%**	**192.9**	**1.8%**	**-**
Deposits	**8,699.6**	**84.7%**	**8,811.9**	**85.0%**	**9,095.0**	**85.6%**	**9,002.5**	**85.6%**	**9,277.4**	**85.7%**	**182.4**	**2.0%**	**0.2%**
Individual (non-deposit)	**914.1**	**8.9%**	**899.3**	**8.7%**	**897.0**	**8.4%**	**898.1**	**8.5%**	**894.4**	**8.3%**	**-2.6**	**-0.3%**	**-0.2%**
Investment trusts	169.6	1.7%	160.1	1.5%	153.7	1.4%	157.0	1.5%	160.3	1.5%	6.6	4.3%	0.0%
Public bonds	151.6	1.5%	135.2	1.3%	126.0	1.2%	113.7	1.1%	101.0	0.9%	-25.0	-19.8%	-0.3%
Pension insurance	404.3	3.9%	391.0	3.8%	382.5	3.6%	368.3	3.5%	368.8	3.4%	-13.7	-3.6%	-0.2%
Financial instruments intermediary services, etc.	188.5	1.8%	212.8	2.1%	234.5	2.2%	259.0	2.5%	264.1	2.4%	29.6	12.6%	0.2%
Corporate (non-deposit)	**178.7**	**1.7%**	**185.1**	**1.8%**	**190.8**	**1.8%**	**195.2**	**1.9%**	**204.1**	**1.9%**	**13.3**	**7.0%**	**0.1%**
Investment trusts	3.4	0.0%	2.9	0.0%	2.7	0.0%	3.5	0.0%	3.5	0.0%	0.8	29.6%	0.0%
Public bonds	18.3	0.2%	17.5	0.2%	16.6	0.2%	17.8	0.2%	17.2	0.2%	0.6	3.6%	0.0%
Financial instruments intermediary services, etc.	156.9	1.5%	164.6	1.6%	171.4	1.6%	173.9	1.7%	183.2	1.7%	11.8	6.9%	0.1%
Hirogin Securities (mark-to-market basis)	**472.6**	**4.6%**	**469.3**	**4.5%**	**448.3**	**4.2%**	**424.4**	**4.0%**	**448.1**	**4.1%**	**-0.2**	**-0.0%**	**-0.1%**

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

10. Self-assessment (FY2022)

(JPY Bn)

Obligor category in self-assessment	Amount of claims disclosed under the Act on Emergency Measures for the Revitalization of the Financial Functions	Amount preserved by security, guarantee, etc.	Amount of reserves	Guidelines for write-off/reserves	Coverage ratio
Bankrupt 0.9	Claims in bankruptcy, rehabilitation, etc. 5.8	5.7 (97.7%)	0.1 (2.3%)	100% of amount of claims not preserved by security are subject to write-off/reserves.	100%
Effectively bankrupt 4.8					
At risk of bankruptcy 48.3	Claims at risk 48.3	26.3 (54.6%)	19.2 (39.8%)	①In principle, reserves are based on calculation of anticipated losses over the next three years based on past actual rates of bankruptcy. ②However, for large-scale obligors for which future cash flow can reasonably be estimated, reserves are based on the discounted cash flow (DCF) method.	94.5%
Obligors requiring caution: Obligors requiring management 41.7	Claims requiring management 30.8	8.3 (26.9%)	7.8 (25.6%)	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.	52.5%
Obligors requiring caution: General obligors requiring caution 452.7	Normal claims 7,283.7	Total amount preserved: 40.4	Total amount of reserves: 27.2	①After categorization by degree of credit risk, in principle reserves are based on calculation of anticipated losses over one year. ②However, for obligors recognized to involve relatively high risk due to lower market appraisal or other reasons, reserves are based on calculation of anticipated losses for each claim instead of using the above method.	Total coverage ratio: 79.6%
Normal 6,820.0				Reserves are based on calculation of anticipated losses over one year	
Total 7,368.7	Total 7,368.7				

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

1. Breakdown of non-performing loans

(JPY Bn)

	March 31, 2021	September 30, 2021	March 31, 2022	September 30, 2022	March 31, 2023	Compared to March 31, 2022
Disclosed claims under the Financial Revitalization Law	**89.9**	**97.5**	**84.1**	**84.7**	**85.0**	**0.9**
(Ratio of non-performing loans)	**(1.36%)**	**(1.41%)**	**(1.19%)**	**(1.17%)**	**(1.15%)**	**(-0.04%)**
Substandard claims	28.7	39.6	40.1	39.1	30.8	-9.3
Doubtful claims	55.3	52.3	37.2	40.0	48.3	11.1
Bankrupt and substantially bankrupt claims	5.9	5.7	6.7	5.5	5.8	-0.9
Manufacturing	20.0	20.9	13.7	13.6	18.1	4.4
Construction	4.5	4.4	4.6	4.5	4.4	-0.2
Transportation and mailing	1.0	1.9	2.2	3.1	3.2	1.0
Wholesale and retail	13.1	13.3	13.6	14.7	12.8	-0.8
Real estate and leasing	14.1	16.9	15.7	15.3	13.1	-2.6
Services	20.8	25.8	25.1	23.9	24.3	-0.8
Other	16.4	14.3	9.3	9.6	9.1	-0.2
Total	**89.9**	**97.6**	**84.1**	**84.7**	**85.1**	**1.0**

