

11 What We Aim to Achieve

—Evolving into a Regional Comprehensive Services Group—

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.”



Key Progress

(Progress Highlights since April 2022)

| Group Management after Transition to Holding Company Structure

Synergies achieved through enhanced intra-Group cooperation (Founding stage of Hirogin Holdings) P.17

Specific actions for the next phase of development based on past achievements and challenges (Second stage of Hirogin Holdings) . . . P.17~18

■ Major achievements of Group companies (Key indicators of intra-Group cooperation)

	Achievements	Cumulative total after transition to a holding company structure
Hiroshima Bank	As of the end of March 2023	Comparison with the end of March 2020
Number of companies for which Hiroshima Bank is the main bank (Source: Tokyo Shoko Research)	17,683	+ 480
Hirogin Securities	As of the end of March 2023	Comparison with the end of September 2020
Number of financial instrument intermediary accounts	28,624	+ 7,581
Hirogin Lease	As of the end of March 2023	Comparison with the end of September 2020
Number of customers	6,412	+ 254
Hirogin Credit Service	As of the end of March 2023	October 2020 onward
Number of corporate customers using card services	8,743	+ 451
Hirogin Capital Partners	As of the end of March 2023	Comparison with the end of September 2020
Balance of investments (Total of fund and principal investment)	¥3.7 billion	+ ¥3.6 billion
Hirogin Human Resources	As of the end of March 2023	April 2021 onward
Number of corporate customers under consulting contracts	81	+ 81
Hirogin IT Solutions	FY2022	January 2021 onward
Number of contracts	203 (during the period)	316 (total)
Hirogin Area Design	FY2022	April 2021 onward
Number of orders received	22 (during the period)	41 (total)

Aiming to Realize Our Management Vision

Evolving from a Comprehensive Financial Services Group to a Regional Comprehensive Services Group

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 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

