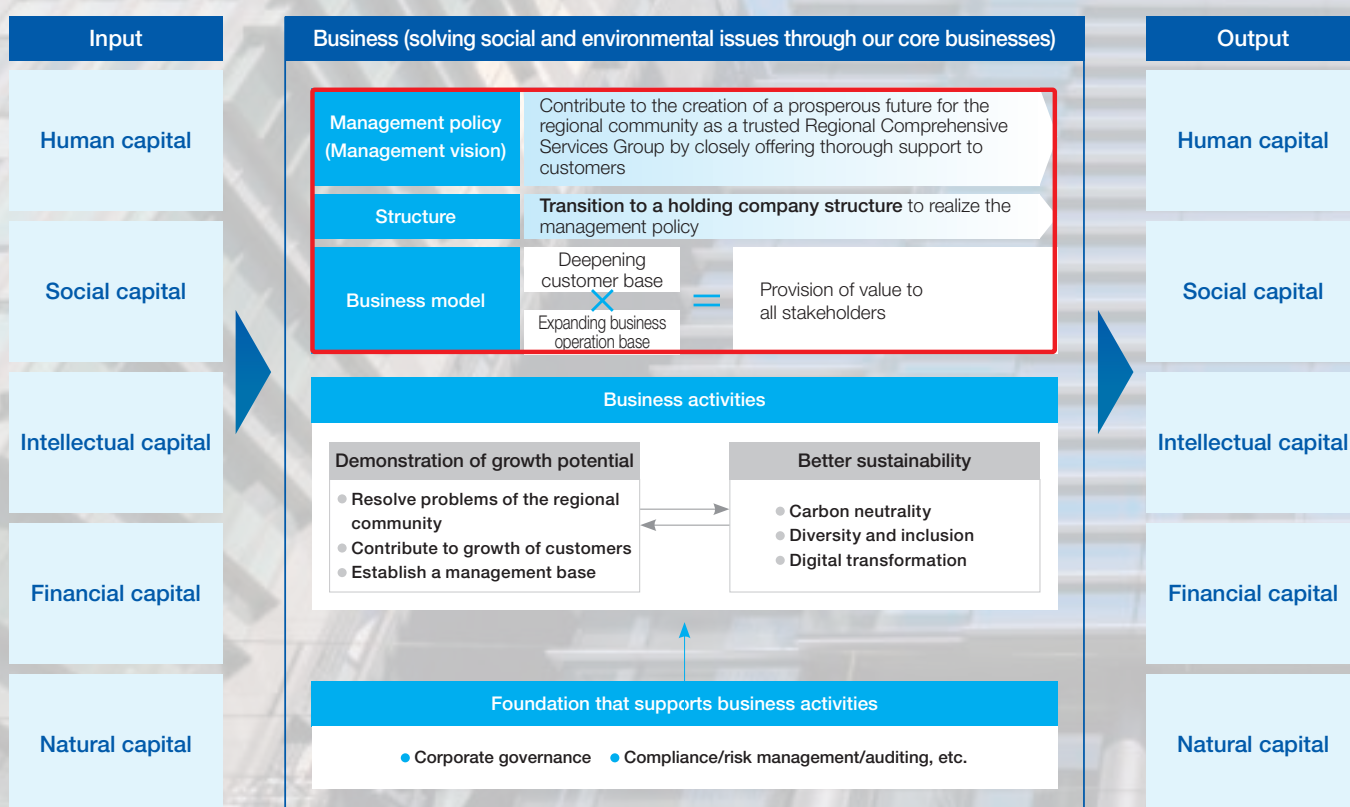


What We Aim to Achieve by Transitioning to a Holding Company Structure

All employees of the Group are working together to create shared value with all of our stakeholders in order to realize our new management vision of “contribute to the creation of a prosperous future for the regional community as a trusted Regional Comprehensive Services Group by closely offering thorough support to customers.”

Value Creation Process Map



Head Office building of Hirogin Holdings, Inc.

The Group has evolved to a company with a holding company structure, aiming for a trusted Regional Comprehensive Services Group by closely offering thorough support to customers. 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.

Purpose of Our Transition to a Holding Company Structure

Thoughts behind the decision to transition to a holding company structure

Under the management vision of “Building a reliable Hirogin Group united through trusting relations with the regional community,” Hiroshima Bank has been striving to strengthen collaboration within the group from the perspective of promoting unified group operation. And it has built its position as a leading bank group in the region by demonstrating its comprehensive strength and has pursued sound management based on its solid operational base.

However, the business environment surrounding financial institutions, especially regional financial institutions, is expected to become even more severe due to factors such as the declining population and the entry of competitors from other industries. In addition, customer needs are becoming more and more diversified, complex, and sophisticated due to changes in economic and social conditions such as the rapid progress of digital transformation, as well as changes in customer lifestyles and values. In the future, it is expected to become difficult for a bank-centered system to flexibly respond to changes in the business environment, including regulatory easing, or to appropriately respond to customer needs.

Under these circumstances, in order to strive to become a Regional Comprehensive Services Group that can respond to all customer needs centered on finance as well as to achieve sustainable improvement of the Hirogin Group’s popularity in the market and its corporate value, we have judged that it is necessary to further enhance group governance and to further expand the scope of business operations and strive to strengthen group synergies. Accordingly, in October 2020, we established Hirogin Holdings and evolved into a new group business structure of a holding company.

The decision to transition to a holding company structure reflects our sincere desire to pursue “what the Hirogin Group wants to be.”

Under our new brand slogan “Expanding the horizons of the future,” the Group aspires to realize its new management vision of “Contribute to the creation of a prosperous future for the regional community as a trusted Regional Comprehensive Services Group by closely offering thorough support to customers.” To that end, all employees of the Group will work together to create shared value with all of our stakeholders.

What we mean by the trade name

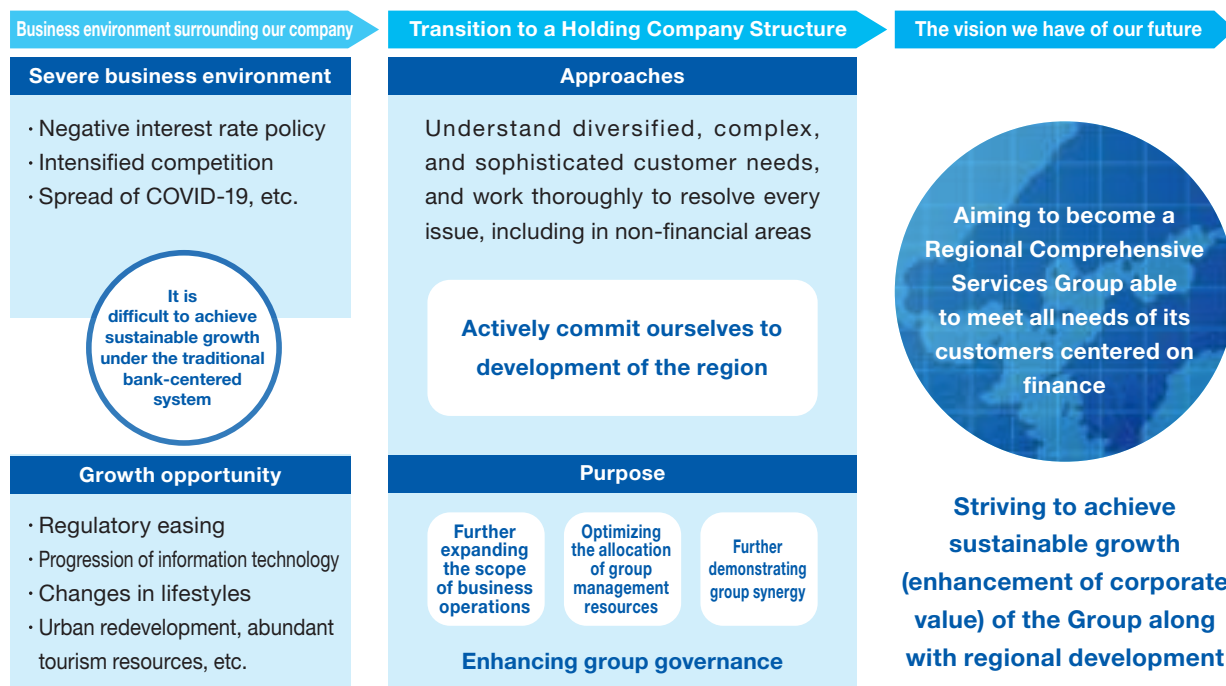


Hirogin Holdings, Inc.

What we mean by the trade name —————

By adding “Hirogin,” a brand that our group companies have built up over the years, to the trade name of the holding company, we made it clear that the new company is the holding company of the group and hoped that the company would strengthen the sense of unity among group members and boost our popularity in the market.

Background and Purpose behind the Transition to a Holding Company Structure



Business Model / Source of Value Creation

Business model after the transition to a holding company

In order to realize our new management policy, the Group aims to further evolve from a Comprehensive Financial Services Group to a Regional Comprehensive Services Group with the transition to a holding company structure.

We will further deepen our relations with regional community and customers and understand individual needs and issues in the markets of our four local

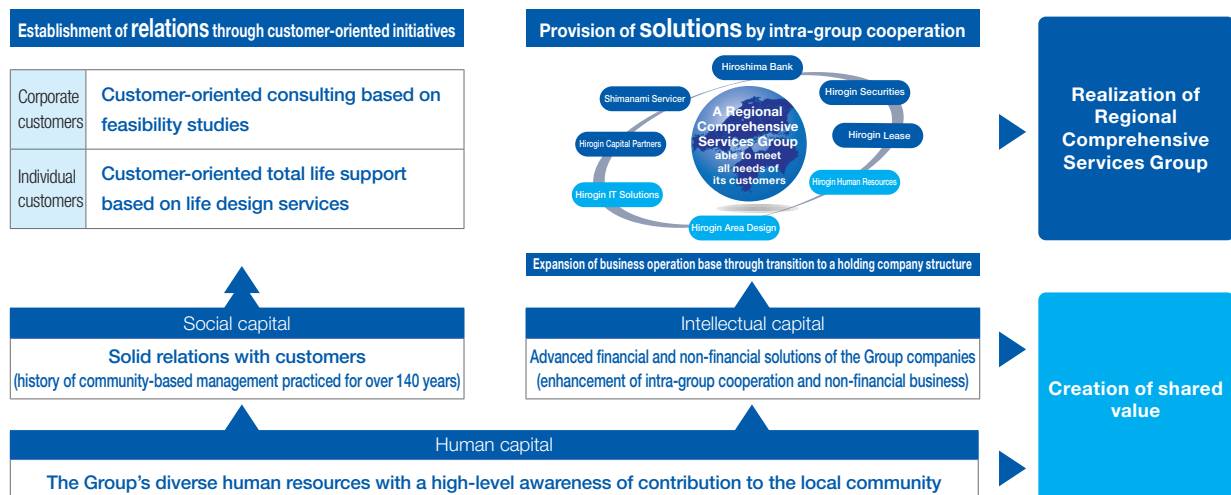
prefectures of Okayama, Yamaguchi, Ehime, and, in particular, Hiroshima, which has enormous potential. In our efforts to resolve those issues, we aim to contribute to the development of the region and the growth of our customers by providing solutions not only in the financial areas but also in the nonfinancial areas, thereby achieving the sustainable growth of the Group.



Hirogin Group's strengths (source of value creation)

Hirogin Group's strengths are "solid relations with customers" backed by the history of community-based management practiced by Hiroshima Bank for over 140 years and "advanced financial and non-financial solutions of the Group companies" that have been expanded and strengthened through the transition to a holding company structure.

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' concierge and create shared value with local communities and customers by providing escort-runner style support that utilizes the Group's comprehensive capabilities.



Group Structure

Group structure as a Regional Comprehensive Services Group

In order to realize our new management policy, the Group shifted its group structure by transitioning to a holding company structure in October 2020.

In addition, after the transition to a holding company structure, in order to implement our business model as a Regional Comprehensive Services Group, we have built a group system capable of providing high value-added solutions, including in nonfinancial areas,

by establishing three nonfinancial subsidiaries and making them our subsidiaries.

We will continue to deepen and expand our customer base and business operation base, and maximize the group synergy by further moving ahead with reforming employee consciousness and behavior to further strengthen intra-group cooperation.

History of major group companies after the transition to a holding company structure (expansion of the scope of business operations)

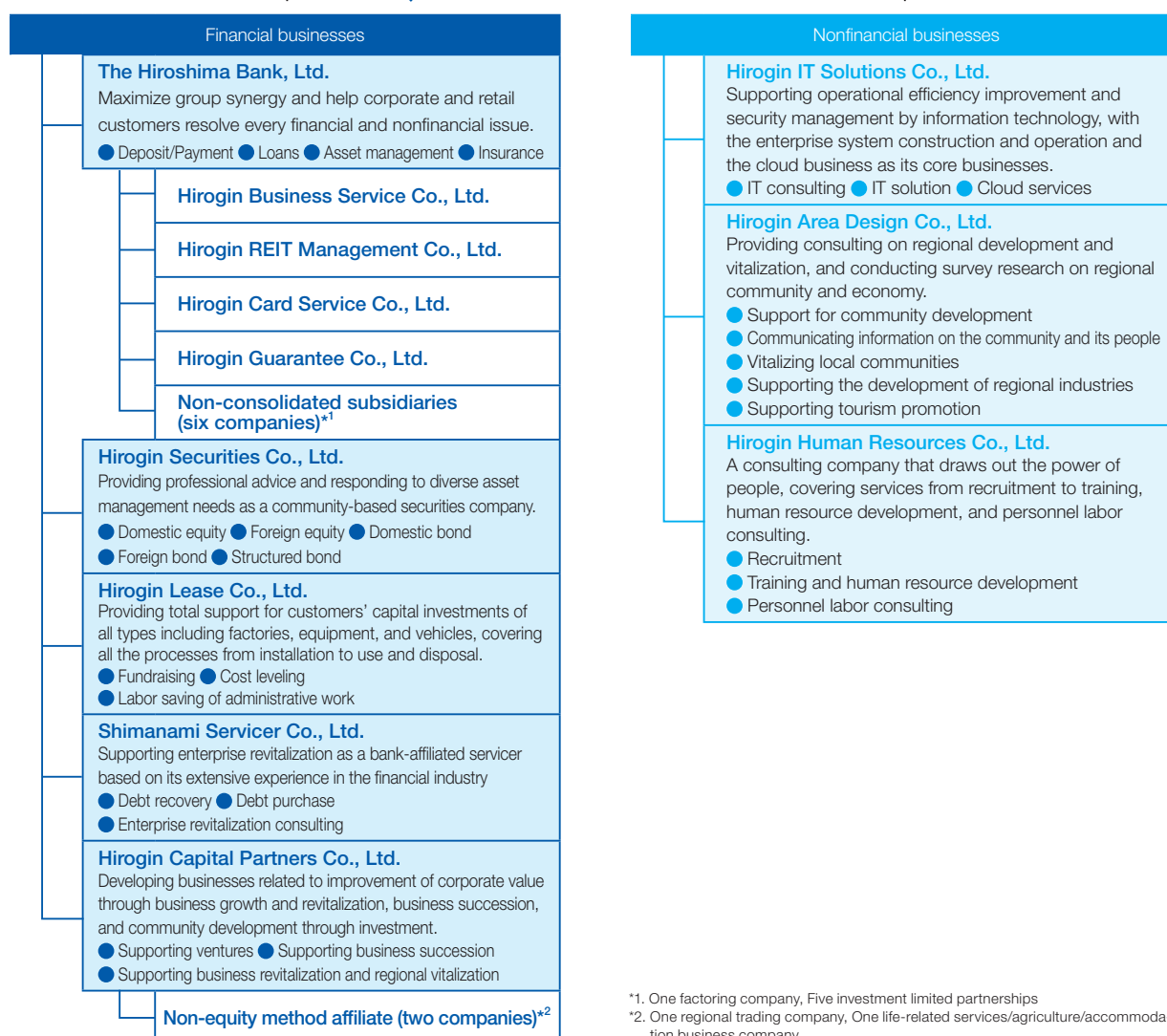
Period	History	Business domains	
January 2021	Hirogin IT Solutions became a subsidiary (M&A)	IT-related businesses	Non-financial
March 2021	Hirogin Lease became a subsidiary (M&A)	Leasing businesses	Financial
April 2021	Establishment of Hirogin Area Design (spin-out)	Consulting related to regional vitalization	Non-financial
	Establishment of Hirogin Human Resources (spin-out)	Consulting related to human resources, labor, etc.	Non-financial

Group Structure (As of April 1, 2022)

Expanding the horizons of the future



HIROGIN HOLDINGS



*1. One factoring company, Five investment limited partnerships

*2. One regional trading company, One life-related services/agriculture/accommodation business company

Growth Driver (Growth Strategy for a Holding Company Structure)

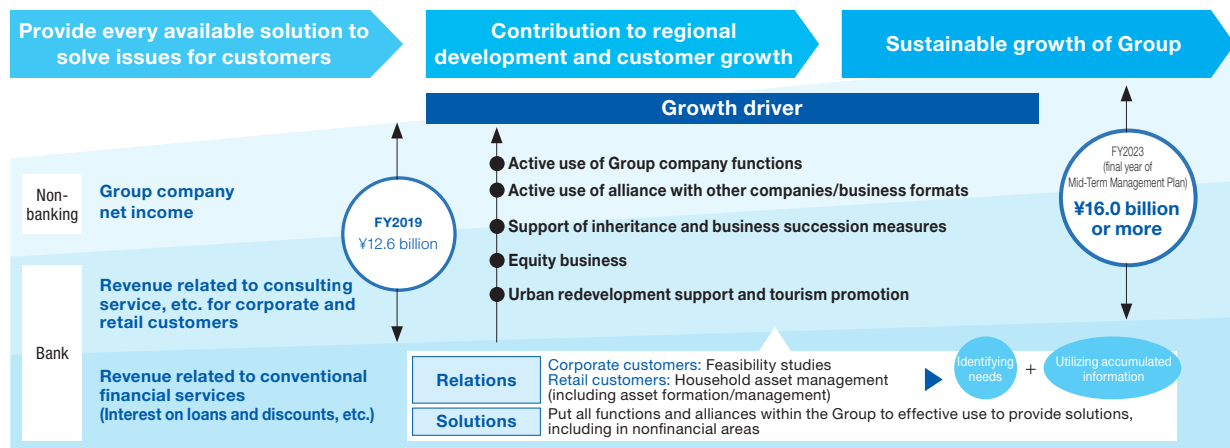
Profit Structure Reforms

In conjunction with the transition to a holding company structure, the Group has formulated Mid-Term Management Plan 2020 (period covered: October 2020 to March 2024) as a growth strategy under the new group format.

In addition to our efforts in existing financial areas that focus on deposit and lending businesses, we are strengthening support for inheritance and business

succession measures, the equity business, and other services that are expected to enjoy further growing demand. We aim to take advantage of every available function within the group and alliances with companies, including those in other industries, and provide solutions in financial and nonfinancial areas, thereby proceeding with profit structure reforms in order to establish a stable management base.

Outline of profit expansion under Mid-Term Management Plan 2020

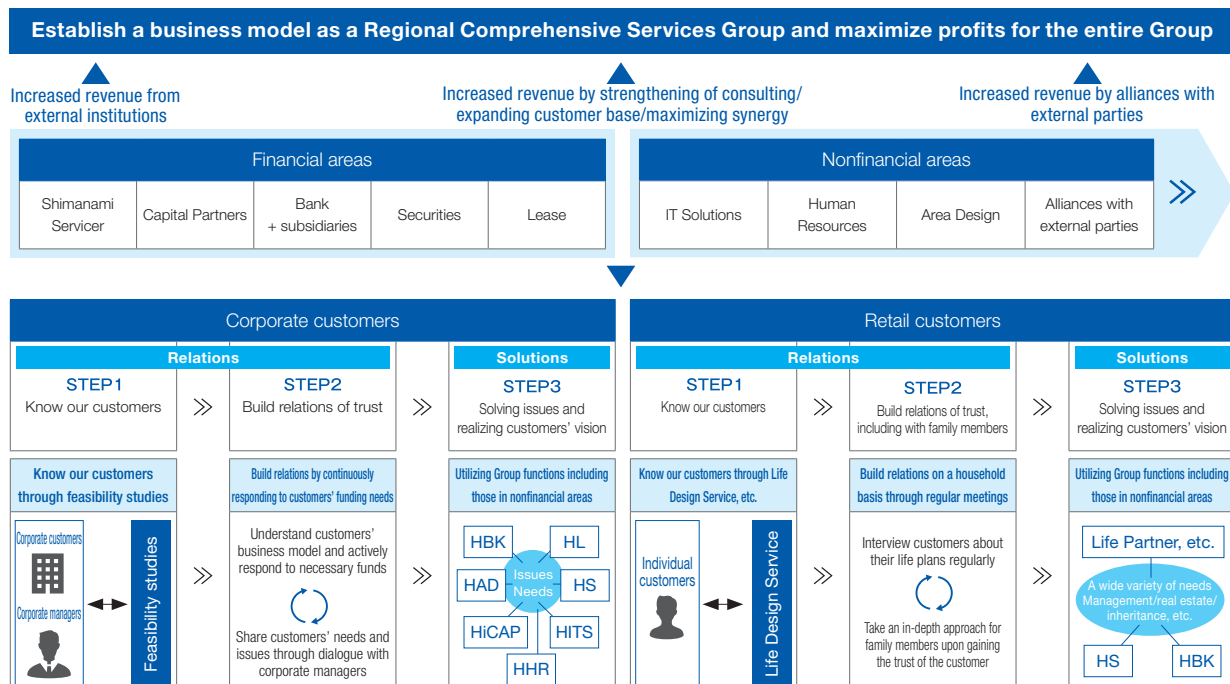


Strengthening intra-group cooperation

Under the holding company structure, the Group will further strengthen intra-Group cooperation with its group companies referring their business partners to each other to deepen and expand their customer

base. At the same time, we will deepen and expand our business operation base by combining each group company's function and utilizing alliances.

Image of expanding business areas through strengthened intra-group cooperation



Progress of Group Management (Initiatives after Transition to Holding Company Structure)

Initiatives after Transition to Holding Company Structure

The Group is proceeding with various initiatives to achieve the purpose of its transition to a holding company structure, namely, “enhancing group governance,” “expanding business operation base,” “optimizing allocation of group management resources,” and “strengthening intra-group cooperation.”

We will continue to accelerate intra-group cooperation through further progress of reformed consciousness and behavior, aiming to move on to the next stage.

■ Purpose of Our Transition to a Holding Company Structure

Purpose		Traditional approach (before transition to a holding company structure)	Current approach (after transition to a holding company structure)
Governance	Enhancing group governance	Group-based management supervisory functions and business execution functions are not separated (A bank with business execution functions supervises the management of the entire group)	Group-based management supervisory functions (a holding company) and business execution functions (subsidiaries) are separated
Strategic Decision	Expanding business operation base (enhancing non-financial business)	Comprehensive financial services group	A regional comprehensive services group (meet all needs of its customers centered on finance, including non-financial areas)
Resource Allocation	Optimizing allocation of group management resources	Partial optimization (resource allocation centered on the bank)	Overall optimization (resource allocation by the holding company independently from its subsidiaries including the bank)
Execution	Strengthening intra-group cooperation (reforming consciousness and behavior)	Bank-based consciousness and behavioral patterns	Group-based consciousness and behavioral patterns

■ Enhancing group governance

With the transition to a holding company structure, the Group has worked on various measures to further demonstrate the functions of the Board of Directors based on the evaluation of its effectiveness, in order to strengthen the decision-making functions and management supervisory functions of the Board of Directors.

In April 2022, after the overhaul of the Hiroshima Bank's executive structure (replacement of the President), the concurrent post of holding company president and bank president was eliminated. Accordingly, we will strive to further evolve group management under the new governance structure.

Main initiatives after the transition to a holding company structure

(1) Further demonstrating the functions of the Board of Directors based on the evaluation of its effectiveness

- Review for a group management plan formulation process based on the Board of Directors of the holding company
- Introduction of free discussions on “important management themes” at the Board of Directors meetings of the holding company
- Introduction of executive presentations by the presidents of group companies (excluding Hiroshima Bank) at the Board of Directors meetings of the holding company

(2) Further separating management supervisory functions (holding company) and business execution functions (subsidiaries including the bank)

- Elimination of the concurrent post of holding company president and bank president (to concentrate on group management)

■ Expanding business operation base (enhancing non-financial business)

With the transition to a holding company structure, the Group has deepened and expanded its business operation base starting with customer needs, centering on nonfinancial businesses, through efforts including the establishment of three nonfinancial subsidiaries and

making them subsidiaries, and entry to new businesses by utilizing alliance partners, in order to transform from a Comprehensive Financial Services Group to a Regional Comprehensive Services Group.

Main initiatives after the transition to a holding company structure

(1) Establishment of three nonfinancial subsidiaries and making them subsidiaries

- Made Hirogin IT Solutions a subsidiary (strengthen initiatives for IT consulting)
- Established Hirogin Area Design (strengthen initiatives for regional vitalization and regional revitalization)
- Established Hirogin Human Resources (strengthen initiatives for human resource support)

(2) Initiatives for new businesses by utilizing alliance partners, etc.

- Entry to new businesses by Hirogin Area Design and Hirogin Capital Partners (cooperation with alliance partners)
- Entry to worker dispatching business by Hirogin Human Resources (M&A)
- Implementation of a business contest aimed at creating new businesses
- Operation of a cafe on the first floor of the new Head Office building by an investee (a regional trading company) of Hirogin Capital Partners

Optimizing allocation of group management resources

With the transition to a holding company structure, the Group has worked on initiatives to optimize the business portfolio of the Group as a whole and the allocation of human resources within the Group, such as overhauling the capital structure of subsidiaries and

activating secondment within the Group, in order for the holding company to optimize allocation of group management resources independent from its subsidiaries, including the bank.

Main initiatives after transition to a holding company structure

(1) Optimization of business portfolio

- Expansion of business domain into growing areas (establishment of three nonfinancial subsidiaries and making them subsidiaries, etc.)
- Made Hirogin Lease a wholly-owned subsidiary (overhaul of capital structure of subsidiaries)

(2) Optimization of human resource portfolio

- Activate secondment within the Group (a total of 111 employees seconded after transition to a holding company structure)
- Introduction of the Career Design System at Hiroshima Bank (internal internships, career change support for desired duties, etc.)

Strengthening intra-group cooperation (reforming consciousness and behavior)

The Group recognizes that the key to the success or failure of the transition to a holding company structure depends on “whether the Group’s employees become able to always consider matters on a group basis, turn their ideas into initiatives and actions, and contribute to customers in the region and society.” Based on this

recognition, with the transition to a holding company structure, we proceeded with various initiatives to reform consciousness and behavior in both soft and hard aspects in order to change our mindset from seeing the bank as the center of things to seeing the group as a united entity.

Main initiatives after transition to a holding company structure

(1) Reform of consciousness

- Sending messages from the management team including top management
- Awareness-raising through various training sessions at Group companies and dissemination of news on good examples of cooperative initiatives

(2) Fostering mutual understanding among group companies

- Understanding the solutions of group companies through the use of TV study sessions and solution booklets
- Exchange of human resources among Group companies (secondment within the Group/short-term trainee)

(3) Activation of communication among Group companies

- Reconstruction of the new Head Office building (activation of inter-group cooperation with the headquarters departments of major group companies relocating/moving into the Head Office building)
- Appointment of “persons in charge of strengthening cooperation” with major group companies at each branch of Hiroshima Bank

T O P I C S

Introduction of “Tomorrow Square” on the 1st floor of the Head Office building

The first floor of the new Head Office building, which opened in May 2021, serves as a gateway to receive customers. We regarded it as a place to create liveliness and diverse exchanges to vitalize the center of Hiroshima city, and named the place “Tomorrow Square.”

“Tomorrow Square” is a space that symbolizes what Hirogin Holdings aims to achieve, namely the provision of new value by people’s gathering, meeting, talking and being connected.



Maximizing Group Synergy (Results of Transition to a Holding Company Structure)

Results of transition to a holding company structure

The Group positioned FY2021 as an important fiscal year to start a substantial holding company structure, and worked on deepening and expanding customer base through mutual cooperation of Group companies and enhancing new solution functions. As a result, in FY2021, the Group companies' performance improved,

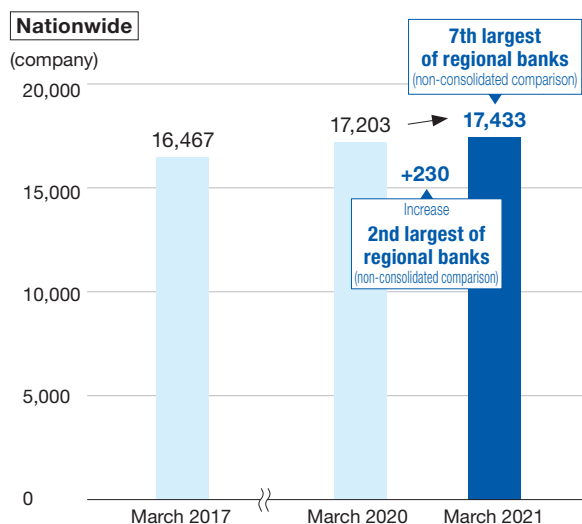
and as a synergy of intra-Group cooperation, we saw the results of awareness and behavior reform under the holding company structure with a steady increase in the number of companies for which Hiroshima Bank is the main bank.

Main results of Group companies (FY2021)

Numbers in parentheses indicate results of FY2020 or comparison with the end of March 2021.

Financial and nonfinancial needs	Main solution	Results * FY2021 or the end of March 2022
Increase in capital (business succession and revitalization)	Capital Partners	Amount of investment (Total of fund and principal investment) ¥2.9 billion (+ ¥1 billion)
Inheritance measures	Bank	EXIT revenue ¥0.9 billion (+ ¥0.9 billion)
Securing human resources, building HR systems	Bank	Trust-related revenue ¥0.7 billion (+ ¥0.1 billion)
Capital investment, utilization of leases	Human Resources	Total number of recruitment contracts 92 (+ 19)
ICT, streamlining of operations	Lease	Number of customers 6,324 (+ 117)
Diversification of payment methods	IT Solutions	Number of contracts 100 (+ 68)
Asset management	Card Service	Number of corporate customers using card services 8,519 (+ 76)
Debt purchase	Bank, Securities	Number of financial instrument intermediary accounts 26,121 (+ 3,806)
	Bank, Securities	Revenue from financial instrument intermediary services ¥4.7 billion (+ ¥0.4 billion)
	Shimnami Servicer	Number of customers in debt purchase services 1,626 (+ 266)

Number of companies for which Hiroshima Bank is the main bank

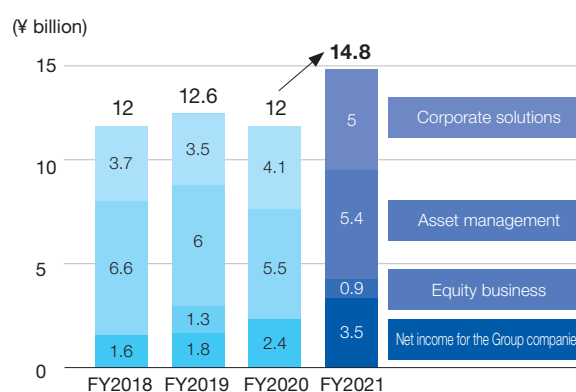


Enhancing social capital value

Deepening/expanding customer base

Enhancing financial capital value

Total of revenue related to consulting service for corporate and retail customers and net income for the Group companies



Enhancing intellectual capital value

Deepening/expanding business operation base

Stable revenue structure by maximizing Group synergy

Further Maximizing Group Synergy

Recognition of current issues and future initiatives

Amid changing and complicated environment, customers' issues and needs diversify further. It is difficult to share true issues and needs unless we drastically carry out customer-oriented business operations, understand customers and build trust relationships with them. Therefore, in order to solve their complicated and diversified issues, we recognize the need to draw on the full range of the Group's capabilities more than before and address them in a speedy manner.

The Group positioned FY2022 as an important fiscal year to build a bridge to the final year of the Mid-Term Management Plan 2020, and will steadily implement strategies described in the Mid-Term Management Plan

by practicing customer-oriented business operations through thorough "market-in" (customer not product first) to solve issues of regional communities and customers as a corporate group rooted in the region.

Under the circumstances, in order to further maximize Group synergy in light of the fact that cooperation between the Bank and non-bank subsidiaries has produced results, we will solidify the holding company structure by building cooperation between non-bank subsidiaries and integrating, streamlining and digitalizing operations common to the Group with Hirogin Holdings at its center in a steady manner.

Positioning of FY2022

