

About Hirogin Holdings

The Hirogin Group is a Regional Comprehensive Services Group capable of providing high-value-added solutions in financial areas such as banking, securities, and leasing, as well as in non-financial areas such as IT-related businesses, serving mainly across the prefectures of Hiroshima, Okayama, Yamaguchi, and Ehime.

Hiroshima Bank (Key data) * Some data include results from Group companies.

Financial data



* FY2023

Total custody assets
(Hiroshima Bank and Hirogin Securities)

¥11,116.3 billion

Balance of deposits, etc.
(Deposits and negotiable certificates of deposit)

¥9,399.5 billion

Balance of loans and bills discounted
(Hiroshima Bank)

¥7,745.7 billion

Capital adequacy ratio

Hirogin Holdings
(consolidated)

11.0%

Hiroshima Bank
(non-consolidated)

10.2%

Number of branches



* As of May 31, 2024

157 in Japan

(124 in Hiroshima Prefecture)

Number of companies for which Hiroshima Bank is the main bank



* (Reference) Teikoku Databank Survey

Hiroshima Prefecture

14,520
(37.36%)

Nationwide

15,946
(1.09%)

Number of employees



* As of March 31, 2024

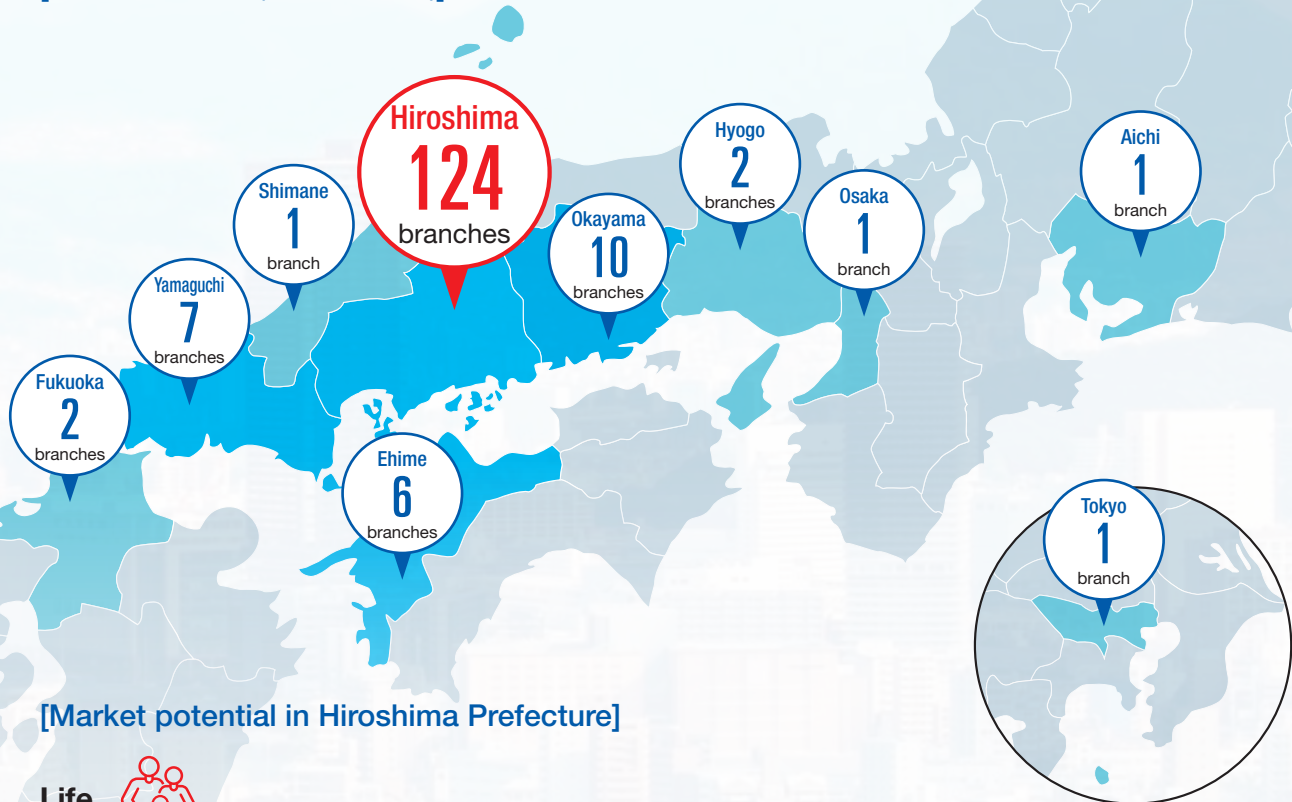
3,682

Group companies

Hiroshima Bank	Banking
Hirogin Securities	Financial instruments business
Hirogin Lease	Leasing businesses
Shimanami Servicer	Receivables management and collection business
Hirogin Capital Partners	Investment business
Hirogin Credit Service	Credit card and credit guarantee services
Hirogin Life Partners	Specialized independent financial advisor
Hirogin IT Solutions	IT-related businesses
Hirogin Area Design	Consulting related to regional vitalization
Hirogin Human Resources	Consulting related to human resources, labor, etc.
Shin-ai Total Service	Non-life insurance agency business

| Business base and market potential

[Business base (Hiroshima Bank)] * Number of branches as of May 31, 2024



[Market potential in Hiroshima Prefecture]



Population:
approx.
2.8 million
12th nationwide
(2020)

Prefectural GDP:
approx.
¥12 trillion
12th nationwide
(FY2021)

Most Desired Relocation
Destination Ranking:
1st nationwide*
(2022)

* Data from the 2021 seminar participant category in the "Most Desired Relocation Destination Ranking" by the Certified Nonprofit Organization Furusato Kaiki (Return-to-Hometown) Support Center

Industry



Shipments of
manufactured products:
¥9,943.9 billion
10th nationwide
(2021)

- Automotive cluster and transportation machinery, centered on shipbuilding
- General-purpose, production and industrial machinery
- Iron and steel

Tourism



Number of
World Heritage Sites:
2
Number of Japan
Heritage Sites: 5

- Hiroshima Peace Memorial (Genbaku Dome)
- Itsukushima Shinto Shrine

Agricultural and fishery products



Lemon production:
1st nationwide

Oyster production:
1st nationwide

Message from the President



Under Mid-Term Management Plan 2024, which is focused on 10 years from now, we will contribute to creating a prosperous future for the regional community by building a business portfolio that readily fulfills diverse needs.

Toshio Heya

Representative Director and President

Looking back at the previous mid-term management plan that focused on strengthening Group-wide collaboration and optimizing the business portfolio

In October 2020, the Hirogin Group transitioned to a holding company structure and, at the same time, we released Mid-Term Management Plan 2020, covering the period up to and including the fiscal year ended March 31, 2024. Under this plan, we aimed to deepen relations with the regional community and customers through efforts centered on agile Group operations, while also contributing to regional development and the growth of our customers by providing multifaceted solutions, including in non-financial fields.

Now, approximately four years on since our transition to a holding company structure, and after looking back at our efforts under Mid-Term Management Plan 2020, I feel the response has been far greater than I initially expected. Frankly speaking, in the period immediately after the transition, I asked myself whether we had done the right thing. However, I can now say with conviction that I am very glad we made that decision.

To emphasize some of the positive results under a holding company structure, we were able to strengthen collaboration between subsidiaries and we took a big step forward toward unified Group management. Although there are many Group companies that have only been established recently and that are not yet contributing fully to consolidated earnings, we recognize their presence as being extremely significant to the Group in terms of establishing a multifaceted business portfolio that can meet the diverse needs of customers.

Looking at specifics, we were able to further strengthen collaboration between the Group's core companies, namely Hiroshima Bank, Hirogin Securities, Shimanami Servicer, Hirogin Capital Partners, and Hirogin Lease. We also established subsidiaries in non-financial areas, such as Hirogin IT Solutions, Hirogin Area Design, and Hirogin Human Resources. In this way, we were able to build a business portfolio that can readily respond to the diverse issues facing customers, paving the way for capturing new sources of income for the Group.

An example of this is Hirogin Human Resources. As our non-financial subsidiary engaged in operations including introduction of executive-level professionals, personnel dispatch, and consulting on human resources systems, it has already concluded consulting contracts with around 110 client companies. Once a month, representatives visit clients and discuss any human resources-related issues, but to capture over 100 clients in such a short period of time is far greater than anything we imagined when launching the company. I think this is an indication that there is a strong awareness among corporate managers about strengthening human capital, and I really feel that our Group's approach of directly addressing issues, not only financial issues but also management is-

sues, is a perfect fit for the needs of companies.