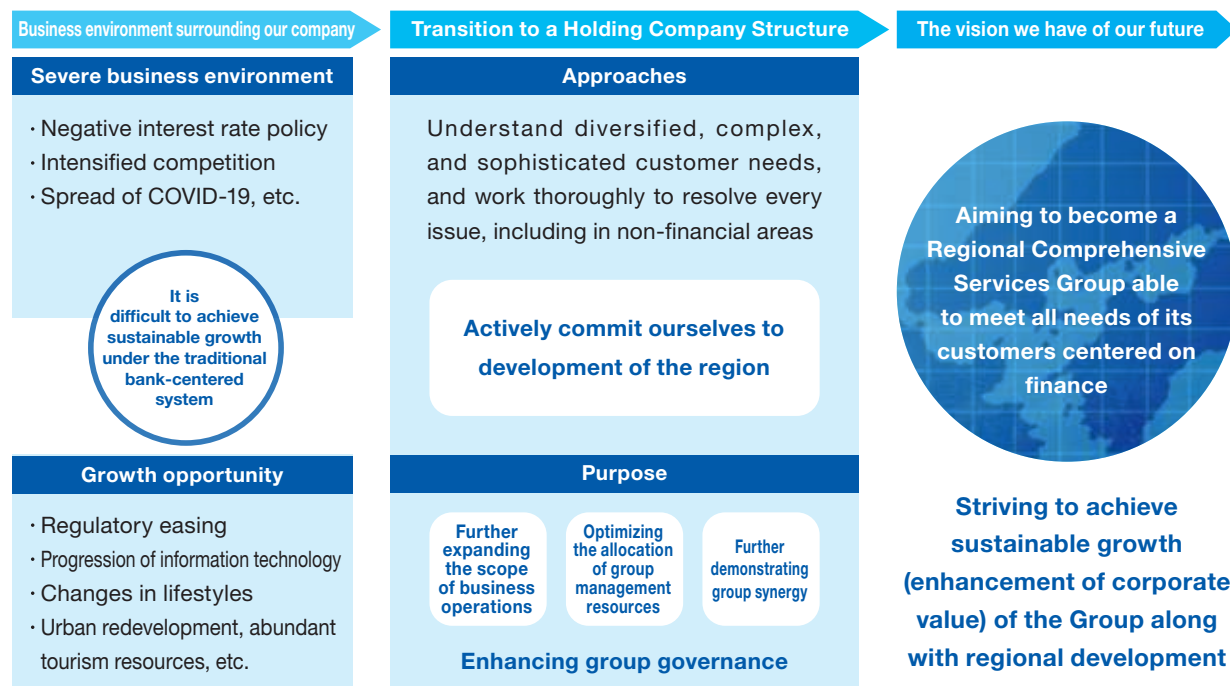


Hirogin Holdings, Inc.

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

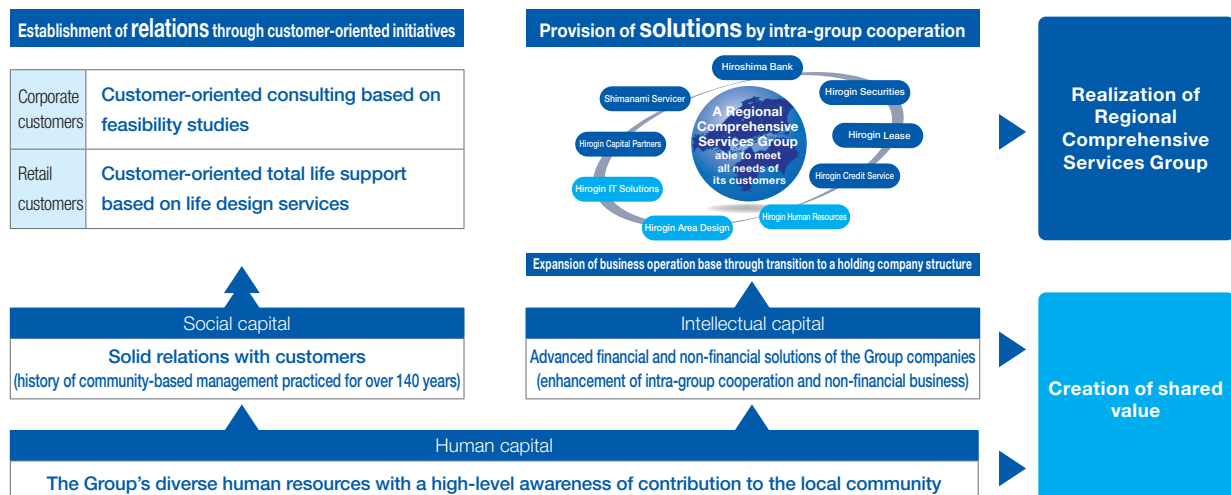
prefectures of Okayama, Yamaguchi, Ehime, and, in particular, Hiroshima, which has enormous potential. In our efforts to resolve those issues, we aim to contribute to the development of the region and the growth of our customers by providing solutions not only in the financial areas but also in the non-financial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

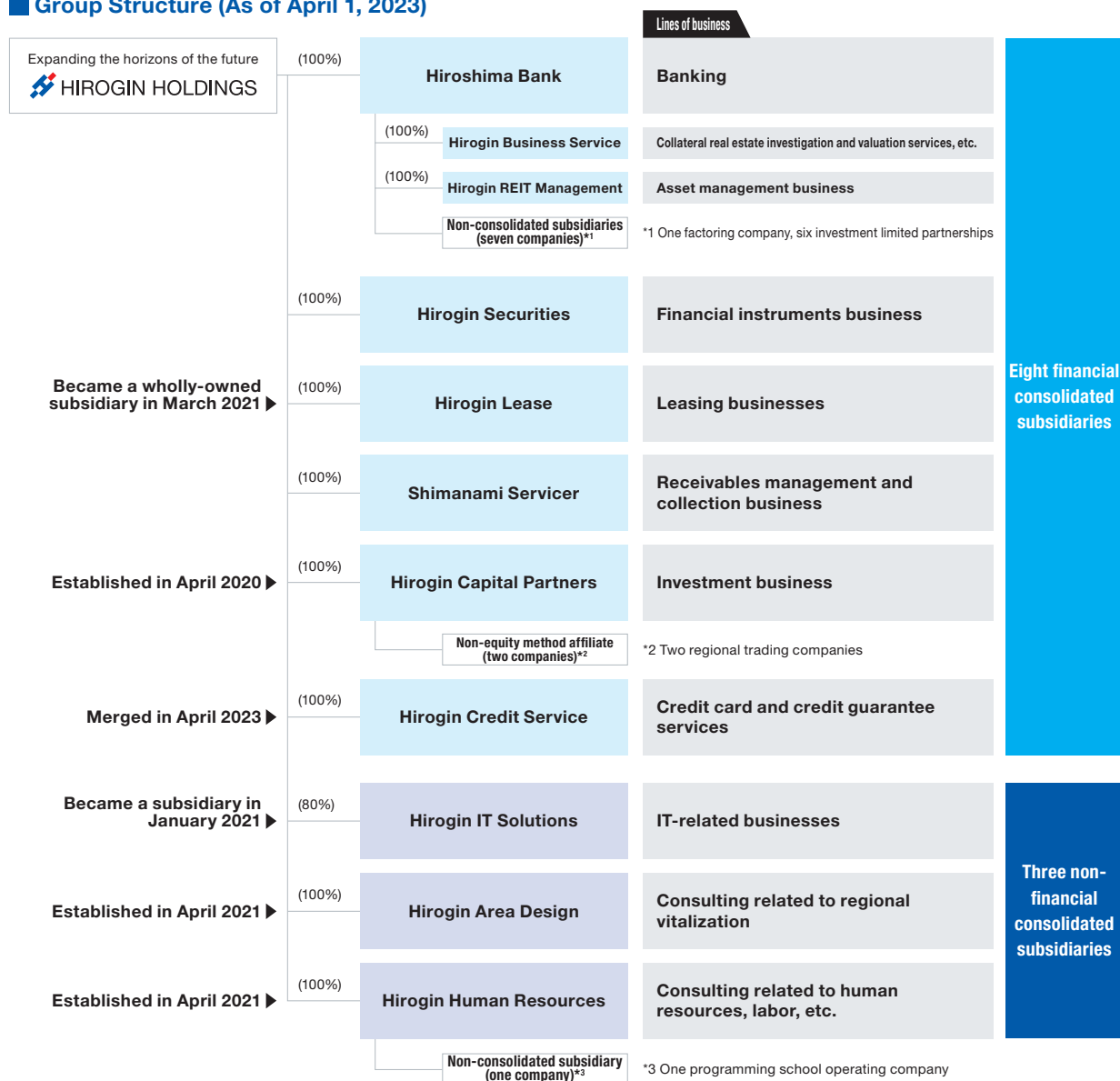
by establishing three non-financial subsidiaries and making them our subsidiaries.

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
April 2023	Establishment of Hirogin Credit Service (merger of subsidiaries)	Credit card and credit guarantee services	Financial

Group Structure (As of April 1, 2023)



Growth Driver

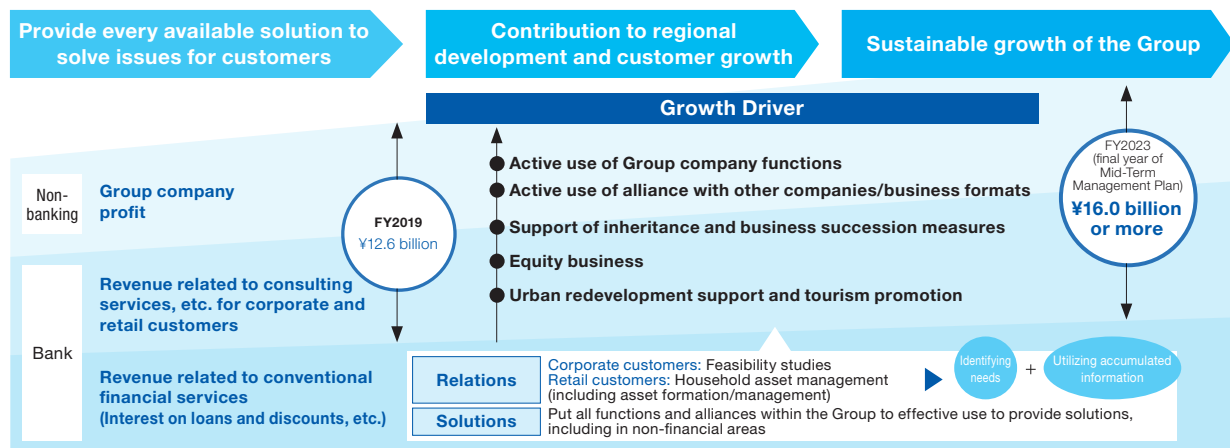
Profit structure reforms

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 non-financial 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

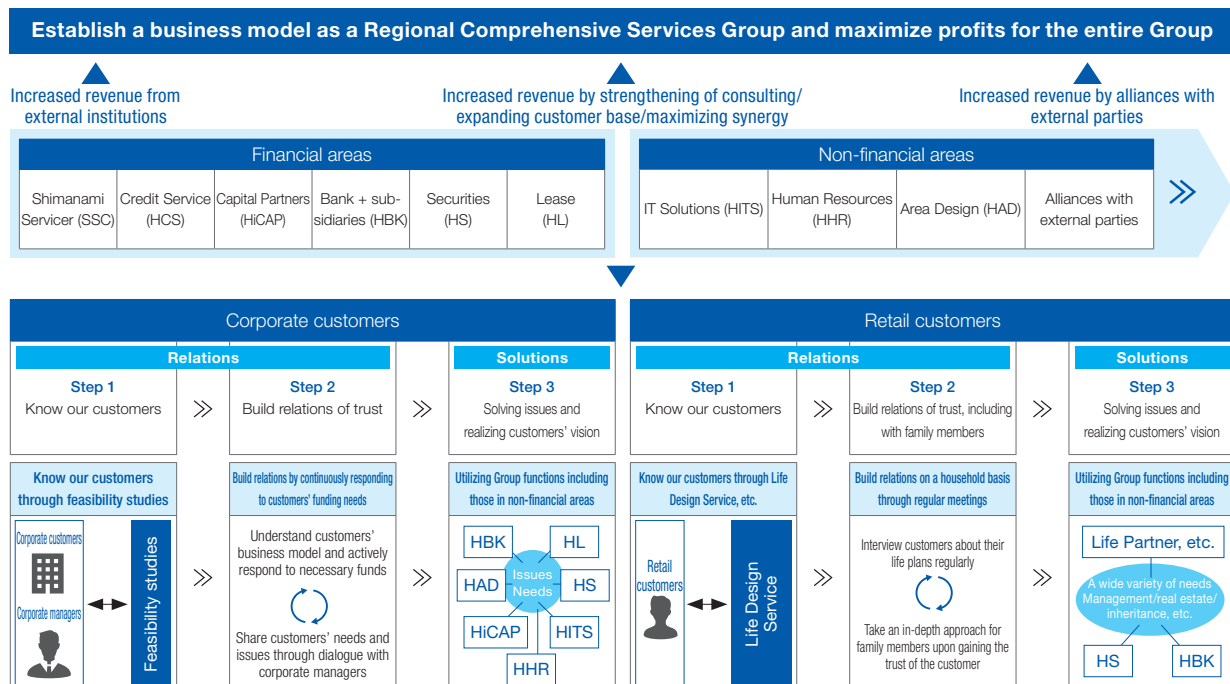


Strengthening intra-group cooperation

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



Gearing Up for Our Next Growth Stage

Founding stage of Hirogin Holdings

The Group has been promoting employee awareness of being personnel of a Regional Comprehensive Services Group and fostering intra-Group cooperation since its transition to a holding company structure. As a result,

mutual cooperation among Group companies is steadily advancing, and the positive effects of Group synergy are becoming evident as they expand their customer base by offering solutions, including in non-financial areas.

■ Main results of Group companies (FY2022)

	Financial and non-financial needs	Main solution	Results * FY2022 or March 31, 2023	Cumulative total after transition to a holding company structure	
Financial areas	Asset management	Securities	Number of financial instrument intermediary accounts 28,624 (+ 2,503 compared to March 31, 2022)	Compared to September 30, 2020 + 7,581	Synergies generated by intra-Group cooperation (amount of revenue) ¥1.6 billion Note: Recorded revenues from activities, such as mutual customer referrals among Group companies (on a managerial accounting basis)
	Capital investment, utilization of leases	Lease	Number of customers 6,412 (+ 88 compared to March 31, 2022)	Compared to September 30, 2020 + 254	
	Diversification of payment methods	Credit Service	Number of corporate customers using card services + 8,743 (+ 154 compared to March 31, 2022)	October 2020 onward + 451	
	Increase in capital (business succession and revitalization)	Capital Partners	Balance of investments ¥3.7 billion *Total of fund and principal investment (+ ¥0.8 billion compared to March 31, 2022)	Compared to September 30, 2020 + ¥3.6 billion	
Non-financial areas	Securing human resources, building HR systems	Human Resources	Number of corporate customers under consulting contracts 81 (+ 50 compared to March 31, 2022)	April 2021 onward + 81	
	ICT, streamlining of operations	IT Solutions	Number of contracts 203 (+ 103 compared to FY2021)	January 2021 onward 316	
	Solving regional issues	Area Design	Number of orders received during the period 22 (+ 3 compared to FY2021)	April 2021 onward 41	

■ Past achievements, challenges, and next-phase developments

Achievements	<ul style="list-style-type: none"> ● Successfully elevated employee awareness as personnel of a Regional Comprehensive Services Group ● Smoothly advanced mutual cooperation among the Group companies to steadily expand the customer base through the provision of solutions, including in non-financial areas, leveraging various Group functions and alliances 	In the final year of the Mid-Term Management Plan 2020, <ul style="list-style-type: none"> ● Achieve the targets outlined in the Mid-Term Management Plan with a high degree of success (Endeavor to reach ¥27.0 billion of profit attributable to owners of parent) ● Advance initiatives for the next mid-term management plan
	Challenges <ul style="list-style-type: none"> ● Promoting a higher level of the planning and development of strategies centered on the Company (Hirogin Holdings) <ul style="list-style-type: none"> · Formulating and developing strategies to improve future profitability in asset management (retail business areas) and securities management · Streamlining operations and promoting a higher level of consolidation of operations 	
		Next-phase developments <ul style="list-style-type: none"> Strengthen business strategy planning departments in Hirogin Holdings <ul style="list-style-type: none"> · Enhance business strategy planning throughout the Group · Enhance the formulation of policy measures for individual subsidiaries, and deepen engagement with alliances
		Advancing to the second stage of Hirogin Holdings

The second stage of Hirogin Holdings

In April 2023, the Group bolstered its holding company's business strategy planning divisions/departments with eight additional employees. While strengthening the planning of Group-wide business strategies, we are actively engaged in formulating policy measures for each subsidiary and in expanding strategic alliances to boost Group revenues.

In FY2023, the final year of the Mid-Term Management Plan 2020, the business planning section with

enhanced functions in the holding company will take a central role in "Improving quality of Group companies and expanding business operation base," "Further strengthening intra-Group cooperation" and "Reallocating management resources through restructuring." With this approach, Hirogin Holdings will achieve its profit plan while also progressing toward the next mid-term management plan, marking the second stage in the evolution of Hirogin Holdings.

