

Market Potential in Hiroshima Prefecture

Key Industries and Their Current Status in Hiroshima Prefecture

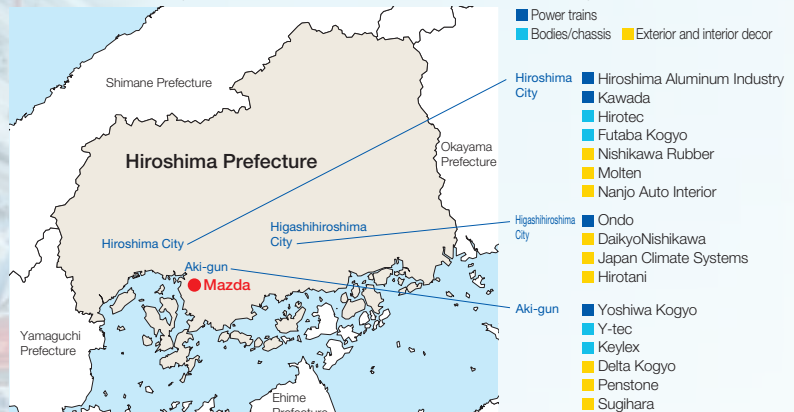
Hiroshima Prefecture has developed primarily around heavy industries such as automobiles, shipbuilding, and steel. In recent years, the industrial structure has become increasingly diversified, with growth observed in advanced fields such as semiconductors and electronic components, as well as industries leveraging regional resources like tourism and food.

Automobile industry

Hiroshima Prefecture is a hub for the automobile industry, centered around Mazda. An extensive value chain spanning vehicle bodies, parts, and logistics has been established, making it a key industry for the prefecture.

► Main automobile-related companies in Hiroshima Prefecture

(Reference) Prepared by the Economic and Industrial Research Division of the Company, based on various materials

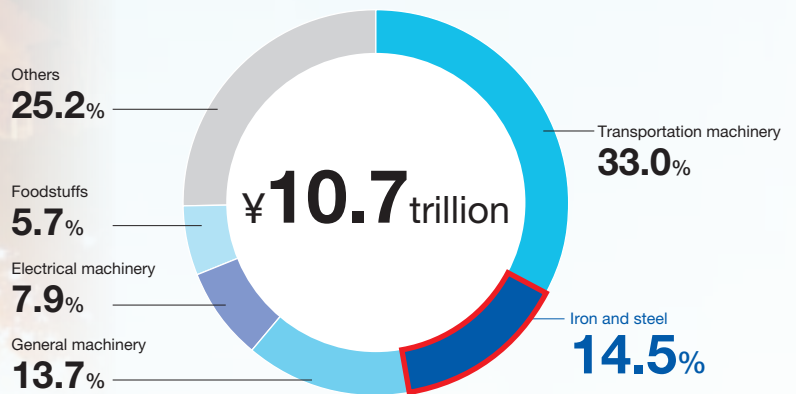


Iron and steel industry

JFE Steel has established its base primarily in Fukuyama City, producing high-performance steel sheets for automobiles and shipbuilding, as well as electromagnetic steel sheets. Leveraging its energy efficiency and material development capabilities, it supplies internationally competitive steel products.

► Trends in shipments of manufactured products








(Hiroshima Prefecture) in 2022 (Reference) The Ministry of Economy, Trade and Industry



Food industry

Supported by a rich food culture blessed by the sea, mountains, and rivers, the prefecture thrives in processed seafood (oysters and dried baby sardines) and processed agricultural products (lemons and sake). Expansion beyond the prefecture and overseas is progressing, advancing the establishment of regional brands.

► Food industry in Hiroshima Prefecture

Standard local gourmet foods	Local specialty	Domestic share	Catch/production
		1st nationwide	Approx. 60%
			Approx. 60%
			Approx. 50%
			



Life

Population:
approx.

2.8 million

12th nationwide (FY2020)

Prefectural GDP:
approx.

¥12 trillion

12th nationwide (FY2021)

Most Desired Relocation
Destination Ranking:

3rd nationwide*
(2024)

* Data from the 2024 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:

¥10,692.3 billion

10th nationwide (2022)

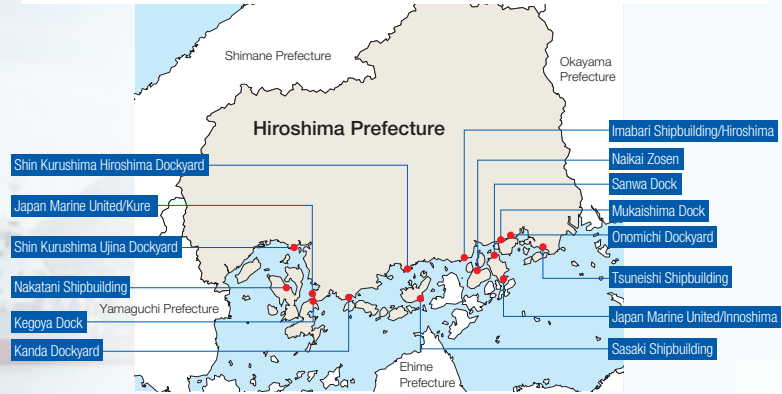
- Automotive cluster and transportation machinery, centered on shipbuilding
- General-purpose, production and industrial machinery
- Iron and steel

Shipbuilding and marine transportation industry

Hiroshima Prefecture, located along the Seto Inland Sea, has long been active in shipbuilding, with major and mid-sized shipyards concentrated in Kure City, Fukuyama City, and Onomichi City. To meet new demands such as energy-efficient ships and next-generation fuel vessels, technological innovation is anticipated in the future.

► Major shipyards in Hiroshima Prefecture

(Note) Shipyards having shipbuilding or repair capabilities for vessels of 3,000 gross tons or more
(Reference) Prepared by the Economic and Industrial Research Division of the Company, based on materials published by the Chugoku Transport & Tourism Bureau



Electronic and precision equipment industry

The Chugoku region, including Hiroshima Prefecture, is seeing increased clustering of semiconductor-related companies, driving industrial development across the entire region. In Hiroshima Prefecture itself, the semiconductor value chain is expanding, encompassing everything from manufacturing to processing and transportation.

► Main semiconductor-related companies in Hiroshima Prefecture

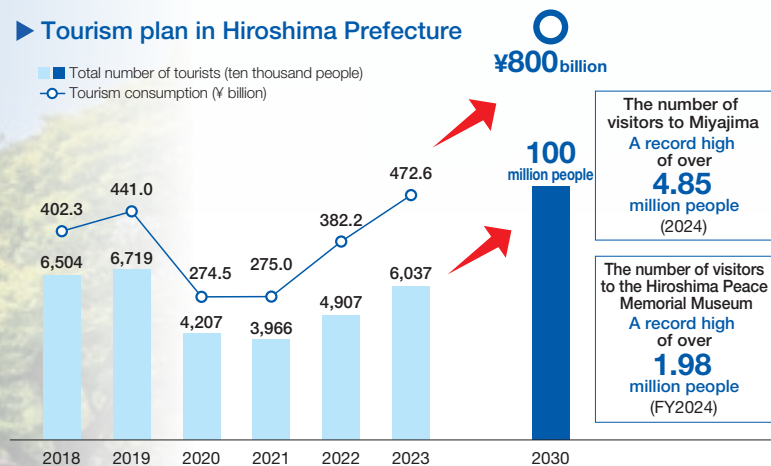
Company	Outline	Base in Hiroshima Prefecture
Micron Memory Japan, K.K.	One of the largest DRAM manufacturing bases in Japan	Higashihiroshima City
DISCO Corporation	Top-class world share of dicing devices and grinders	Kure City
Rorze Corporation	Top-class world share of wafer handling devices	Fukuyama City

Tourism industry

Hiroshima Prefecture has two World Heritage Sites (Itsukushima Shinto Shrine and Hiroshima Peace Memorial (Genbaku Dome)), and attracts tourists from both domestic and international destinations. It is undergoing redevelopment, including improvements to the transportation network and the construction of new hotels, fostering urban development that generates bustling activity and interaction.

► Tourism plan in Hiroshima Prefecture

■ Total number of tourists (ten thousand people)
○ Tourism consumption (¥ billion)



(Source) Hiroshima Basic Plan for the Promotion of Tourism

History 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.

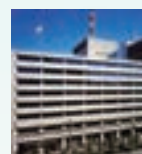
1950

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, including 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



- 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

April: Started Mid-Term Management Plan 2024
Stipulated the purpose "Expanding the horizons of the future alongside the regional community through wide-ranging services"

2025

June: Transitioned Hiroshima Bank to a Company with an Audit and Supervisory Committee

**With unwavering commitment to our customers,
we will continue to stand by them and work together to
solve their challenges—striving to evolve hand in
hand with our communities as
a *Regional Comprehensive Services Group*.**

Mid-Term Management Plan looking ahead to the next decade: Four mindset transformations

Hiroshima Prefecture, our core business base, is home to some of Japan's leading manufacturing industries. At the same time, it is a region of immense potential, blessed with world-class tourism resources. I believe that unlocking the full potential of Hiroshima Prefecture is the true mission of the Hirogin Group.

The Group launched its Mid-Term Management Plan 2024, a five-year initiative running from April 2024 through March 2029. Guided by the principle of “No Regional Growth, No Hirogin Growth,” we have clearly envisioned what we want our communities and the Hirogin Group to become ten years from now, and backcasted from that future to formulate initiatives for the first five years as part of our Mid-Term Management Plan 2024.

As we set this plan in motion, I asked all employees to embrace four mindset transformations.

The first is a shift in perspective—from the short term to the medium to long term. In today's rapidly changing business environment, I want our employees to look beyond short-term gains and act with a medium- to long-term perspective—considering how we can continue to deliver meaningful value to our customers in light of the evolving social landscape. I believe that these steady efforts will ultimately set us apart from other companies and become the very reason why customers choose the Hirogin Group.

The second is a shift from a profit-first mindset to one that values the process itself. By listening closely to the voices of our customers and communities and walking alongside them, we can earn trust and a true sense of fulfillment. I believe this is a vital step toward realizing our vision of becoming a Regional Comprehensive Services Group, with profits naturally following as the outcome of those efforts.

The third is to look outward rather than inward. When working within an organization, it is easy to become preoccupied with internal matters or with how one is evaluated by their superiors. Yet our true focus must always be on our customers, our communities,

and the market. By facing our customers directly, staying sensitive to the ever-changing social environment and their evolving needs, and continuing to deliver value, we fulfill the very purpose of the Hirogin Group's existence.

The fourth is to have the courage to take on challenges without fear of failure. I believe that failure is never a setback but rather a foundation that supports future success. In the banking industry, a tendency toward a risk-averse or point-deduction mindset often takes root. However, unless we break free from such thinking, we cannot create anything new. Taking no action may mean avoiding mistakes, but it also means gaining nothing—and missing valuable opportunities for growth.

One of the principles I hold dear is “*Shisei Ikkan*,” which means “to remain sincerely true from beginning to end.” No matter the circumstances, I believe in acting with integrity and sincerity—facing our customers and communities wholeheartedly, and continuing to respond to their true needs. In doing so, we ultimately achieve our own growth.

I also believe that inaction and resistance to change are what truly hold us back. What matters most is to remain sincere, take that first step without fear of failure, and learn from each experience to pave the way for the next success. It is the accumulation of these individual efforts—each one grounded in sincerity and courage—that will serve as the driving force behind the Hirogin Group's sustainable growth in this era of constant change. I have unwavering faith in that power.

Reflecting on FY2024 — Toward the realization of a true Regional Comprehensive Services Group

In fiscal 2024, we recorded net income of ¥35.8 billion, an increase of ¥8.2 billion from the previous fiscal year, marking an all-time high for the Group. While favorable external factors such as changes in the interest rate environment certainly provided a strong tailwind, that alone does not explain our results. I believe this



Toshio Heya

Representative Director and President

achievement also reflects the steady efforts of each and every employee and the tangible outcomes of the structural reforms we have been advancing across the Hirogin Group.

I would rate our performance for the fiscal year ended March 2025 at 80 out of 100. Achieving record-high earnings was certainly a result of the tremendous efforts of our employees, and that deserves full recognition. However, what we are truly aiming for lies beyond these results—the realization of our vision for the next ten years. To become a Regional Comprehensive Services Group that continues to earn the trust and expectations of our customers and communities, we must continue to take on bold new challenges. We have yet to see sufficient progress in creating value that cannot be measured by earnings alone, in pursuing new business domains, and in fostering ideas unconstrained by conventional frameworks.

With this in mind, I am striving to further cultivate a culture in which every employee thinks and acts on their own. For example, the purpose of our in-house business contest is not merely to create new businesses. What we value even more is giving employees the opportunity to identify challenges on their own, think deeply, and communicate their ideas—fostering a sense of ownership and confidence in taking initiative. True challenges do not arise from top-down instructions. I believe that an organization where many people voluntarily step forward with the desire to “give it a try” is one that can remain strong and achieve sustainable growth in times of change. There are still areas where we have yet to fully embrace this spirit across the entire organization. I strongly believe that transforming our corporate culture—a journey we have already begun—is a time-consuming, difficult issue to address, but it is an essential and unavoidable path for the Hirogin Group as we move to the next stage of growth.

Navigating an era of uncertainty — Advancing a flexible alliance strategy

The Hirogin Group aims to achieve another year of record-high earnings in the fiscal year ending March 31, 2026. However, we are by no means optimistic about the path ahead. I sense that there has never been a time when the future has felt more uncertain. In what is often described as a “VUCA” era—marked by volatility, uncertainty, complexity, and ambiguity—environmental change has become the norm, and both domestic and global financial markets are facing growing uncertainty. In addition to shifts in U.S. policy, geopolitical risks, rising raw material prices, sharp currency fluctuations, and other unstable factors have emerged as significant threats to both our region and the Hirogin Group.

The Chugoku region, and particularly Hiroshima Prefecture, is home to a large concentration of manufacturing industries, meaning that surges in the prices of materials and components, as well as U.S. trade and tariff policies, have a major impact on local businesses. In this challenging environment, our role must extend far beyond that of a mere provider of funds. We must be deeply involved in the management itself of local companies and serve as a true partner that supports their sustainable growth. Guided by the spirit of “*Shisei Ikkan*”—remaining sincerely true from beginning to end—we are required to envision together with local businesses the future they aspire to and to walk alongside them on the path toward its realization.

With this recognition, under our Mid-Term Management Plan 2024, the Hirogin Group has positioned three key transformations—SX (Sustainability Transformation), DX (Digital Transformation), and AX (Alliance Transformation)—as the drivers of our future growth. In



Taking on bolder challenges to
realize a Regional Comprehensive
Services Group

our frontline operations as well, we are increasingly being called upon by customers to provide broader, more comprehensive support that goes beyond traditional financial services, including assistance in non-financial areas such as sustainability initiatives and operational efficiency improvements. These are precisely the areas where the perspectives of SX and DX are essential.

At the same time, we are focusing on alliances as a means of enhancing management flexibility. The alliances we pursue are not limited to capital tie-ups, but rather partnerships built flexibly for each business area, free from the constraints of doing everything in-house, with the aim of delivering optimal value to local communities.

Especially in fast-evolving fields such as IT and digital technology, we recognize that there are limits to what we can achieve on our own. That is why we seek to collaborate with external partners possessing specialized expertise—to create new value and remain an indispensable presence for our customers and the communities we serve.

Building a vibrant community for Hiroshima's future — Revitalizing the region through attractive urban development

The population of Hiroshima Prefecture has been on a gradual decline since peaking in 1999, raising concerns about a slowdown in economic growth driven by demographic decrease. In particular, the prefecture has recorded the highest level of net outflow of residents among Japan's 47 prefectures for four consecutive years, highlighting the urgent challenge of addressing the outmigration of young people and other working-age populations.

I feel that one of the reasons behind this trend is that we have not yet fully communicated the appeal of working and living in Hiroshima. That is precisely why we must focus on creating a city that young people find attractive—a place where they truly want to work and live.

Based on this recognition, the Hirogin Group has been actively engaged in initiatives to build a more attractive and vibrant community by raising issues and providing policy support to Hiroshima Prefecture and Hiroshima City. In 2021, we established Hirogin Area Design to strengthen our consulting capabilities in regional development and revitalization. Furthermore, in April 2024, we set up the Structured Finance Office within Hiroshima Bank to further accelerate collaboration with local governments and private-sector companies in close partnership with Hirogin Area Design.

Another key to the region's sustainable development is the strong growth of local companies. To achieve this, it is essential not only to provide conventional financial services but also to step into non-financial areas and support the resolution of management

issues. To this end, the Hirogin Group established Hirogin Human Resources in 2021 to provide multifaceted support for corporate human resource strategies, including executive introductions, personnel dispatch, and consulting on HR systems. In 2024, we also established Hirogin World Business through joint investment with our corporate client to support the acceptance of foreign workers. By partnering with several universities in Indonesia, we are building a framework that connects local companies with talented individuals from overseas—creating opportunities for both corporate sustainable growth and greater participation of foreign professionals. As investment in human capital gains increasing attention as a critical theme in corporate management, the Hirogin Group is committed not only to financial support but also to directly addressing fundamental management challenges and working hand in hand with our clients to resolve them.

Hiroshima Prefecture has developed through an industrial cluster centered on manufacturing. However, to further enhance the region's appeal for the next generation and transform it into a place where young people truly want to work and live, it is essential to establish new pillars of industry that can drive regional growth in the years to come.

Aiming to create new industries in the region, the Hirogin Group held TSUNAGU Hiroshima—one of the largest business matching events in the Chugoku and Shikoku regions—for the first time in November 2024. The event connected companies based in Hiroshima Prefecture with promising startups from across Japan, attracting approximately 3,400 participants and 126 exhibiting companies, and has already led to the emergence of several concrete examples of collaboration. While such initiatives cannot be realized overnight, we will continue our efforts to build a sustainable foundation for regional development through ongoing collaboration and innovation.

Adapting to a new era of change — Advancing human resource strategy and corporate culture transformation

When I first joined Hiroshima Bank, what struck me most was a sense of discomfort with the way “numbers in front of us” seemed to take precedence over everything else. The number of loans, sales results, achievement rates—all of these are, of course, important indicators. Yet I couldn't help but feel a sense of alarm at the atmosphere that treated them as if they were the very purpose of our work itself.

That is why one of my first priorities after becoming President was to reform our corporate culture. The most symbolic step in this effort was the abolition of our performance ranking system. In the past, it had been common practice to rank branches and employees numerically based on their results and to reflect

those rankings in compensation and promotions. However, we made a bold decision to fundamentally review and ultimately abolish that system.

Naturally, a variety of opinions were voiced within the organization. Some expressed concerns such as, “Isn’t it unfair if we don’t evaluate performance based on numbers?” or “Will our efforts no longer be recognized?” Even so, I consistently emphasized my belief that numbers are the result, not the purpose.

Today, our personnel evaluation system places greater importance on employees’ willingness to take on challenges and the processes behind their efforts. It may take some more time for this approach to be fully embedded across the organization, but I can already sense a steady shift in our employees’ mindsets and daily behavior.

Among the many challenges taken on by our employees, one that left a particularly strong impression on me was a presentation given by a group of female staff members. Eight women working at Hiroshima Bank’s branch counters confidently delivered a presentation, in their own words, on “The Future of Hiroshima Bank’s Branch Services,” drawing on what they had learned through external training. I was deeply moved by the sight of these women speaking earnestly about their work and envisioning the future with such passion. At that moment, I truly realized that people can always grow when given the right opportunity. This experience reaffirmed my conviction that the Hirogin Group must be an organization that believes in the power of personal growth—and supports those who strive to achieve it.

At the same time, certain challenges have also come to light. The reality is that those who take on challenges tend to be the same familiar faces, while others remain hesitant to step forward—resulting in a kind of “polarization.” That is why we are creating opportunities for every employee to easily experience environments different from their usual routines—what I like to call “extraordinary experiences.” I believe that exposure to new situations—through training programs, external assignments, trainee opportunities, or work in different departments—provides invaluable chances for personal growth. Going forward, we will continue to ensure that such opportunities are readily available throughout the organization.

Furthermore, what will be indispensable in the coming era is diversity in human capital. The talent I envision for our organization can be broadly divided into two directions. The first is the generalist—those with strong management skills who can lead teams and drive the organization forward. The second is the specialist—those with deep expertise who can generate solutions in specific fields.

Generalists play an extremely important role in strengthening the overall capabilities of the organization. However, generalists alone cannot fully meet the increasingly diverse and sophisticated needs of our customers and local communities. In particular, in areas such as IT and digital transformation, as well as sus-

tainability, the presence of specialists with advanced expertise has become more essential than ever before.

What I value above all is that each and every employee has a clear sense of purpose—knowing what they want to do and which direction they wish to pursue. I believe it is my responsibility to respect those individual aspirations and to provide the support and encouragement needed for them to take on challenges in realizing their goals. Based on this belief, under our current Mid-Term Management Plan, we plan to roughly double our investment in human capital compared with previous levels, further supporting the growth and development of our employees.

We are also placing strong emphasis on fostering an *open and transparent corporate culture*. To this end, we are actively promoting initiatives such as town hall meetings where management and employees engage in direct dialogue, as well as internal IR sessions designed to enhance mutual understanding. By continuing these activities on an ongoing basis, we aim to further strengthen employee engagement across the Group.

Dialogue with the capital markets — Becoming a company that investors truly want to invest in

Whenever I engage in dialogue with our shareholders and institutional investors, I always ask myself: *Are we truly becoming a company that people genuinely want to invest in?*

Of course, I do feel a certain sense of progress. In the fiscal year ended March 31, 2025, we achieved record-high profits and have deepened our collaborations with local communities and business partners more than ever before. However, I believe that what investors value most is not merely the numbers themselves, but the *story of growth* behind those numbers, the *signs of transformation*, and the *sense of anticipation for the future we are building together with our region*. That is why I believe it is essential for us to communicate these qualities clearly and compellingly.

Currently, Hiroshima Prefecture ranks 12th in Japan in terms of GDP. Hiroshima Bank, on a non-consolidated basis, also ranks around 10th in the industry in profitability, deposits, and loan balances—placing us in what could be described as the “upper middle” tier. Recognizing these facts squarely, what I wish to convey to our investors is that, for the time being, we intend to compete through *quality* rather than *scale*.

In terms of scale—such as total assets or deposit and loan balances—we cannot compete with the megabanks or the largest regional banks. However, when it comes to quality, I am confident that we offer a level of value that only we can provide. Our unwavering commitment to standing closely alongside local companies, our ability to deliver finely tuned solutions tailored to each industry and management challenge, and our genuine customer-oriented approach—these are

Unlocking Hiroshima's full potential and competing through the unique value only we can provide



the qualities that define who we are. By continuously enhancing the quality of these efforts, we aim to build a distinct and irreplaceable presence among financial institutions.

For example, in the area of ship finance, Hiroshima Bank has a long track record of supporting the region's core industries—shipbuilding and marine transport—and has developed a high level of expertise in these fields over many years.

Another key area of focus for the Hirogin Group today is regional development. In the center of Hiroshima City, many parts of the urban landscape still retain the character of the 1960s, and buildings and infrastructure are now reaching the stage where renewal is needed. Seizing this opportunity, we are working to create new value for the city through initiatives such as attracting hotels and providing consulting services for redevelopment projects. This field requires knowledge and networks that go beyond the traditional boundaries of finance. Centered around Hirogin Area Design, we are deepening collaboration with local governments and related businesses to promote the development of a more vibrant and attractive city. Through these initiatives, we aim to further strengthen our presence in the local community and fulfill our role as an *indispensable partner* to the region.

In our dialogue with the capital markets, we have received many expectations regarding the *further expansion of share repurchases, an increase in the dividend payout ratio, and improvement of our price-to-book (P/B) ratio*. We take these views seriously and regard the enhancement of capital efficiency and shareholder returns as key management priorities. With a P/B ratio of 1.0x as a given premise, we have raised our ROE target to 9.5% in the revision of our Mid-Term Management Plan and have already begun implementing various initiatives aimed at exceeding 10%.

As I mentioned earlier, what I hope to convey to our investors is not limited to short-term numerical results. I would also like you to focus on our medium- to long-term vision—specifically, how the Hirogin Group aims to shape and realize the future of the region together with its people. Under our Mid-Term Management Plan, we have identified eight material issues (priority challenges within the region) aimed at curbing population decline and enhancing regional productivity. Through addressing these challenges, we seek to realize a *vibrant and sustainable regional society*. By unlocking the full potential of Hiroshima, walking alongside the region, and creating new value together, we aspire to continue our journey of shared growth. I sincerely hope you will look forward to this ongoing challenge.

Rooted in the community, shaping the future — Sustaining value creation as a Regional Comprehensive Services Group

The Hirogin Group is actively pursuing a wide range of initiatives aimed at creating the next generation of regional society. While we continue to broaden our business domains through new challenges, our foundation will always remain firmly rooted in Hiroshima. That will never change.

As a Regional Comprehensive Services Group that continues to earn the trust and expectations of the community, we will keep taking on bold challenges to drive sustainable growth and regional prosperity. To all of our stakeholders, we sincerely ask for your continued understanding and support as we move forward on this journey together.

Capital to be Used for Value Creation

Financial capital

Sound financial foundation

The Company boasts stable asset size and profitability. We maintain a high level of soundness with a capital adequacy ratio of 11% and have secured high-level ratings from external rating agencies.

Supported by the relations of trust built with our customers over many years, Hiroshima Bank's deposit and lending balances rank first in the Chugoku and Shikoku regions.

Financial data *FY2024

- ▶ Total custody assets
(Hiroshima Bank and Hirogin Securities)

¥11,207.7 billion

- ▶ Balance of loans and bills discounted
(Hiroshima Bank)

¥7,984.2 billion

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

¥9,471.9 billion

- ▶ Capital adequacy ratio

Hirogin Holdings
(consolidated)

11.0%

Hiroshima Bank
(non-consolidated)

10.0%

- ▶ Profit attributable to owners of parent
(consolidated)

¥35.8 billion

	Hirogin Holdings	Hiroshima Bank
JCR	AA-	AA-
R&I	A+	A+
Moody's	—	A2

Social capital

Inherited customer-oriented DNA

Hirogin Holdings has inherited Hiroshima Bank's "customer-oriented business operations," which remain unchanged to this day and serve as a foundation for building relations of deep trust with local customers.

August 6, 1945

Suffered losses as a result of the atomic bomb



Head Office of Hiroshima Bank immediately after the atomic bomb (photograph taken on August 8, 1945)



Head Office of Hiroshima Bank immediately after the atomic bomb

While 11 of 16 branches in Hiroshima City were partially or completely destroyed and 144 of approximately 450 officers and employees were lost, Hiroshima Bank reopened for business two days later with **strong senses of responsibility and mission.**

Anecdote (1)

- On the day of the atomic bomb, several employees gathered at the Head Office and discussed with the Bank of Japan the need to resume operations as soon as possible, deciding to reopen as early as August 8.
- At that time, since most customers did not have their personal seals or passbooks, familiar employees verified their identities and responded to requests for refund based solely on thumbprints and written statements.
- For customers without seals or passbooks, Hiroshima Bank relied on employees' memories and made expedient payments in a flexible manner. Despite these measures in urgent situations, no particular disputes arose later.

Anecdote (2)

- About a week after the bombing, a Deputy Manager of Deposits visited a temporary branch and began speaking: "All my family except my daughter died. I couldn't stop the diarrhea, and spots started appearing. I thought I wouldn't survive, so I came to report."
- He instructed an employee to take notes: "I was bombed in the Business Department. The documents were scattered, but I'll recount what I remember about the balances and cash on hand at the time."
- After finishing his account, he said farewell to everyone and left. "I heard he passed away four or five days later," recalled a colleague.

Vast network in Japan and overseas

Hiroshima Bank maintains a robust branch network across four prefectures in Japan, primarily centered in Hiroshima Prefecture and extending to Okayama, Yamaguchi, and Ehime Prefectures, operating 157 branches nationwide. As a community-based financial institution, we value contact with customers and provide optimal services tailored to the needs of customers in each region.

We have also established overseas representative offices in Shanghai, Bangkok, and Hanoi to enhance our support system for customers within the Asian economic bloc. Furthermore, we established a local subsidiary, HIROGIN GLOBAL CONSULTING, in Singapore in 2024 to provide comprehensive support for customers' overseas expansion, local market penetration, and other overseas business activities.

► Business base (Hiroshima Bank)

* Number of branches as of March 31, 2025

► Number of branches

* as of March 31, 2025

157 in Japan
(124 in Hiroshima Prefecture)

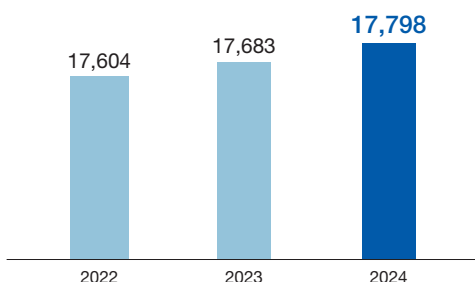
► 3 overseas representative offices
(Shanghai, Bangkok, Hanoi)

► Local subsidiary in Singapore
(HIROGIN GLOBAL CONSULTING)

Solid customer base established with the Group's comprehensive capabilities

The Group was the first in Japan to adopt a holding company structure with a single bank under its umbrella, pioneering a shift toward group management. Since transitioning to this structure, we have advanced the sophistication of our solution functions and expanded our business areas through strengthened collaboration among Group companies. As a result, the number of companies for which Hiroshima Bank is the main bank has steadily increased.

► Number of companies for which Hiroshima Bank is the main bank



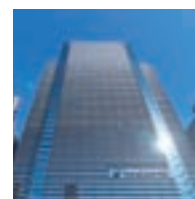
(Reference) Teikoku Databank Survey

► 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	Financial instrument intermediary business
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

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.



Intellectual capital

Initiatives for corporate business areas based on feasibility studies

The Group has pioneered the evaluation of qualitative information on customers (i.e., feasibility studies) ahead of other banks.

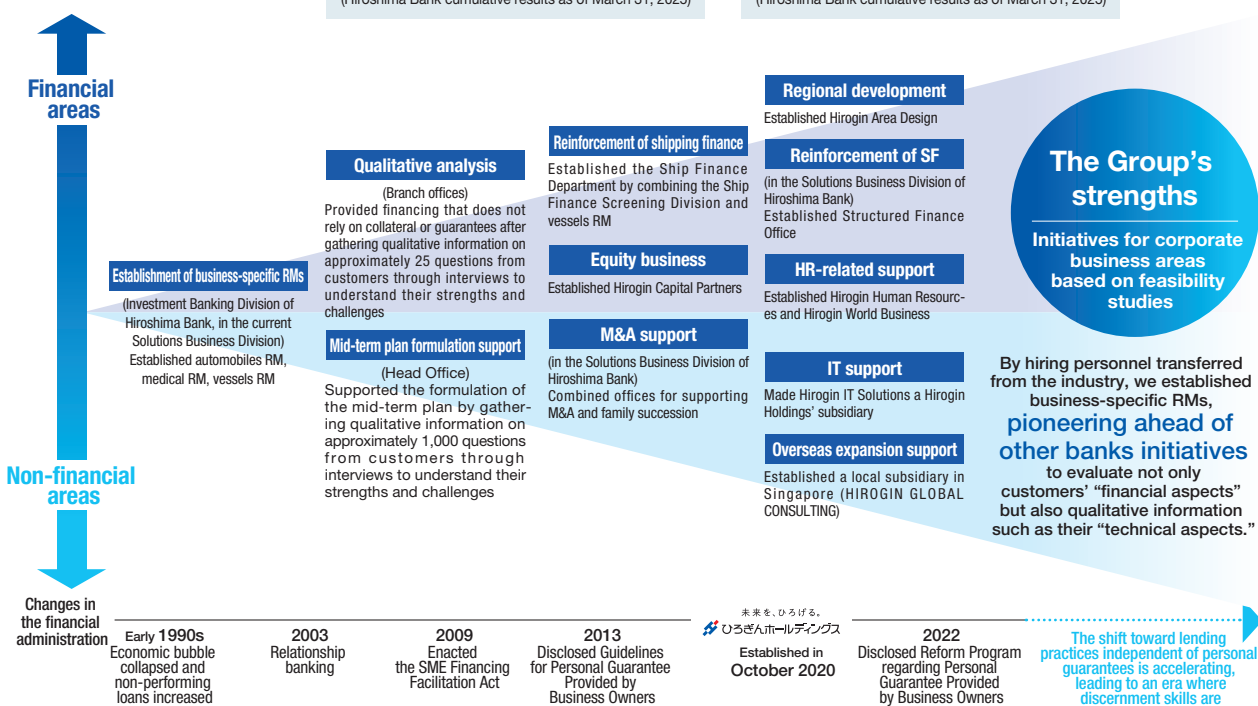
Understanding customers and delving deeply into their potential needs have become firmly established company-wide. We have established a framework to identify customers' true challenges and provide optimal solutions.

(Implemented in the Head Office)

Mid-term plan formulation support **146 cases**
(Hiroshima Bank cumulative results as of March 31, 2025)

(Implemented in branch offices)

Qualitative analysis **6,375 cases**
(Hiroshima Bank cumulative results as of March 31, 2025)



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.



Human capital

The Group's diverse human resources responsible for establishing relations and providing solutions

The Group is committed to developing human resources capable of providing optimal solutions to our customers' challenges, actively investing in human capital. To enhance expertise and broaden perspectives, we send employees on secondments and training programs to external companies to absorb diverse know-how. To strengthen relations with our corporate customers, we also implement secondments to them, striving to deepen mutual understanding and trust.

Please see pages 75-90 for details of investment in human capital.

Natural capital

Potential of crossing World Heritage Sites and tourism

Hiroshima Prefecture has two World Heritage Sites—Itsukushima Shinto Shrine and Hiroshima Peace Memorial (Genbaku Dome), and focuses on tourism promotion. It is undergoing redevelopment, including improvements to the transportation network and the construction of new hotels, fostering urban development that generates bustling activity and interaction.



Hiroshima's reborn gateway to the land



In March 2025, a new commercial facility called “minamo” opened in the JR Hiroshima Station Building, featuring Hiroshima’s first brand-name stores and a movie theater equipped with three screens.

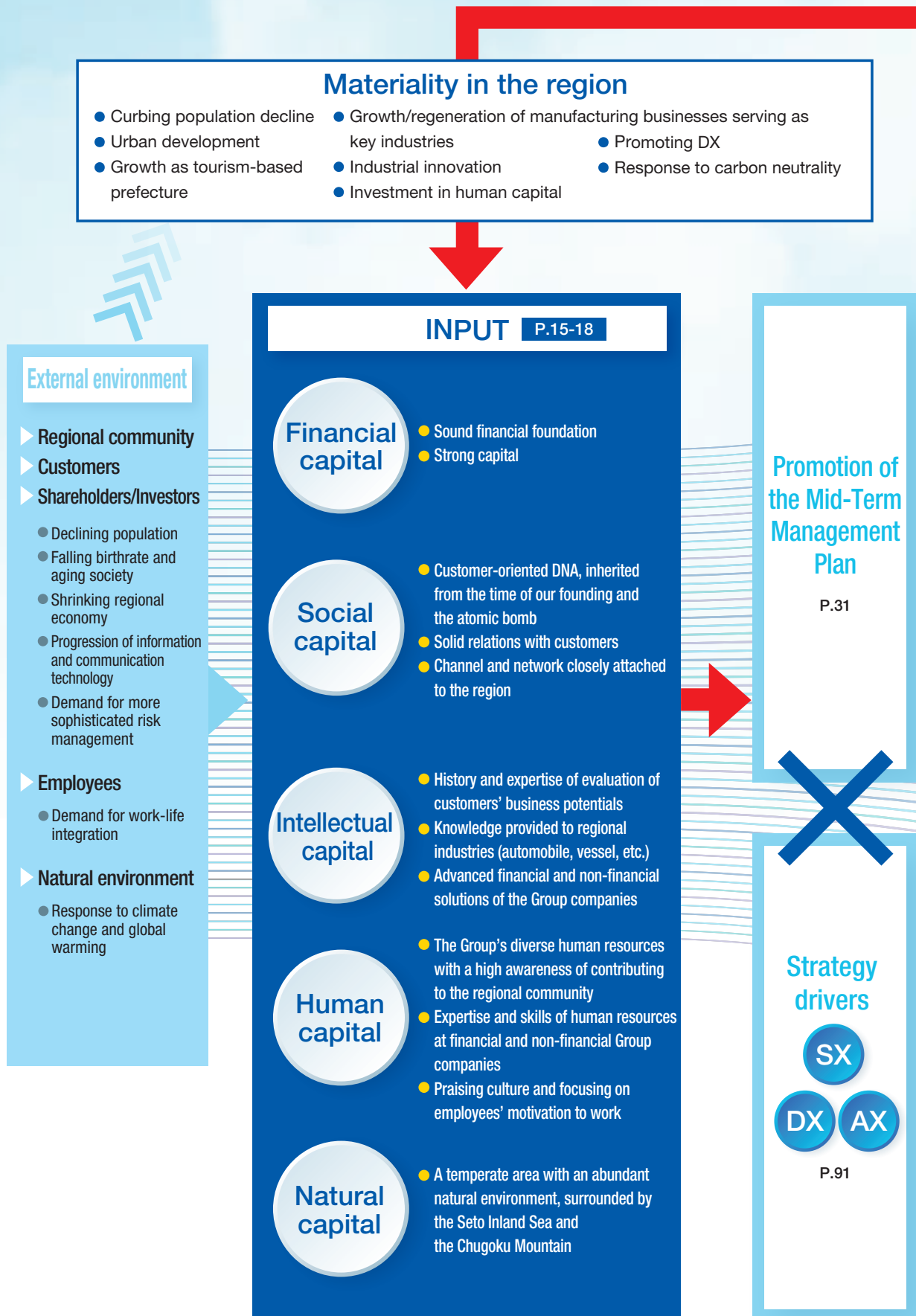
In August 2025, a new tram line also opened on the second floor of the station building. This is expected to invigorate human traffic by improving convenience and accessibility.

A new gateway to hospitality, leading to the World Heritage Site



In October 2028, Hilton’s premier luxury brand, LXR Hotels & Resorts, is scheduled to open on the site of our former resort facility.

Located in a special setting overlooking Otorii gate of the World Heritage Site Itsukushima Shinto Shrine, it will be the second LXR brand hotel in Japan, following the one in Kyoto.



Vibrant region

Maintaining and expanding prefectural GDP

Regional revitalization metrics

	FY2028 targets
Social population change in Hiroshima Prefecture	Reduction in the rate of decline
Tourism consumption in Hiroshima Prefecture	Continuous increase
Greenhouse gas emissions in Hiroshima Prefecture	Continuous reduction



Corporate Governance

Foundation that supports business activities

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Management metrics

	FY2028 targets
Consolidated ROE	9.5%
Consolidated capital adequacy ratio	Approx. 11%
Consolidated BPS	¥2,000 or higher

Revised upward in May 2025

Demonstrating overwhelming presence in the region

Enhancing corporate value