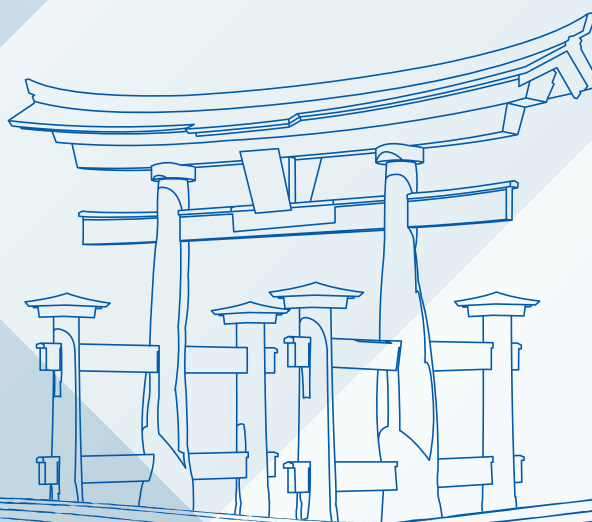
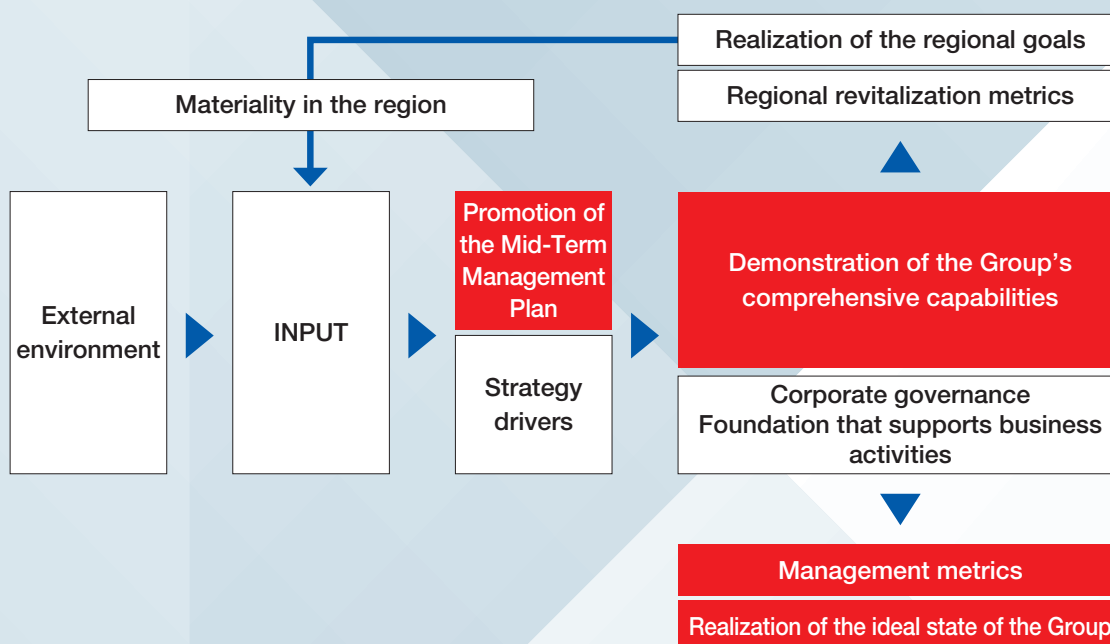


How do we create value?

Positioning within the value creation story described in this section



What we want to communicate in this section

- | Overall picture for value creation (Value creation process)**
- | Outline of strategies for value creation**
- | Materiality and initiatives to help to create a vibrant region**
- | Sales strategies for corporate and retail business areas**

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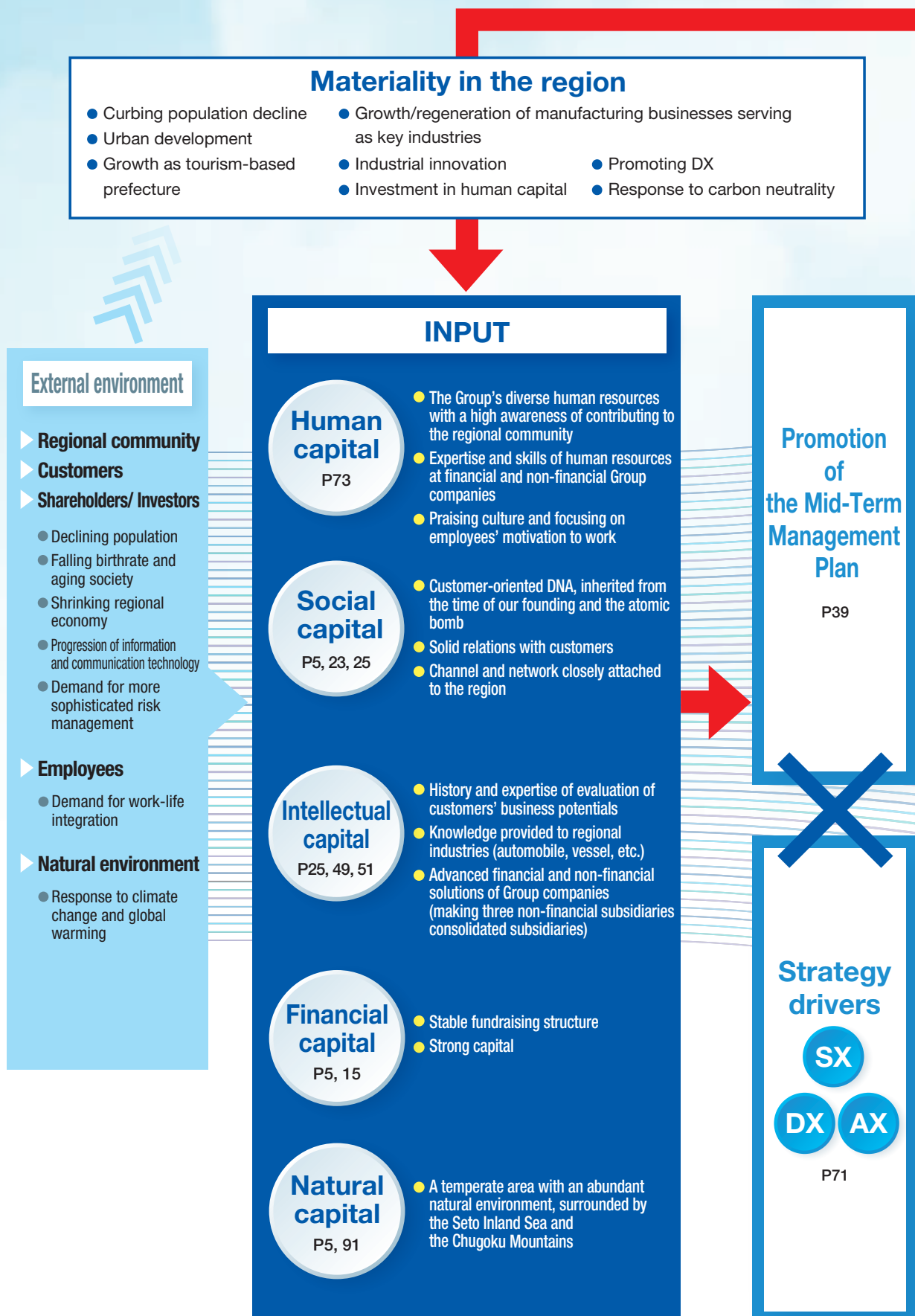
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Value Creation Process



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 P109

Management metrics

	FY2028 targets
Consolidated ROE	Approx. 7.5%
Consolidated capital adequacy ratio	Approx. 11 %
Consolidated BPS	¥2,000 or higher

Demonstrating overwhelming presence in the region

Enhancing corporate value

Mid-Term Management Plan 2024

Positioning of and approach to Mid-Term Management Plan 2024

We have formulated the Mid-Term Management Plan 2024, marking the second stage following the Mid-Term Management Plan 2020, which was implemented after the transition to a holding company structure.

By backcasting from the ideal state of the region and the Group 10 years from now, we have set the first five-year period as the Plan period.

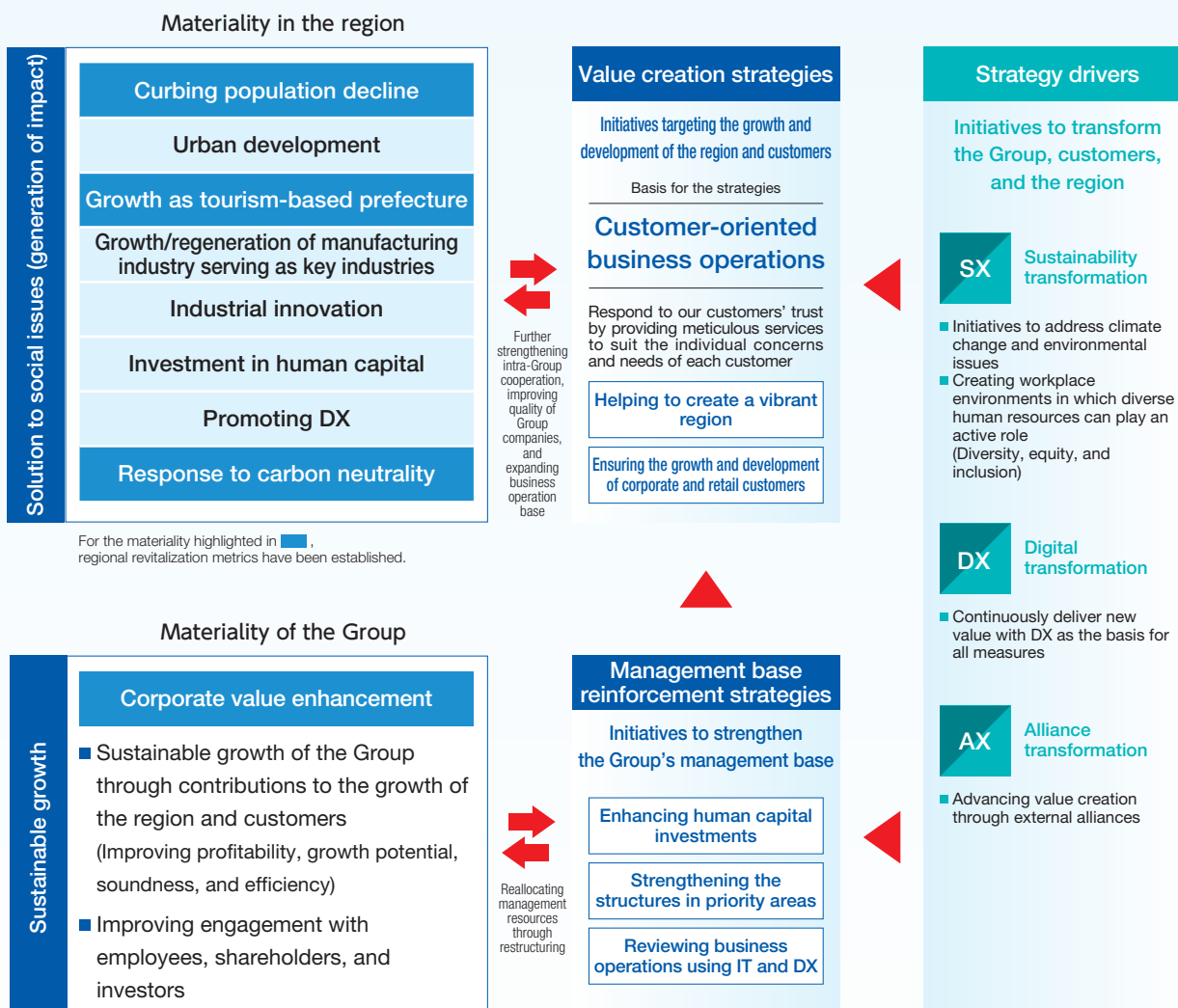
Ideal state of the region and the Group

To realize a vibrant region (i.e., maintaining and expanding prefectural GDP), we will identify materiality facing the region. As part of our efforts to tackle these challenges, we will deepen and expand our business operation base and maximize our human capital to realize the Group's ideal state.

Please see page 30
"Ideal State 10 Years from Now" for details.

Overall picture of strategies

We will further enhance corporate value by balancing investment in growth, financial soundness, and shareholder returns, while focusing our efforts on value creation strategies and management base reinforcement strategies, as well as strategy drivers.



Regional revitalization metrics and management metrics

We will implement management practices that balance the continuous and steady accumulation of profits (retained earnings) with shareholder returns by establishing regional revitalization metrics to address regional issues and management metrics for the Group.

Regional revitalization metrics

The Group's initiatives to achieve regional revitalization metrics (initiatives in Hiroshima Prefecture)	Regional revitalization metrics	Hiroshima Prefecture's metrics
(Cumulative for 5 years)		
Number of start-ups and ventures supported: 800	Social population change in Hiroshima Prefecture	Social population change in Hiroshima Prefecture
Number of human resources introductions: 350	Reduction in the rate of decline (2028)	Equilibrium * 2023 result: -11,409
Number of urban development/regional development projects the Group has been involved in: 120 (Cumulative number of projects involved, including those through March 31, 2024: 200)	Tourism consumption in Hiroshima Prefecture	Tourism consumption in Hiroshima Prefecture
Investment and financing in the tourism industry: ¥130.0 billion (Balance as of March 31, 2029, which includes the balance as of March 31, 2024: ¥200.0 billion)	Continuous increase (2028)	¥800.0 billion (2030) * 2019 result: ¥441.0 billion
Amount of executed environmental financing: ¥180.0 billion (cumulative amount executed from FY2021 to FY2028: ¥300.0 billion)	Greenhouse gas emissions in Hiroshima Prefecture	Greenhouse gas emissions in Hiroshima Prefecture
	Continuous reduction (2028)	-39.4% compared to FY2013 (FY2030) * from 59.03 million t-CO ₂ in FY2013 to 35.74 million t-CO ₂ in FY2030

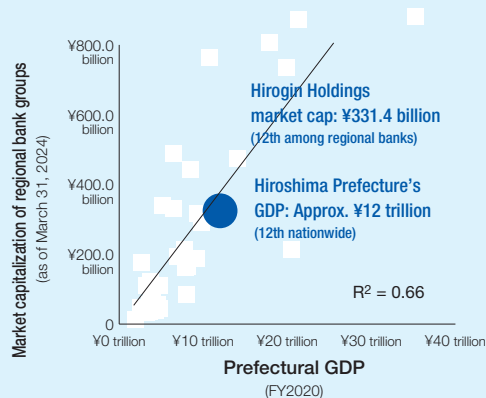
Management metrics (FY2028)

Improving profitability relative to consolidated net assets
Consolidated ROE: Approx. 7.5%
Result for FY ended March 2019: 5.3% Result for FY ended March 2024: 5.4%
Consolidated ROE = $\frac{\text{Profit attributable to owners of parent}}{\text{Average net assets at the beginning and end of the fiscal year}^*}$ * Excluding share acquisition rights and non-controlling interests
Ensuring financial soundness
Consolidated capital adequacy ratio: Approx. 11%
Result as of March 31, 2019: 11.0% