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 Man

Value Creation Process Map

Business (solving social and environmental issues through our core businesses) Input Contribute to the creation of a prosperous future for the regional community as a trusted Regional Comprehensive **Management policy** Human capital Services Group by closely offering thorough support to (Management vision) Transition to a holding company structure to realize the Structure management policy Deepening customer base Social capital Provision of value to **Business** model all stakeholders Expanding business **Business activities** Intellectual capital Demonstration of growth potential Better sustainability Resolve problems of the regional Carbon neutrality community Diversity and inclusion Contribute to growth of customers Digital transformation Establish a management base Financial capital Foundation that supports business activities Natural capital

Human capital

Social capital

Intellectual capital

Output

Natural capital

Financial capital



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 environment surrounding our company

Severe business environment

- · Negative interest rate policy
- · Intensified competition
- · Spread of COVID-19, etc.

It is difficult to achieve sustainable growth under the traditional bank-centered system

Growth opportunity

- · Regulatory easing
- · Progression of information technology
- · Changes in lifestyles
- · Urban redevelopment, abundant tourism resources, etc.

Transition to a Holding Company Structure

Approaches

Understand diversified, complex, and sophisticated customer needs, and work thoroughly to resolve every issue, including in non-financial areas

Actively commit ourselves to development of the region

Purpose

Further expanding the scope of business operations Optimizing the allocation of group management resources

Further demonstrating group synergy

Enhancing group governance

The vision we have of our future

Aiming to become a
Regional Comprehensive
Services Group able
to meet all needs of its
customers centered on
finance

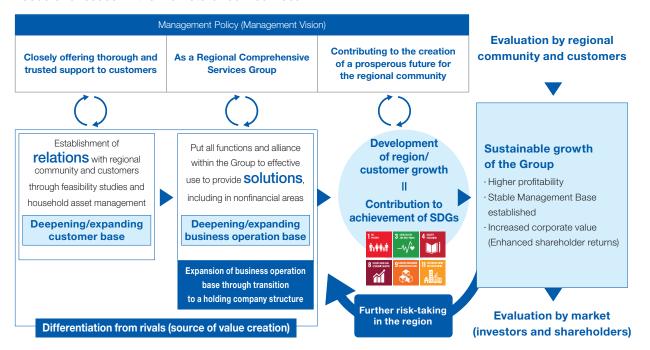
Striving to achieve sustainable growth (enhancement of corporate value) of the Group along with regional development

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.

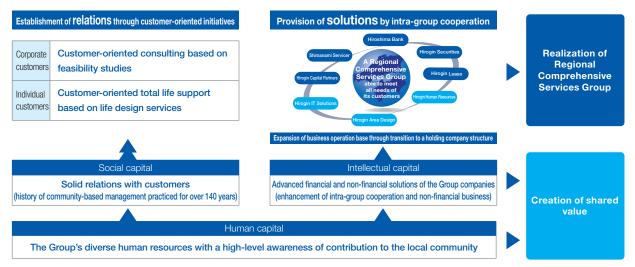
We will further deepen our relations with regional community and customers and understand individual needs and issues in the markets of our four local prefectures of Okayama, Yamaguchi, Ehime, and, in particular, Hiroshima, which has enormous potential. In our efforts to resolve those issues, we aim 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 highlevel 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)	M&A) Leasing businesses Financial	
Amril 0001	Establishment of Hirogin Area Design (spin-out)	Consulting related to regional vitalization	Non-financial
April 2021	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



Financial businesses				
Maximi custom	The Hiroshima Bank, Ltd. Maximize group synergy and help corporate and retail customers resolve every financial and nonfinancial issue. Deposit/Payment ● Loans ● Asset management ● Insurance			
	Hirogin Business Service Co., Ltd.			
	Hirogin REIT Management Co., Ltd.			
	Hirogin Card Service Co., Ltd.			
	Hirogin Guarantee Co., Ltd.			
	Non-consolidated subsidiaries (six companies)*1			
Providin manage Dome	Hirogin Securities Co., Ltd. Providing professional advice and responding to diverse asset management needs as a community-based securities company. ■ Domestic equity ■ Foreign equity ● Domestic bond ■ Foreign bond ● Structured bond			
Providin all types all the p	Hirogin Lease Co., Ltd. Providing total support for customers' capital investments of all types including factories, equipment, and vehicles, covering all the processes from installation to use and disposal. Fundraising Cost leveling Labor saving of administrative work			
Support based o Debt	Shimanami Servicer Co., Ltd. Supporting enterprise revitalization as a bank-affiliated servicer based on its extensive experience in the financial industry Debt recovery Debt purchase Enterprise revitalization consulting			
Hirogin Capital Partners Co., Ltd. Developing businesses related to improvement of corporate value through business growth and revitalization, business succession, and community development through investment. Supporting ventures Supporting business succession Supporting business revitalization and regional vitalization				
	Non-equity method affiliate (two companies)*2			

Hirogin IT Solutions Co., Ltd. Supporting operational efficiency improvement and security management by information technology, with the enterprise system construction and operation and the cloud business as its core businesses. IT consulting
 IT solution
 Cloud services Hirogin Area Design Co., Ltd. Providing consulting on regional development and vitalization, and conducting survey research on regional community and economy. Support for community development Ocmmunicating information on the community and its people Vitalizing local communities Supporting the development of regional industries Supporting tourism promotion Hirogin Human Resources Co., Ltd. A consulting company that draws out the power of people, covering services from recruitment to training, human resource development, and personnel labor consulting. Recruitment Training and human resource development Personnel labor consulting

^{1.} One factoring company, Five investment limited partnerships

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

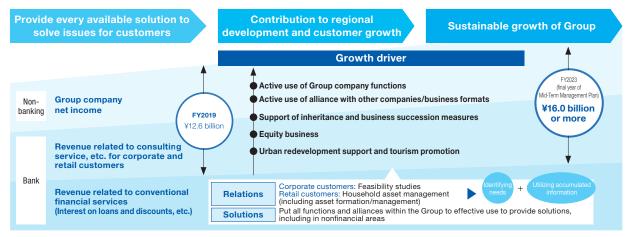
Growth Driver (Growth Strategy for a Holding Company Structure)

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.

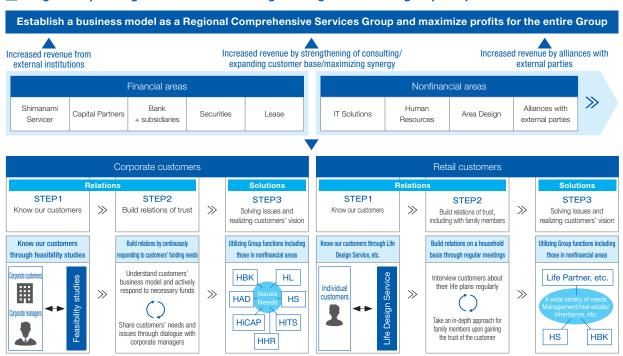
Outline of profit expansion under Mid-Term Management Plan 2020



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

F	Purpose	Traditional approach (before 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)		
Strategic Decision	Expanding business operation base (enhancing non-financial business)	Comprehensive financial services group		
Resource Allocation	Optimizing allocation of group management resources	Partial optimization (resource allocation centered on the bank)		
Execution	Strengthening intra-group cooperation (reforming consciousness and behavior)	Bank-based consciousness and behavioral patterns		

	Current approach (after transition to a holding company structure)
•	Group-based management supervisory functions (a holding company) and business execution functions (subsidiaries) are separated
•	A regional comprehensive services group (meet all needs of its customers centered on finance, including non-financial areas)
•	Overall optimization (resource allocation by the holding company independently from its subsidiaries including the bank)
•	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

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

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)

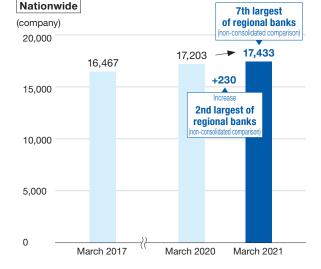
Numbers in parentheses indicate results of FY2020 or comparison with the end of March 2021.

Financial and nonfinancial needs		Main solution
Increase in capital	•	Capital Partners
(business succession and revitalization)	•	Bank
Inheritance measures	•	Bank
Securing human resources, building HR systems	•	Human Resources
Capital investment, utilization of leases	•	Lease
ICT, streamlining of operations	•	IT Solutions
Diversification of payment methods	•	Card Service
Asset management		Bank, Securities
		Bank, Securities
Debt purchase	•	Shimanami Servicer

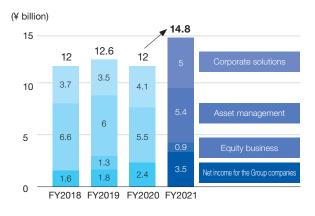
Results * FY2021 or the end of March 2022 Amount of investment ¥2.9 billion (+ ¥1 billion) EXIT revenue ¥0.9 billion (+ ¥0.9 billion) Trust-related revenue ¥0.7 billion (+ ¥0.1 billion) Total number of recruitment contracts 92 (+ 19) 6,324 (+ 117) Number of customers Number of contracts 100 (+ 68) Number of corporate customers 8,519 (+ 76) using card services Number of financial instrument 26,121 (+ 3,806) intermediary accounts Revenue from financial instrument ¥4.7 billion (+ ¥0.4 billion) intermediary services Number of customers in debt 1.626 (+ 266) purchase services

* Source: Tokyo Shoko Research

Number of companies for which Hiroshima Bank is the main bank



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



Enhancing social capital value

Deepening/expanding customer base



Enhancing financial capital value

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

FY2021

Positioning

Important fiscal year to start a substantial holding company structure

- Implementing awareness and behavior reform to strengthen intra-Group cooperation
- Expanding business operation base by establishing nonfinancial subsidiaries or making them subsidiaries

Results of intra-Group cooperation

Deepening/expanding customer base

 Number of companies for which Hiroshima Bank is the main bank: + 230

(* Year-on-year increase, 2nd largest of regional banks)

Deepening/expanding business operation base

- Revenue related to consulting service: + ¥1.7 billion
- Net income for the Group companies: + ¥1.1 billion

FY2022

Important fiscal year to build a bridge to the final year of the Mid-Term Management Plan

Positioning

- Improving quality of Group companies (improving quality, expanding the scope)
- Maximizing Group synergy to the full extent
- Integrating, streamlining and digitalizing operations common to the Group

Solidifying the holding company structure toward the final fiscal year of the Mid-Term Management Plan

FY2023

Toward the final fiscal year of the Mid-Term Management Plan 2020 (Achieving management targets)

Strengthening solution functions

Maximizing Group synergy

+

Improving quality of companies and employees

Creating collaboration without going through the Bank

Building a system where Group companies can respond to customers' needs under a one-stop service platform (= practicing customer-oriented business operations)

Streamlining and integrating operations in the Group

- Integrating middle and back operations spread throughout companies with Hirogin Holdings at its center
- Digitalizing operations in the Group utilizing digital technology

Strengthening operational collaboration within the Group by integrating operations common to the entire Hirogin Holdings