As a Regional Comprehensive Services Group, we provide optimal solutions to the diverse issues facing the regional community and customers by showcasing and proposing the management resources and various functions possessed by Group companies through Hiroshima Bank, which has many points of contact with customers. People sometimes misunderstand this to mean that we will leave the financial industry, but we do not intend to leave the financial industry as a fundamental premise. We style ourselves as a Regional Comprehensive Services Group which basically means we provide comprehensive services to the region in a way that is centered around finance. This means that we consider how to leverage our financial functions as a starting point and we have various business companies as a means of doing this. Naturally, the needs of each company go beyond just financial matters. An example of these needs is the personnel-related issues I mentioned earlier, and in the current era, there is a trend toward IT application and digitalization. We created Hirogin IT Solutions to provide companies with support for IT application and digitalization. However, it is also understood the purpose of each of these companies is to leverage finance. I am heartened to see each of our employees properly understanding the meaning behind our adoption of a holding company structure and working to effectively use the management resources of each Group company, including non-financial companies, to expand and diversify the value we provide.

One issue that still needs to be addressed is our response to the severe changes in the external environment around the financial business, particularly the markets division. We were late to adapt to interest rates in the US, which rose and have stayed high. This decreased the profitability of the markets division and ultimately led to a year-on-year decrease in profit for the fiscal year ended March 31, 2023, which is a point that requires serious reflection. In the fiscal year ended March 31, 2024, we have increased both sales and profit, meeting some of the quantitative targets we set during the formulation of the plan, including profit attributable to owners of parent of 27.6 billion yen. However, I think that further strengthening profitability by accelerating strategies and measures in accordance with market trends will be essential to realizing the sustainable growth of the Group.

The financial industry in Japan is reaching a historic turning point. In March 2024, the Bank of Japan (BOJ) ended its negative interest rate policy, effectively ending the era of zero interest rates, and as a group centered around a bank, this has been a positive boost for us. On the other hand, the yen has depreciated following the BOJ's monetary easing measures, which is driving increases in the prices of goods, particularly imported goods, and thereby putting pressure on corporate management and the lifestyles of ordinary people. These changes in the external environment are also affecting the management of the Group, and we are now required to steer our operations more carefully, paying close attention to economic and financial trends.

Contributing to the creation of a prosperous future through co-creation with the regional community by implementing Mid-Term Management Plan 2024 developed from the perspectives of young employees and external parties

Based on the achievements and issues of Mid-Term Management Plan 2020, Mid-Term Management Plan 2024 started in April 2024 and it covers the five-year period up to the fiscal year ending March 31, 2029. In association with the formulation of this plan, we set “Expanding the horizons of the future alongside the regional community through wide-ranging services” as our Group Purpose to clarify our *raison d’être* and origins. For the Hirogin Group, regional community development is fundamental to our business and it is the source of our growth. A decline in the regional economy would also send our business into a diminishing equilibrium. To pursue medium- to long-term growth, it is essential that we work with relevant organizations, including governmental bodies, to maintain and strengthen the economic power of the region. Also, it is important that we substantively enhance the Group’s functions and then share the fruits of our success with the regional community to create a positive cycle where we grow together. As a Regional Comprehensive Services Group, we want to create new business opportunities by rejuvenating the regional community to expand the future possibilities open to the region, our customers, our shareholders, and the Group itself. Our Purpose reflects this strong conviction.

Even the way we formulated our new mid-term management plan was very different from previous plans. Before, we would generally envision how we would like indicators such as profit levels to be in three years time and then work out what we would need to do to achieve that. However, this time, we envisioned an ideal future 10 years from now and then planned our strategies for the next five years as the first half of the road to realizing this vision.

Regarding the specific process for formulating the plan, the Future Creation Task Force we formed, comprising 16 Group employees, especially younger employees, kicked off the formulation process by considering a vision for the goals of the region and the Group 10 years from now. We then backcasted from this vision of the future to clarify eight materialities (priorities for the region) and drew up our strategies accordingly. When considering how to formulate the plan, we decided to use young employees because we expect them to be the Group’s mid-level leaders in 10 years time, and we also wanted to foster a corporate culture where each and every employee tackles issues with a sense of ownership, rather than the plan given from above.

The goals of Mid-Term Management Plan 2024 are to realize a vibrant region and to become a Group that can demonstrate a prominent presence in the region by solving the eight materialities (priorities for the region) in a

way that mitigates population decline and enhances productivity. To make this happen, we will focus on “value creation strategies,” “management foundation reinforcement strategies,” and “strategy drivers” and deepen and expand the business axes and maximize human capital while striking a balance among investments in growth, soundness, and shareholder returns. In this way, the new plan aims to further enhance corporate value.

Regarding management metrics, we will work to achieve a PBR of at least 1x by targeting a consolidated ROE of around 7.5%, a consolidated capital adequacy ratio of around 11%, and a consolidated BPS of at least ¥2,000 for the fiscal year ending March 31, 2029, the final year of the plan. In addition to this, we will engage in initiatives such as curbing the outflow of people from Hiroshima Prefecture and increasing the tourism consumption in Hiroshima Prefecture as regional vitalization metrics.

In Mid-Term Management Plan 2024 formulation process, we strived to sincerely listen to the voices of the young employees who will lead the future of the Group, as mentioned previously, and properly reflect in the plan the opinions and advice of our external Directors, who possess abundant insight concerning corporate social missions and value creation. Although the implementation of the plan has started, we still work to considerably evolve our organizational management framework through efforts including increasing opportunities for dialogue between external Directors and employees from various generations in order to incorporate an external perspective into management practices. I have a strong feeling that through the formulation and deployment of this plan, we have made internal communication more dynamic and further enhanced the transparency and agility of our governance.

Contributing to and involving in regional vitalization through urban and regional development

Since peaking in 1999, the population of Hiroshima Prefecture has been gradually declining and there is concern that this will cause a decrease in the economic growth rate. Also, circumstances such as Hiroshima Prefecture suffering the biggest social decrease in population out of all of Japan’s 47 prefectures for three consecutive years mean that countering the outflow of people from the prefecture, especially young people, has become an urgent issue. As a Group based in Hiroshima, it goes without saying that advancing urban development to create highly livable areas which have the power to attract people is a challenge that is key to our business survival. Based on this basic recognition of the situation, we are engaging in urban and regional development that enhances the appeal of the area, including by supporting policy implemented by the Hiroshima City and Hiroshima Prefectural governments and raising issues. In 2021, we established Hirogin Area Design, a wholly-owned subsidiary of Hirogin Holdings, which provides consulting on

Aiming to be a corporate group that can demonstrate a prominent presence in the region



developing and rejuvenating the region. Furthermore, in April 2024, a Structured Finance Office was established in Hiroshima Bank's Solutions Sales Department and it is working with Hirogin Area Design to play a leading role in regional development business by strengthening cooperation with local municipalities and private sector companies.

There are currently many medium-scale or larger redevelopment projects underway in Hiroshima City and the other major cities in the prefecture. The central area of Hiroshima Prefecture was built in the late 60s and early 70s. The center of Hiroshima City has experienced half a century of history and it is now time to renew the buildings, blocks, and various kinds of infrastructure. There is also redevelopment being carried out in the station-front areas of Kure City, which neighbors Hiroshima City, and Fukuyama City in the east of the prefecture. The market for regional revitalization-related business is set to continue growing and we will work together as a Group to contribute to next-generation urban development with a focus on large-scale redevelopment. We will do this through concept design for complex buildings positioned at the core of new-build neighborhoods and by providing support related to finances. We will also strive to facilitate regional branding efforts that leverage Hiroshima City and Prefecture's abundant tourism resources and cultural assets and to create demand for tourism both within and from outside of the prefecture, in order to further rejuvenate the regional economy and community.

Optimizing cash allocation in a way that takes stakeholders' interests into account

Now that we have returned to "a world with positive interest rates," it is a reality that the utilization of stock will have an impact on whether business operations will be successful or not, but we will not recklessly pursue growth in terms of just size. Our lending operations are

centered on Hiroshima and we have positioned the Tokyo Metropolitan area, where there is considerable demand for funding, as a supplementary area. The same applies for our securities investment business. Ultimately, the deposit and lending businesses are our main businesses and the securities investment business plays a supporting role. Our basic approach to cash allocation is to allocate funds in a balanced manner. This includes investing in growth areas, investing in systems that can make operations more efficient, providing shareholder returns with a focus on dividends and share buybacks, and investing in personnel, including improving salaries and benefits and encouraging reskilling.

Within this, we plan to concentrate spending on strengthening our management base, especially by investing in human capital and DX. We will work to develop the abilities of employees through enhanced educational systems and training that enable each individual employee to leverage their characteristics and individuality and to concentrate on operations they excel at. We will also support the self-realization of every employee. Additionally, we will advance efforts to review and rebuild operation processes using the latest digital technologies while also investing in DX-related growth so that we can steadily implement the value creation strategies, the cornerstone of the Mid-Term Management Plan.

Accelerating Mid-Term Management Plan 2024 initiatives by transforming employee mindsets through SX and DX

In Mid-Term Management Plan 2024, we have positioned three types of transformation, SX (sustainability transformation), DX (digital transformation), and AX (alliance transformation), as strategy drivers. Also, in order to signal the areas we intend to focus on both internally and externally, we have strengthened our implementation framework, including by establishing the Sustainability Coordination Division and DX Administration Division



It is the Group's mission and my responsibility to expand the horizons of the future together with the regional community

as dedicated divisions and assigning dedicated executive officers to oversee these areas.

However, just because we have established the dedicated divisions, it does not mean our engagement in the sustainability and digital fields will be limited to these divisions. The specialist divisions will take a leading role in advancing initiatives, but unless other divisions actively cooperate with a sense of ownership, then nothing will change.

Take carbon neutrality for example. Currently, movement on this issue is not really gaining momentum in the region, and in reality, only listed companies and some of the companies in their supply chains are taking action. However, within this situation, companies that are taking action have already started moving. It is important to look at the options regarding each individual issue to see what proposals we can concretely make, and the time has now come for individual companies to formulate specific strategies. There are also companies that have potential to help but which have yet to take action, so it is important for us to anticipate what will happen to these companies in the future and think of how we can reach out to them now. To do this, we need not only the Sustainability Coordination Division, but also sales-related divisions to shift the focus of discussions from general ideas to specific details and turn engagement with individual companies and engagement with business sectors, particularly the auto and shipping sectors, into real action.

Also, bringing up the topic of DX, DX is not just a tool for making operations more efficient through the introduction of digital technology. What means can we use to enable new operations to be carried out smoothly? What can we do to innovate our businesses and business operations? The role of DX is to awaken the mindset that asks these kinds of questions and then visualize processes for innovating and making improvements, and all employees should be engaged in this initiative. There are still some employees who think that DX is something that does not involve them personally, but for some time I have been saying that we cannot stay attached to

previous ways of doing things. We must find new ways. I am continuously asking employees to think seriously about what they can change, so the DX Administration Division and each Group company and division can share a mindset of asking questions, leading to the provision of better services. The true essence of DX is the transformation of corporate culture, so I think that being deeply aware of the transformation of employee mindsets and working together as a Group to make this happen is an important undertaking that will drive the future development of the Group.

Enhancing corporate value through the sophistication of human capital management

Our human resources are the Hirogin Group's greatest asset and also the driving force of our corporate growth. In Mid-Term Management Plan 2024, we have positioned "regional development business," "shipping finance," "corporate sector solutions," "wealth management," and "securities investment/ALM" as our five priority areas and we will prioritize the allocation of human capital to these areas with the aim of establishing them as drivers for profit growth.

When considering how to re-deploy personnel within the Group, my first thought is that each individual employee has their own individual talents, so it is fundamental that each employee is able to engage in work they want to do or they are good at. Investment in human resources development is important in this regard, and in Mid-Term Management Plan 2024, we have been particularly bold by roughly doubling the amount of investment compared to previous levels. We are focusing on using multi-tiered educational and training systems to empower employees and support their self-realization, while at the same time, maintaining people-friendly workplace environments and establishing an employee evaluation system that rewards effort.

I expect the Hirogin Group employees to be one of two types of person. The first is a generalist who has excellent management skills and the second is a specialist who creates solutions in his or her chosen field. At the very least, I respect employees' idea of what they want to do and the direction they want to head in, and I want us to develop both generalists and specialists who can work in tandem to implement our management strategies.

We are also striving to cultivate an open corporate culture where the individuality of each employee is respected. Naturally, there are employees who are able to adapt immediately to new values, and also employees who find it more difficult to break away from previous ways of thinking and to incorporate ideas like gender and diversity. I recognize that it is one of my roles to stubbornly advance the transformations of both employee mindsets and our organizational culture.

At the same time as we formulated the new mid-term management plan, we also put considerable energy into maintaining dialogue with employees, including holding information sessions and town hall meetings. To advance such transformations, I think these kinds of activities are needed now more than ever.

Aiming for a PBR of 1x

Recently, there has been a greater emphasis in Japan on management that is conscious of capital cost and share price and on the importance of maintaining dialogue with shareholders. The Hirogin Group is focusing on strengthening initiatives of "improving RORA," "controlling financial leverage," and "non-financial strategies" with the aim of achieving a PBR of 1x, while also maintaining constructive dialogue with shareholders.

We had already been holding large meetings for investors and analysts for some time. In recent years, we have also greatly increased the number of small and one-on-one meetings we hold and put effort into IR activities targeting overseas investors in areas such as North America, Europe, and Asia. As a result, the response we receive from investors has changed considerably.

In terms of industry trends, until recently Japan had a negative interest rate policy, so regional banks were unfortunately off the radar of many investors. However, now that interest rate policy has changed, investors are starting to pay attention to Japan's regional banks. We are finding that investors from other countries in Asia seem to have a particularly strong interest in Japan.

One reason for this seems to be simply that interest rates are increasing, but another is that investors are beginning to attach more importance to regional perspectives. For example, semiconductor manufacturer TSMC's operation has rejuvenated Kumamoto. In areas where there is a positive outlook for local industry, the share prices of regional banks also rise.

We intend to achieve a PBR of 1x as a matter of course. However, most companies have a similar target or policy, so ultimately, investors will be looking at

whether it is realistically achievable. Or in other words, in our sector there are two focuses, how a company will enhance its profitability and the outlook for the region it is in. With this perspective firmly in mind, we will work to widely publicize the Group's strategies, initiatives, and successes, while also meeting the expectations of a wide range of stakeholders, including shareholders and investors, through even livelier communication with the markets.

Aiming to be a Regional Comprehensive Services Group with close ties to the regional community and which bears the expectations of all our stakeholders

Under Mid-Term Management Plan 2024 for the next 10 years, we at the Hirogin Group are advancing various initiatives to create a regional community for future generations. However, this will not change the fact that our core company is Hiroshima Bank and the Group's foundations will continue to be in Hiroshima. As our Purpose states, it is the Group's mission, as well as my responsibility, to expand the horizons of the future together with the regional community.

To date, the development of Hiroshima Prefecture has been centered around the manufacturing industry, but to further raise the appeal of the region, I think another pillar to drive the local economy needs to be created. Although it will take time, we will focus the Group's energies on developing startup and venture businesses that can create new businesses and services in order to draw a vision for the future of Hiroshima.

Also, it is essential that we embody our Purpose and Management Policy in all the areas we engage in and work to secure stable, medium- to long-term earnings to maximize corporate value. We will work to further enhance profitability through various initiatives, including developing forward-looking personnel who can think for themselves with a sense of ownership of their work, carrying out growth and DX investments that anticipate the future, and practicing sound financial discipline and rational cash allocation.

Taking on challenges has been in our DNA since the Group's establishment and going forward, we will retain this spirit and work determinedly to become a Regional Comprehensive Services Group that is trusted by the regional community and that bears its expectations. I look forward to receiving the continued understanding and support of all our stakeholders.

Message from the President of the Bank



Kazuo Kiyomune

Representative Director and President
Hiroshima Bank

**As the core
of Hirogin Holdings,
we will lead the Group and
strengthen our human
capital as a key management
resource, while emphasizing
contact with customers.**

Emphasizing contact with customers through the abolishment of the performance evaluation system and revision of the personnel evaluation system

Since transitioning to a holding company structure in October 2020, our bank has conducted various system overhauls, one of which was the abolition of the performance evaluation system. When considering the bank's long-term sustainability, maintaining relevance to future customers is crucial. However, the performance evaluation system, which had been in place for many years, was somewhat inward-focused. We judged that the very idea of having our approximately 150 branches compete with each other to achieve results would not enable us to meet the expectations of our customers.

For example, when a new branch manager takes office, they often focus on maximizing achievements during their tenure. However, this approach tends to be self-serving and does not deliver long-term results. Even if the branch's performance temporarily improves, by the time a successor takes over, the branch staff may be exhausted and morale may be low. Such cases have been observed in the past.

When we abolished the evaluation system in fiscal 2023, we surprisingly saw no significant drop in performance;

in fact, I felt that performance had become even stronger. In fiscal 2024 and beyond, we will closely monitor from a management perspective how this change becomes firmly established and whether it contributes to strengthening customer trust.

Another key initiative is the revision of our personnel evaluation system. In the past, we used our performance evaluation system results more or less as-is to assess personnel. Now, we have shifted to an OKR (Objectives and Key Results) system, which evaluates how seriously individuals strived to meet the benchmarks they set for themselves. Although it may take some time for this new system to become fully integrated, we are committed to continuing with it as I believe that it aligns with our goal of transforming from an inward-focused to a customer-centric organization.

Prioritizing human capital as a key management resource and significantly revising our training methods

The most important management resource, in my opinion, is human capital. As both financial and non-financial services become more sophisticated, it is essential to foster talented individuals who have the knowledge, capabilities, and skills to meet the wide-ranging expectations of our

customers. Traditionally, we employed a uniform training approach for all personnel. Moving forward, however, we plan to introduce a training system tailored to each individual's abilities and aptitudes. This includes secondments to other companies to have employees engage in tasks that cannot be experienced within the bank, thereby enabling them to leverage these experiences and skills upon their return. Our Mid-Term Management Plan 2024, which outlines our goals for the five-year period starting in April 2024, has allocated budgets for such human resource development.

In terms of other management resources, we recognize the importance of maintaining a certain level of equity capital. As the economic environment shifts from deflation to inflation and from a world without interest rates to one with interest rates, taking appropriate risks is essential for an aggressive business strategy. Consequently, it is crucial to sustain adequate levels of equity capital. Furthermore, during my tenure, I plan to improve the performance of our securities portfolio, with a focus on increasing return.

We aim to achieve these goals and set Hiroshima Bank on a growth trajectory, and by returning the resulting benefits to the local community, we hope to stimulate the regional economy, which will in turn enhance our performance in a virtuous cycle.

Increasing the number of Hirogin fans

As part of our efforts to increase the number of Hirogin fans, we are implementing Group-wide branding initiatives as laid out in our Mid-Term Management Plan 2024, with our approximately 150 branches serving as the front line of customer interaction.

Hirogin's perceived value to customers is greatly influenced by how employees at each branch engage with customers. We believe that creating a positive impression, including through daily interactions with liaison officers, branch managers, executives, and non-financial staff, plays a crucial role in cultivating customer loyalty.

How do we achieve this? I believe that the key is to provide close support to customers. When customers come to us with concerns, we must place ourselves in their shoes, fully grasp their needs, and respond with genuine sincerity. This profoundly changes the quality of interactions with customers. I myself am committed to sending out these messages to our employees on an ongoing basis until it gets through to all of them.

We have gradually begun to see the effects, with feedback such as, "Recently, the service from Hirogin's sales team has changed," and, "When I consulted them about an issue, they went beyond their assigned responsibilities and coordinated with various people, even beyond their primary responsibilities, to present a solution." These responses indicate that we are gradually seeing a positive change.

Role of Hiroshima Bank from the President's perspective

Even after transitioning to a holding company structure, Hiroshima Bank remains the largest entity within the Group. We recognize that it plays a crucial role in utilizing and developing the Group's strengths by working as the Group's core to deliver solutions that meet customers' needs.

For the time being, Hiroshima Bank will take the lead in managing the holding company. Ideally, as we move forward, we need to build up a brand around the holding company and gradually enable each Group company to operate more independently and grow its customer base.

Hiroshima Bank still leads the Group, and will strive to leverage its strengths—such as customer relationships, wealth of information, and credit creation capabilities—to move forward to the next stage. Furthermore, as a Group, we aim to become an even more valuable partner to our local clients and customers than ever before.

A message to stakeholders

To remain indispensable to both corporate and individual clients in the region, it is essential that we possess and maintain the skills that can genuinely benefit them. Furthermore, we must consistently generate sufficient earnings to sustain the provision of these services. By effectively serving local clients through our operations and redistributing earnings to shareholders and employees, we aim to contribute to the revitalization of the local community in a virtuous cycle that drives our growth to the next stage.

Creating a workplace where employees are motivated to do their best every day is a key responsibility for management and supervisory staff. We are committed to fostering an organization where all personnel can enjoy opportunities and thrive regardless of nationality, gender, age and other attributes, and further enhancing systems and building environments that support diverse work styles suited to each employee's occupational values and family circumstances.

I recognize that implementing institutional reforms and transforming the organizational culture may take some time. However, as President, I am committed to ensuring that Hiroshima Bank remains a valuable and integral part of the community. I take full responsibility for this mission and will strive for continued growth and development towards the future.

Message from the Financial Officer



Yuji Hiroe

Director & Senior Managing Executive Officer

We will enhance the Group's corporate value through the steady and continuous accumulation of profits (retained earnings) and by practicing management with a balanced approach to shareholder returns.

Building a foundation for sustainable growth

My name is Yuji Hiroe and from this fiscal year, I will serve as the Group's financial officer. In this role, I will facilitate the steady implementation of strategy through the appropriate allocation of management resources into our prioritized areas and advance sound financial management and capital policy. I will also work to explain these business operations to investors in an easy-to-understand manner. I look forward to your support.

We have formulated the Mid-Term Management Plan 2024, which covers the period from fiscal 2024 to fiscal 2028. The primary focus of this plan is regional revitalization. Based on our vision of the ideal state of the region in 10 years' time, we created a clear vision of how we want the Group to be 10 years from now and then used backcasting to identify what we should do in the

first five-year period. Our policies for the Mid-Term Management Plan period are to contribute to regional development and enhance the quality of our existing businesses (deepening our business operation base), while also deploying various new strategies, such as reviewing our structures, actively investing in new businesses (expanding our business operation base), and investing in human capital. Through these initiatives, we will develop real strength in the Group and strike a balance between investments in growth, soundness, and shareholder returns to further increase corporate value.

In fiscal 2024, the first year of the Plan, we will work to secure a year-on-year increase in earnings through implementing strategies such as making investments in growth and reallocating management resources to strengthen the Group's profitability, while also building a foundation for sustainable growth.

Business performance in fiscal 2023 and financial results forecasts for fiscal 2024

Business performance in fiscal 2023

In fiscal 2023, the business environment in the region was difficult due to a slowdown in the global economy caused by monetary tightening measures in major countries and the rising prices of goods. However, there were improvements in the conditions of the auto and semiconductor-related industries, which are key industries in the region. Additionally, capital investment and personal consumption were both firm, and the overall trend was for a gradual recovery, boosted by factors such as a considerable increase in tourists to the region, particularly from overseas, following the G7 Hiroshima Summit.

Within this environment, Hiroshima Bank saw steady growth in net interest income due to an increase in loans and discounts, among other factors. Income on service transactions and other fees also increased as a result of fees related to shipping and syndicated loans, as well as strong sales of financial instruments by Hirogin Securities. This strong performance by our main businesses resulted in consolidated gross profit increasing by ¥21.4 billion year-on-year to ¥100.7 billion.

Profit attributable to owners of parent increased by ¥15.1 billion year on year to ¥27.6 billion due the recording of a gain on sale of shareholdings despite the recording of provision of allowances for loan losses resulting from downturns in the business performance of customers impacted by rising raw material prices.

Financial results forecasts for fiscal 2024

In fiscal 2024, the Bank of Japan (BOJ) ended its negative interest rate policy in March, and then raised interest rates again in July. It is also expected to make further changes to its monetary policy going forward. As domestic interest rates in Japan gradually rise, Hiroshima Bank will work to steadily accumulate income from interest on loans and discounts by demonstrating its loan intermediation functions, capturing firm financing demand from regional redevelopment and shipping-related industries.

We will also seek to increase income on service transactions and other fees by meeting the growth investment and business revitalization needs of local companies through the provision of active support for business succession and M&As, while also switching to a recurring revenue-type business under a goal-based approach in the asset management field.

Furthermore, we will enhance human capital investment, including through salary increases, and actively invest in projects that will increase future top-line revenue.

Considering the above, we forecast that profit attributable to owners of parent will increase ¥2.4 billion year-on-year to ¥30.0 billion.

Hirogin Holdings (consolidated)

(¥ billion)	FY2023 results (YoY change)		FY2024 forecast (YoY change)	
Consolidated gross profit	100.7	(+21.4)	—	(—)
Ordinary profit	34.1	(+15.4)	44.0	(+9.9)
Profit attributable to owners of parent	27.6	(+15.1)	30.0	(+2.4)

Hiroshima Bank (non-consolidated)

(¥ billion)	FY2023 results (YoY change)		FY2024 forecast (YoY change)	
Core gross banking profit	92.0	(+5.5)	96.0	(+4.0)
Core banking profit	38.9	(+4.7)	40.0	(+1.1)
Ordinary profit	31.4	(+15.0)	40.0	(+8.6)
Profit	26.5	(+15.0)	27.5	(+1.0)
(Reference) Credit expenses	14.4	(+14.1)	5.0	(-9.4)

(Assumed market scenario for forecasts)

Yen interest rates: (short-term) BOJ policy rate of 0.10%, (long-term), Rate on 10-year JGBs of 1.20%
 Foreign currency interest rates: (short-term) FF rate of 5.00%, (long-term) Rate on 10-year US T-Notes of 4.00%
 Exchange rate (USD/JPY): 140 yen
 Nikkei stock average: 38,000 yen

(Note) As shown in the assumed market scenario for forecasts, the effects of the interest rate hike carried out by the BOJ in July 2024 have not been taken into consideration in the forecasts for FY2024 described above. Any future revisions to the results forecasts will be disclosed in a swift and timely manner.

Message from the Financial Officer

■ (Reference) Summarizing the achievements of Mid-Term Management Plan 2020

Under the Mid-Term Management Plan 2020, we advanced initiatives aimed at solving regional issues and facilitating customer growth, while also working to strengthen the Group's management base.

This included establishing Hirogin Area Design as a subsidiary that can provide consulting on solutions to structural issues facing the regional community, and supporting local companies by conducting evaluation of customers' business potentials. We also worked to provide solutions in non-financial areas by making Hirogin IT Solutions into a subsidiary and establishing Hirogin Human Resources.

Other initiatives included enhancing non-face-to-face transactions using a smartphone app and using IT to strengthen the management base.

As a result of these efforts, we achieved the Plan's targets for profit attributable to owners of parent, consolidated capital adequacy ratio, and consolidated ROE.

On the other hand, we fell short of targets for "Total of revenue related to consulting services for corporate and retail customers and profit for the Group companies," and "Contributions of Group companies to consolidated performance." This was due to changes in the business environment, including a sudden change in the financial market environment and a decline in sales of structured bonds, being far greater than we anticipated when formulating the Plan. The factors resulted in a decrease in asset management revenues at Hiroshima Bank and Hirogin Securities.

■ Achievement of targets in the final year of Mid-Term Management Plan 2020 (fiscal 2023)

	Target	Result
Profit attributable to owners of parent	More than ¥27.0 billion	¥27.6 billion: Achieved
Total of revenue related to consulting services for corporate and retail customers of Hiroshima Bank ^{*1} and profit for the Group companies ^{*2}	¥16.0 billion or more	¥14.8 billion: Not achieved
Contributions of Group companies to consolidated performance ^{*3}	12% or more	9.5%: Not achieved
Consolidated capital adequacy ratio	10% or more	11.0%: Achieved
Consolidated ROE	5% or more	5.4%: Achieved

(*1) Revenue related to consulting services for corporate and retail customers of Hiroshima Bank is the total of revenues from corporate solutions, asset management, and equity business.

(*2) Profit for the Group companies is the total of profit of consolidated subsidiaries, excluding Hiroshima Bank, multiplied by investment ratio.

(*3) Contributions of Group companies to consolidated performance is profit for the Group companies^{*2} divided by profit attributable to owners of parent.

Aiming for a PBR of 1x

We are aiming for a PBR of 1x by fiscal 2028, the final year of the Mid-Term Management Plan 2024.

To raise PBR, we need to raise ROE. Therefore, we will work to raise ROE by improving RORA (Return on Risk-Weighted Assets) and strengthening control over financial leverage.

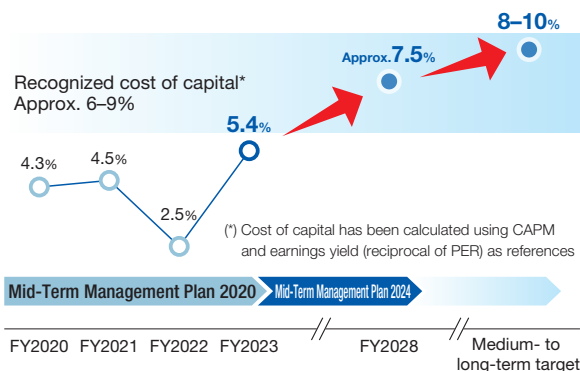
We will also focus on implementing non-financial strategies that will help to raise PER.

	Results (FY ended March 31, 2024)	Target levels for FY2028 (final year of Mid-Term Management Plan 2024)
PBR (corporate value)	0.61x $\frac{\text{Market capitalization}}{\text{Net assets}} = \frac{¥331.4 \text{ billion}}{¥535.2 \text{ billion}}$	Approx. 1x
ROE	5.4% $\frac{\text{Net income}}{\text{Net assets (average balance)}} = \frac{¥27.6 \text{ billion}}{¥516.6 \text{ billion}}$	Approx. 7.5%
RORA	0.7% $\frac{\text{Net income}}{\text{Risk assets}} = \frac{¥27.6 \text{ billion}}{¥3,984.2 \text{ billion}}$	Approx. 1%
Financial leverage	7.4x $\frac{\text{Risk assets}}{\text{Net assets}} = \frac{¥3,984.2 \text{ billion}}{¥535.2 \text{ billion}}$	Approx. 8x
PER	12.1x $\frac{\text{Market capitalization}}{\text{Net income}} = \frac{¥331.4 \text{ billion}}{¥27.6 \text{ billion}}$	Approx. 13x

Medium- to long-term target levels for ROE

Under the Mid-Term Management Plan 2024, we are aiming for a consolidated ROE of 7.5%, but given the cost of capital, we recognize that this is far from a sufficient level.

We recognize the cost of capital of the Company's shares as being in a range of 6 to 9%, and in the medium to long term, we are aiming for a consolidated ROE that exceeds this cost of capital, or in a range of 8 to 10%.



Enhancing RORA

The Mid-Term Management Plan 2024 contains five priority areas, as shown below, and we will raise profitability by developing businesses that leverage the Group's strengths in each of these areas, while carrying out re-structuring in areas where issues have been identified.

We will prioritize the active investment of management resources (people and money) into these priority areas to establish income growth drivers.

Through these efforts, we plan to raise RORA from its current level of about 0.7% to 1% by fiscal 2028.

		Capital investment over the Mid-Term Management Plan period			FY2028 (Compared to FY2023)	
Priority areas		FY2023	(RWA) *Compared to FY2023	(Personnel deployment) *Compared to FY2023	(Human capital investment) *Cumulative total for five years from FY2023	
Developing businesses that leverage the Group's strengths	Regional development business	¥2.0 billion (Related income)	+¥37.0 billion	+Approx. 15 people	¥100 million	→ Approx. ¥3.5 billion (Related income) + Approx. ¥1.5 billion
	Shipping finance	¥10.3 billion (Related income)	+¥100.0 billion	+Approx. 12 people	¥30 million	→ Approx. ¥12.0 billion (Related income) + Approx. ¥2.0 billion
	Corporate solutions	¥5.8 billion	+¥140.0 billion	+Approx. 88 people	¥280 million	→ Approx. ¥8.5 billion + Approx. ¥3.0 billion
Business areas undergoing restructuring	Wealth management	¥10.5 billion	—	*Enhance the expertise of current personnel	¥70 million	→ Approx. ¥11.5 billion + Approx. ¥1.0 billion
	Securities investment and ALM	¥7.6 billion (Net interest income)	+¥50.0 billion	+Approx. 7 people	¥150 million	→ Approx. ¥22.0 billion (Net interest income) + Approx. ¥14.5 billion

(Note) The amount of investment in human capital is the total cost of dispatching trainees to posts including those at external companies, training expenses associated with talent development, and other expenses.

Balance sheet strategy in response to rising yen interest rates

Amid continuing rises in prices and growing movement toward wage hikes, the BOJ raised interest rates in March 2024 for the first time in 17 years. This was followed by another hike in July, marking a considerable turning point in Japan's monetary policy. Since then, interest rates within Japan, including long-term interest rates, have been rising.

In response to these rising interest rates, balance sheet management requires a strategy that anticipates future net interest income while responding differently to various rate hike scenarios.

In a case where the rise in interest rates is gradual, an increase in interest on deposits will come first, which

means it will take time before balance sheet profitability improves. Therefore, we will seek to increase income by incorporating long-term, high-yield assets.

On the other hand, in a case where the rise in interest rates is rapid, we will seek to increase income by raising the proportion of variable interest rate assets through measures such as hedging against long-term fixed loans.

We will also work to procure stable deposits by strengthening the provision of services that can be processed completely online, particularly through the Hirogin app, and by making use of embedded finance.

Message from the Financial Officer

■ (Reference) Impact of interest rate rises

Status of Hiroshima Bank's balance sheet

Status of Hiroshima Bank's balance sheet

The loan-deposit ratio of the yen-denominated balance sheet is 76.9%. On the procurement side, the proportion accounted for by settlement accounts is about 54% and the proportion of deposits covered under the Deposit Insurance Act is about 73%. We recognize that there is a tight and enduring correlation between these.

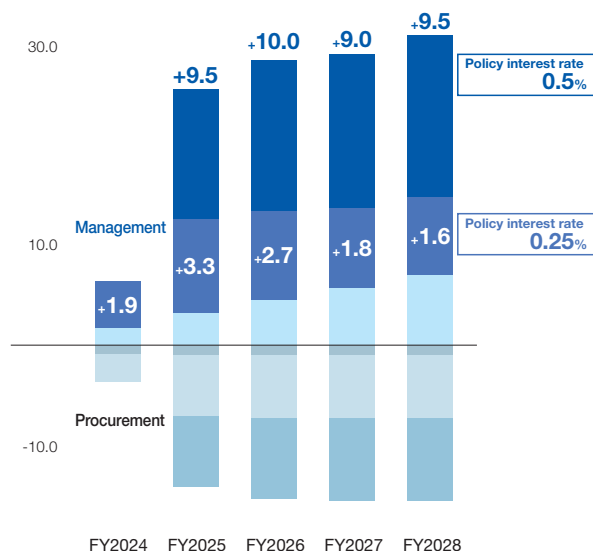
Foreign currency-denominated balance sheet

On the management side, due to the concentration of shipping-related sectors in the region, we anticipate lending to international vessel/ship rental/leasing businesses will increase going forward.

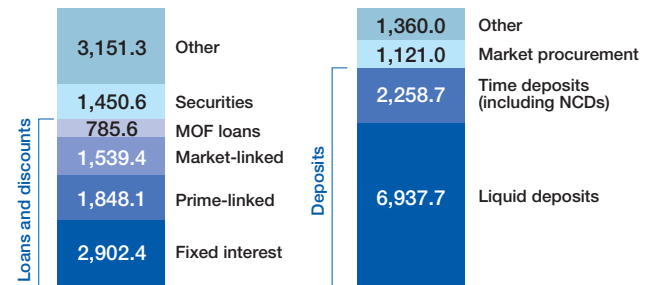
On the procurement side, our market procurement ratio is high and we will work to further strengthen profitability by stabilizing foreign currency procurement based on an increase in loans and discounts.

■ Impact of rises in the BOJ policy interest rate

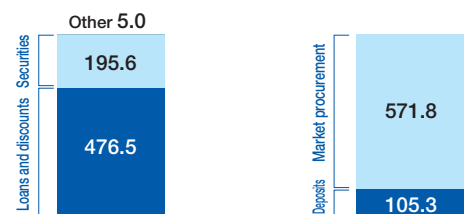
A 0.5% increase in interest rates by the BOJ is forecast to increase annual income by around ¥9 billion to ¥10 billion.



► Yen-denominated balance sheet (¥ billion)



► Foreign currency-denominated balance sheet (¥ billion)



(As of March 31, 2024)

Assumptions and interest rate scenarios

- Asset and liability balances remain at levels as of March 31, 2024
- The amount of increase is in comparison to a policy interest rate of 0.1% (mid-term plan market scenario)
- The policy interest rate throughout FY2024 is 0.25%. It is assumed that the rise to 0.5% will occur from April 2025 onward
- The corresponding rate for interest on loans and discounts is 100% of the policy interest rate for short-term prime rates, market-linked rates, and long-term fixed rates.
- The corresponding rate for interest on deposits is up to about 40% of the policy interest rate for liquid deposits and up to about 40% of the long-term interest rate for time deposits.
- Each interest rate scenario is as follows.

Policy interest rate		0.25%	0.5%
Base rate	Short-term prime rate	2.125%	2.375%
	Fixed rate (5-year)	0.70%	0.90%
Interest on deposits	Liquid deposits	0.10%	0.20%
	Time deposits (1-year)	0.11%	0.22%

■ (Reference) Profit plan under Mid-Term Management Plan 2024

	FY2023	FY2028	(Change)	Impact of policy interest rate revisions on change
Hiroshima Bank				
Net interest income	¥74.1 billion	¥97.0 billion	¥22.9 billion	¥4.2 billion
of which, interest on loans and discounts, interest on deposits, etc.	¥63.7 billion	¥73.7 billion	¥10.0 billion	¥4.2 billion
of which, interest and dividends on securities	¥7.6 billion	¥20.0 billion	¥12.4 billion	—
Net non-interest income	¥17.8 billion	¥21.5 billion	¥3.7 billion	—
of which, corporate solutions	¥5.8 billion	¥8.5 billion	¥2.7 billion	—
Of which, asset management	¥4.9 billion	¥5.5 billion	¥0.6 billion	—
Core gross banking profit	¥92.0 billion	¥118.5 billion	¥26.5 billion	¥4.2 billion
Expenses	¥53.0 billion	¥57.0 billion	¥4.0 billion	—
Core banking profit	¥38.9 billion	¥61.5 billion	¥22.6 billion	¥4.2 billion
Profit	¥26.5 billion	¥41.0 billion	¥14.5 billion	¥2.9 billion
Excluding Hiroshima Bank				
Net income (total)	¥2.6 billion	¥4.0 billion	¥1.4 billion	—
Profit attributable to owners of parent	¥27.6 billion	¥45.0 billion	¥17.4 billion	¥2.9 billion

Assumed mid-term management plan market scenario (FY2028)

Yen interest rate

BOJ policy interest rate 0.10%

10-year JGB yield 1.50%

Foreign currency interest rate

FF rate 3.00%

10-year US T-Note yield 3.75%

Exchange rate (USD/JPY)

¥135

Nikkei stock average

¥41,000

(Note) Interest on loans and discounts, and interest and dividends on securities represent the amounts after deducting external procurement costs

(Note) As shown in the assumed Mid-Term Management Plan market scenario (FY2028), the effects of the interest rate hike carried out by the BOJ in July 2024 have not been taken into consideration in the profit plan for the Mid-Term Management Plan 2024 described in the table to the left.

Enhancing shareholder returns

We have set a shareholder return policy based on an assumed HD consolidated capital adequacy ratio of 11%. The policy comprises a dividend payout ratio of about 40% and the timely implementation of treasury share buybacks.

The 11% capital adequacy ratio represents a level that can be maintained above regulatory requirements, even during times of stress.

For fiscal 2024, we forecast a dividend of ¥40 per share with a dividend payout ratio of 40.5%, representing an upward trend in dividends.

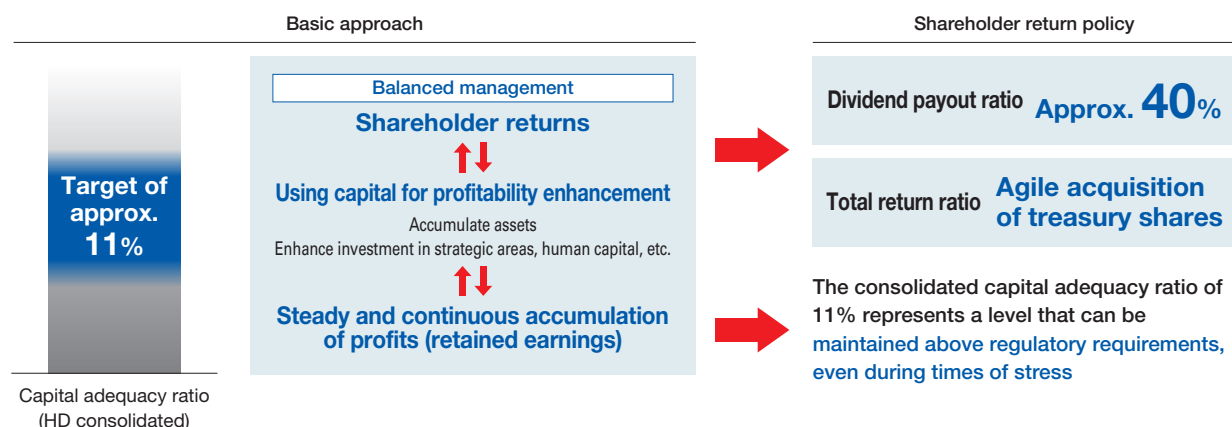
We also plan to repurchase treasury shares totaling around ¥3.5 billion* in fiscal 2024, following repurchases conducted in the previous fiscal year. As a result, we

anticipate that the total return ratio for fiscal 2024 will be 51.8%.

Additionally, we will aim to increase dividend per share during the current Mid-Term Management Plan period by enhancing profits. Our dividend target for fiscal 2028, the final year of the Plan, is ¥60 per share, which will be realized by achieving profit attributable to owners of parent of ¥45.0 billion.

(*) In the timely disclosure "Notice of decision on matters related to the repurchase of treasury shares" (Japanese only) dated July 25, 2024, we announced a repurchase of treasury shares totaling ¥5.0 billion. Of the repurchase, as described in the timely disclosure "Notice of treasury share disposal through a third-party allotment aimed at supporting the Hiroshima Museum of Art" (Japanese only) released on the same day, one million shares (equivalent to ¥1.5 billion) will be disposed of through a third-party allotment, pursuant to approval at the 5th Annual Shareholders Meeting to be held in June 2025. Therefore, we have described the actual amount of shareholder returns as ¥3.5 billion.

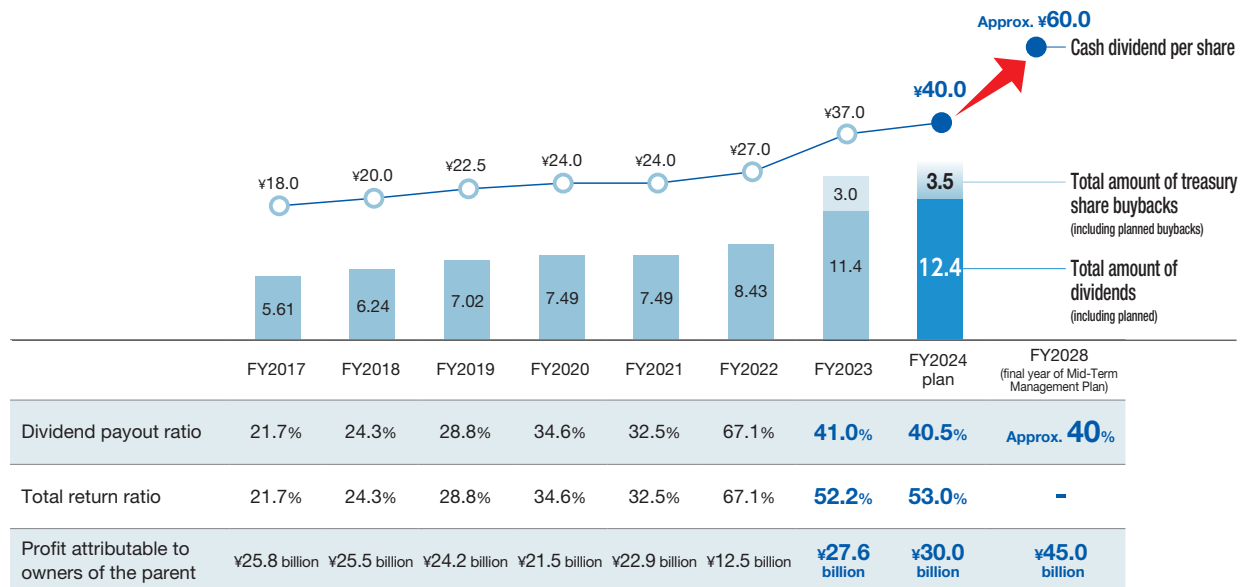
■ Approach to shareholder returns



Message from the Financial Officer

Cash dividend per share, dividend payout ratio, and total return ratio

(¥ billion)



(Notes) 1. The Company conducted a 1-for-2 consolidation of its common shares on October 1, 2017. Cash dividends per share figures in fiscal 2017 are amounts accounting for the share consolidation.
 2. For fiscal 2020, as Hirogin Holdings was established on October 1, 2020, the interim dividend of ¥12 per share (total of dividends paid: ¥3,748 million) paid by Hiroshima Bank is included.
 3. For fiscal 2024, the total amount of treasury share buybacks (including planned) is ¥5.0 billion as disclosed on July 25, 2024. However, as described in the "Notice of treasury share disposal through a third-party allotment aimed at supporting the Hiroshima Museum of Art" (Japanese only) released on the same day, one million of these shares (equivalent to ¥1.5 billion) will be disposed of through a third-party allotment to the Hiroshima Museum of Art, pursuant to approval at the 5th Annual Shareholders Meeting to be held in June 2025. Therefore, the total amount of treasury share buybacks above has been set as ¥3.5 billion.
 4. As shown above, in the profit plan under the Mid-Term Management Plan 2024 and for FY2028 (the final year of the plan), the effects of the interest rate hike carried out by the BOJ in July 2024 have not been taken into consideration.

Shrink cross-shareholdings

The Group has a basic policy of not engaging in cross-shareholding, except where it is deemed that the holding has a rationale such as the development of the regional economy or improvement of corporate value.

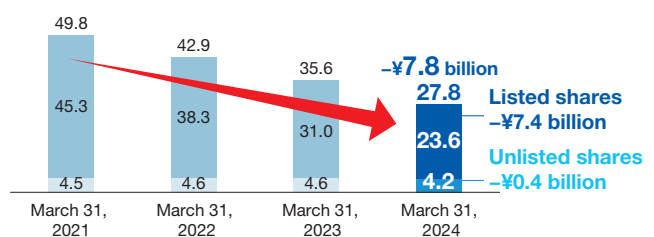
As for shares held, we examine the rationale for each shareholding, also taking ESG perspectives into account, and if we cannot find sufficient rationale for the shareholding, we will decide whether to continue to hold them after having dialogue with the issuing company.

In fiscal 2023, we reduced our cross-shareholdings by ¥7.8 billion (at cost), as a result of dialogue with issuing companies.

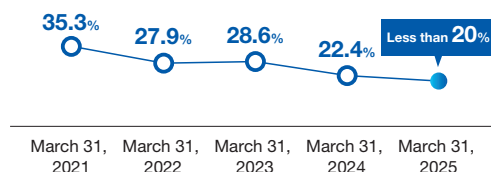
We have set a target of reducing the total market value of cross-shareholdings (listed shares and deemed shareholdings) to less than 20% of consolidated net assets by March 31, 2025.

Changes in cross-shareholdings

(¥ billion; at cost; excluding deemed shareholdings)



Reduction target $\frac{\text{Total market value of cross-shareholdings (listed shares + deemed shareholdings)}}{\text{Consolidated net assets}}$



Please see page 116 for details of our policy regarding cross-shareholdings, etc.

Engagement with investors and analysts

We think that providing investors with information through active disclosure, including enhancing disclosure content, will foster expectations regarding the Group's growth. We also recognize that this engagement can create extremely important opportunities to become aware about various matters.

Going forward, we will realize more dynamic dialogue with stakeholders by providing information that is easy to understand. We will also share the opinions received through this dialogue with the Board of Directors and other parties in a timely manner so that they can be reflected in our management strategy. In this way, we will further accelerate initiatives aimed at enhancing corporate value.

	FY2022	FY2023	FY2024 (planned)
Briefing sessions for institutional investors	3 sessions	3 sessions	7 sessions
One-on-one meetings with institutional investors	20 companies (including 1 from overseas)	31 companies (including 12 from overseas)	Approx. 40 companies
Briefing sessions for individual investors, etc.	4 sessions	3 sessions	4 sessions

TOPICS

Holding company briefing sessions locally

From fiscal 2023, we have continued to hold the "Hiroshima IR Session," a company briefing for individual investors in the Hiroshima area. The sessions are aimed at having local people rediscover the appeal of local companies and is held jointly with other listed companies based in Hiroshima. They are also held together with promotional events featuring products from local companies that are available through shareholder benefit programs. The event this year attracted a large number of customers.



A briefing session for individual investors

History and Developed Strengths of Hirogin Holdings

1878

1950

1960

1970

1980

In the face of two grave crises—the atomic bombing in 1945 and a sharp drop in share prices in reputational damage and a surge in withdrawals in 1997—we were able to overcome the difficulties and have continued to grow to this day, thanks to warm support from our customers and our employees' sincere and honest effort.

1878

November: The 66th National Bank, Hiroshima Bank's predecessor, was established in Onomichi as the first bank in the prefecture, before opening for business in April 1879.

1945

May: New Geibi Bank was established through a five-way merger of Geibi Bank, Kure Bank, Binan Bank, Miyoshi Bank, and Hiroshima Godo Chochiku Bank.

Trust extended to depositors affected by the atomic bombing



Head Office of Hiroshima Bank immediately after the atomic bomb (photograph taken on August 8)

At 8:15 a.m. on August 6, the world's first atomic bomb was dropped on Hiroshima, instantly leveling Hiroshima City and causing devastation through a firestorm.

The atomic bomb resulted in the loss of 144 of the approximately 450 officers and employees at the Head Office of what was then Geibi Bank. Most of the survivors were injured. The Head Office and seven other branches were completely destroyed by fire, while three additional branches were severely damaged.

At 10:00 a.m. on August 8, just two days after the atomic bomb was dropped, Hiroshima Bank restarted its operations, with 25 employees, including the bank president, convening in a temporary office within the Bank of Japan. Borrowing from the Bank of Japan, Hiroshima Bank mainly disbursed deposits and processed advance payments for fire insurance claims. However, most of its visiting customers had lost their personal seals and passbooks in the fire. The Bank relied on its depositors' verbal descriptions of their account balances they believed they had and processed refund requests using only a thumbprint and a written statement of their details. Even amid extreme chaos, the Bank implemented flexible crisis measures, prioritizing the reassurance of depositors to ensure their convenience.

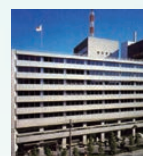
1950

Name changed to Hiroshima Bank five years after the atomic bomb, in connection to "Hiroshima, the City of Peace"



1965

February: Completion of new Head Office building



1971

Listed stocks on the first section of the Tokyo Stock Exchange

1973

Pioneered the installation of cash dispensers to enhance customer convenience

In February 1973, we installed the first cash dispenser (CD) in the Head Office Business Department, setting a precedent among financial institutions in the western region of Japan. With the widespread adoption of on-line systems since the 1960s, we introduced CDs to enhance customer convenience as the sole means of withdrawing cash outside of bank counter business hours. Following its sequential adoption by our computer-linked major branches in Hiroshima City and its suburbs, in September 1973, we installed a CD in a department store in the city, marking the first deployment outside of bank branches. This advancement paved the way for further installations in shopping centers, Japanese National Railways (now JR) stations, and various other facilities.

1978

100th anniversary of the founding
Opened Hiroshima Museum of Art



1988

April: Enacted the CI and established the current corporate badge
July: Characters used in Japanese name changed (no change to the English name)

1990

February: The "Genesis Building," a new computing center, completed



1997

Share prices plunged in reputational damage

In November 1997, we faced the second major crisis involving a sharp drop in share prices in reputational damage and a surge in withdrawals. But we were able to recover the market's confidence by actively disclosing our earnings and asset details, having many employees visit customers to explain the situation, and carrying out bold structural reforms.

1990

2000

2010

2020

Hirogin Holdings has inherited Hiroshima Bank's DNA of "customer-oriented business operations," which remains unchanged to this day. This value has become a cornerstone of Hirogin Holdings' organizational culture that supports employees in taking on the challenge of advanced initiatives, such as the transition to a holding company structure.

1998

February: ● "Promise of the 120th year" for structural reforms announced
● Consolidated overseas branches and urban branches as part of a plan to return to a "Bank of the Region"

October: Launched "Reliance 21," a new Long-Term Management Plan

Launched over-the-counter sales of investment trusts to meet investment management needs

In December 1998, in response to deregulation allowing banks to sell investment trusts over the counter, we established a structure to offer a curated selection of high-quality products from both Japan and abroad to effectively meet customers' investment management needs, thereby launching our over-the-counter investment trust sales. In April 1999, we introduced the Corporate Finance Group (CF Group) to provide management support services to companies deeply rooted in the local community, setting us apart from other banks.

2000-2001

Established Financial Services Division to address increasingly diversified and sophisticated customer needs

We established Financial Services Division in June 2000 to address increasingly diversified and sophisticated customer needs that deposit and lending operations alone could not fulfill. The Division proactively expanded new business areas; for example, in February 2001, we became the first regional bank in Japan to enter into a weather derivatives brokerage contract, and in October that year, we launched a defined contribution pension plan (the Japanese equivalent of a 401(k)).

2003

January: Joint system operation with the Bank of Fukuoka introduced

2016

May: Completed the construction of Hirogin Chuo Building

2018

January: Moved Head Office to temporary branch

2020

October: Transitioned to a holding company structure
Established



HIROGIN HOLDINGS

- Formulated Mid-Term Management Plan 2020
- Launched the slogan "Expanding the horizons of the future"

History of Group companies

(expansion of the scope of business operations)

- | | |
|------|---|
| 2021 | Made Hirogin IT Solutions Co., Ltd. a subsidiary
Made Hirogin Lease Co., Ltd. a wholly-owned subsidiary
Established Hirogin Area Design Co., Ltd. and Hirogin Human Resources Co., Ltd. |
| 2023 | Merged Hirogin Guarantee Co., Ltd. and Hirogin Card Service Co., Ltd. and changed the name to Hirogin Credit Service Co., Ltd. |
| 2024 | Established Hirogin Life Partners Co., Ltd.
Made Shin-ai Total Service Co., Ltd. an affiliate |

2021

May: Opened new Head Office building



2022

April: Transitioned to the Prime Market of the Tokyo Stock Exchange
November: Announced the establishment of a next-generation backbone system for cloud migration (plan to participate in the MEJAR system in FY2030)

2024

March: Opened Hirogin Career Co-Creation Center

Developed Strengths 01

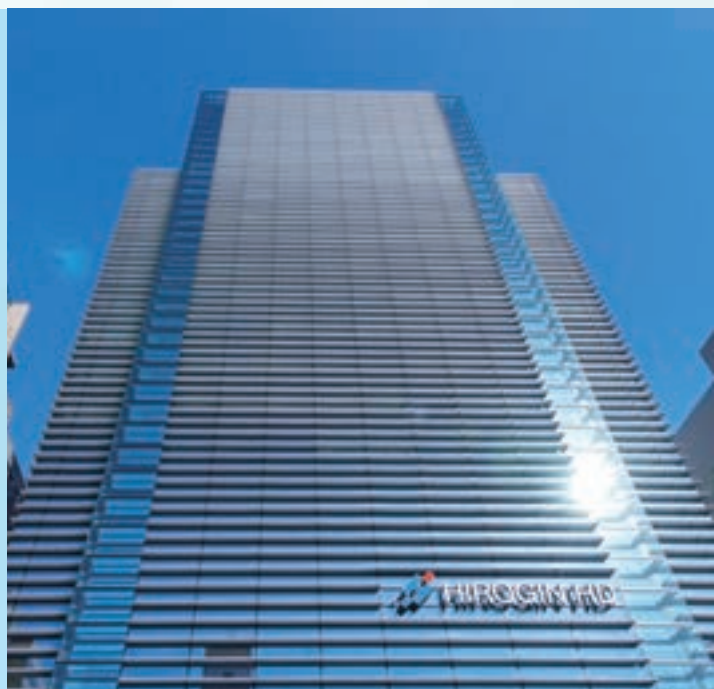
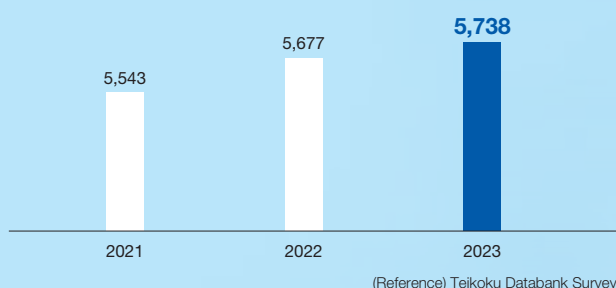
The Group's comprehensive capabilities

“Advanced financial and non-financial solutions of the Group companies” that have been expanded and strengthened through the transition to a holding company structure

Since the transition to a holding company structure in October 2020, we have focused not only on raising employee awareness but also on enhancing solution functions through mutual cooperation among Group companies and expanding the Group's business operation base.

In the approximately three and a half years since then, our subsidiaries' customer base has expanded, and synergies from intra-Group cooperation have led to steady results, including increased revenue and a growing number of companies (with net sales over ¥100 million) for which Hiroshima Bank is the main bank.

► Number of companies with net sales over ¥100 million for which Hiroshima Bank is the main bank



► Head Office building of Hirogin Holdings

The Head Office building has become the hub for maximizing Group synergies with Group companies moving into the office and sharing the office space to work together with information and human resources of each company.

► Synergies generated by intra-Group cooperation (amount of revenue)

¥2.2 billion

Note: Recorded revenues from activities, such as mutual customer referrals among Group companies (FY2023 results on a managerial accounting basis)

Developed Strengths 03

The power of human resources

The Group's diverse human resources with a high-level awareness of contribution to the local community responsible for establishing relations and providing solutions

The Group's diverse human resources with a high-level awareness of contribution to the local community are responsible for establishing relations and providing solutions. They will act as customers' concierges and create shared value with local communities and customers by providing escort-runner style support that utilizes the Group's comprehensive capabilities.

Developed
Strengths
02

Relations with customers

“Solid relations with customers” backed by the history of community-based management practiced by Hiroshima Bank for over 140 years

Through customer-oriented initiatives over its 140-year history of community-based finance practiced by Hiroshima Bank, the Group has worked to build solid relations with customers.

Specifically, consulting services based on evaluation of customers’ business potentials in corporate business areas are a major strength of the Group, which have been developed through its contributions to regions where the manufacturing of automobiles, ships, and other products thrives.



► Established
in **1878**

► History of evaluation of customers’ business potentials

In the 1990s, a decade plagued by the issue of bad debt disposal, suppliers in the automobile industry (components manufacturers) who were corporate customers of Hiroshima Bank, had also faced a severe management environment. However, when the suppliers possess irreplaceable technical expertise, they must be supported if they are in a financially difficult position, even if it means taking a step into management restructuring, or it would deteriorate the automobile industry. It became necessary to place more importance on qualitative information, including its significance (positioning) within the industrial cluster, instead of looking solely at their financial position.

In January 2001, in order to accurately respond to the diversification and sophistication of corporate customers in the automobile-related industries, Hiroshima Bank newly established the “Automobile-related Measures Office” by hiring personnel transferred from the auto industry. Experts visited suppliers’ plants and gained an understanding of the technical side of their businesses. To this, the financial analysis made by Hiroshima Bank enabled an understanding of customers’ businesses in terms of both “technical” and “financial” aspects. Even in the midst of rapid external changes such as the global financial crisis, we were able to deal with these changes while remaining committed to this approach. This led to the development of Hiroshima Bank’s feasibility studies.