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

2. Non-performing loan coverage ratio

	March 31, 2021	September 30, 2021	March 31, 2022	September 30, 2022	March 31, 2023	Compared to March 31, 2022
Disclosed claims under the Financial Revitalization Law	**70.6%**	**72.2%**	**76.6%**	**76.9%**	**79.6%**	**3.0%**
Substandard claims	40.0%	44.3%	55.7%	55.8%	52.5%	-3.2%
Doubtful claims	83.3%	90.4%	94.8%	94.4%	94.5%	-0.3%
Bankrupt and substantially bankrupt claims	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%

3. Credit costs and credit cost ratio

	FY2020	1H of FY2021	FY2021	1H of FY2022	FY2022	Compared to FY2021
Credit costs	**11.1**	**4.9**	**11.9**	**0.4**	**0.3**	**-11.6**
(Credit cost ratio)	**(0.17%)**	**(0.14%)**	**(0.17%)**	**(0.01%)**	**(0.00%)**	**(-0.17%)**

12. Capital Adequacy Ratio

1. Capital adequacy ratio (consolidated)

(JPY Bn)

		March 31, 2021	September 30, 2021	March 31, 2022	September 30, 2022	March 31, 2023	Compared to March 31, 2022
Amount of basic items related to core capital	①	459.6	469.2	444.2	452.5	447.2	3.0
Of which amount of shareholders' equity related to common stock or mandatory convertible preferred stock		420.5	430.9	434.8	442.9	429.2	-5.6
Of which amount included in the amount of basic items related to core capital, of the amount of eligible former capital raising instruments		15.0	15.0	-	-	-	-
Amount of adjustment items related to core capital	②	72.3	74.5	47.3	47.7	58.7	11.4
Amount of owned equity ① - ②	③	387.2	394.6	396.8	404.8	388.4	-8.4
Total amount of risk-weighted assets, etc.	④	3,814.9	3,838.3	3,995.3	3,971.0	3,534.1	-461.2
Consolidated capital adequacy ratio ③ / ④		**10.15%**	**10.28%**	**9.93%**	**10.19%**	**10.99%**	**1.06%**

2. Capital adequacy ratio (nonconsolidated)

(JPY Bn)

		March 31, 2021	September 30, 2021	March 31, 2022	September 30, 2022	March 31, 2023	Compared to March 31, 2022
Amount of basic items related to core capital	①	434.9	445.3	432.2	442.2	429.1	-3.1
Of which amount of shareholders' equity related to common stock or mandatory convertible preferred stock		414.2	424.7	428.5	438.6	422.9	-5.6
Of which amount included in the amount of basic items related to core capital, of the amount of eligible former capital raising instruments		15.0	15.0	-	-	-	-
Amount of adjustment items related to core capital	②	55.8	58.7	43.0	43.2	48.2	5.2
Amount of owned equity ① - ②	③	379.0	386.5	389.1	399.0	380.8	-8.3
Total amount of risk-weighted assets, etc.	④	3,833.7	3,854.4	4,007.6	3,986.2	3,530.4	-477.2
Capital adequacy ratio ③ / ④		**9.88%**	**10.02%**	**9.71%**	**10.01%**	**10.78%**	**1.07%**

13. Risk Management

[State of comprehensive risk management]

While interest-rate risk exposure exceeded the limit on risk exposure due to factors such as rising volatility in market interest rates, overall operations are well within the limits on risk exposure.

<table>
<tr><th colspan="2"></th><th>Risk quantity limits (2H of FY2022)</th><th>Risk quantity (March 31, 2023)</th></tr>
<tr><td colspan="2">Credit risk</td><td>67.0 billion yen</td><td>46.9 billion yen</td></tr>
<tr><td rowspan="3">Market risk</td><td>Interest rate risk</td><td>45.0 billion yen</td><td>56.7 billion yen</td></tr>
<tr><td>Net investment in securities, etc. (excluding bonds)</td><td>68.0 billion yen</td><td>33.6 billion yen</td></tr>
<tr><td>Policy investment securities, etc. (excluding bonds)</td><td>55.0 billion yen</td><td>18.1 billion yen</td></tr>
<tr><td colspan="2">Operational risk</td><td>15.0 billion yen</td><td>15.0 billion yen</td></tr>
<tr><td colspan="2">Total</td><td>250.0 billion yen</td><td>170.3 billion yen</td></tr>
</table>

[Standards for measuring risk quantity]

<table>
<tr><th colspan="3"></th><th>Measuring method</th><th>Confidence level</th><th>Holding period</th></tr>
<tr><td colspan="3">Credit risk</td><td rowspan="7">VaR
(Note)</td><td rowspan="7">99.9%</td><td>One year</td></tr>
<tr><td rowspan="6">Market risk</td><td colspan="2">Interest rate risk</td><td>-</td></tr>
<tr><td></td><td>Deposits, loans, etc.</td><td>One year</td></tr>
<tr><td></td><td>Securities</td><td>Three months</td></tr>
<tr><td colspan="2">Net investment in securities, etc. (excluding bonds)</td><td>Three months</td></tr>
<tr><td colspan="2">Policy investment securities, etc. (excluding bonds)</td><td>Three months</td></tr>
<tr><td></td><td>Cross-shareholdings</td><td>Six months</td></tr>
<tr><td colspan="3">Operational risk</td><td colspan="3">-</td></tr>
</table>

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

[State of interest rate risk in the banking book (IRRBB) (End of March 2023)]

■ Results of materiality tests

(JPY Bn)

①ΔEVE (*2)	39.5
②Amount of owned equity (consolidated)	388.4
Results of materiality tests (①÷②) (*3)	10.2%

*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.