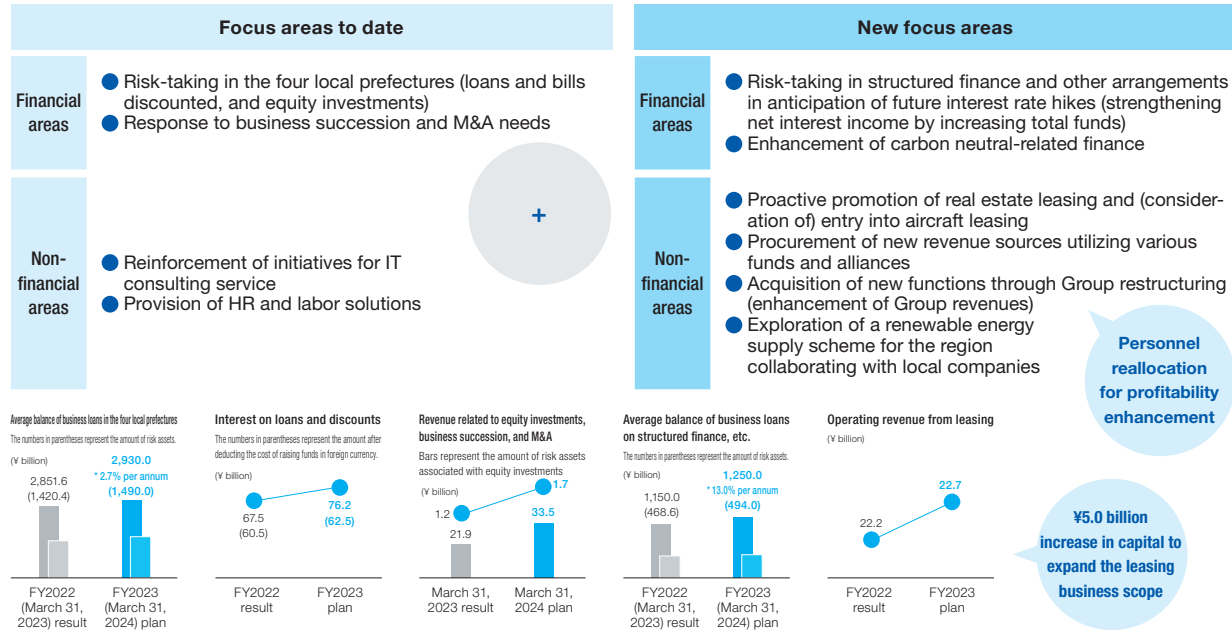
Improving quality of Group companies and expanding business operation base	Further strengthening intra-Group cooperation	Reallocating management resources through restructuring
<ul style="list-style-type: none"> ● Improving the quality of solutions provided by each Group company ● Expanding the scope and scale of solutions through external alliances and other means (including M&A) ● Establishing a new operating company 	<ul style="list-style-type: none"> ● Cooperation among operating companies ● Cooperation between Hirogin Holdings and operating companies ● Facilitating the exchange of human resources among operating companies and establishing a short-term trainee system 	<ul style="list-style-type: none"> ● Reallocating management resources to corporate business and new business areas by restructuring Group companies and conducting a thorough review of their operations ● Proactively investing in prioritized areas ● Securing specialists, including mid-career employment

Working Toward Sustainable Growth

Initiatives for corporate business areas

The Group has been focusing its risk-taking efforts primarily on local credit risks (including loans and bills discounted, and equity investments) while giving careful attention to risk assets. Simultaneously, we have been working on revenue enhancement in corporate business areas, including M&A and business succession without using risk assets in which the Group's strength lies.

In addition to these ongoing efforts, we will proactively address funding needs in anticipation of rising interest rates and other factors to enhance our net interest income going forward, and concurrently enhance profitability by expanding into new business areas at Hirogin Lease and other Group subsidiaries.



Initiatives for retail business areas

The Group is shifting its focus from conventional product and service-oriented investment proposals to asset management consulting, adopting a goal-based approach. This transition aims to contribute to the realization of affluent lifestyles for our customers through asset investment amidst the growing momentum in asset formation.

Going forward, as we develop these initiatives, we will utilize newly introduced fund wraps and other services to transform our revenue structure from one centered on up-front revenues to one centered on recurring revenues that are less susceptible to market fluctuations.

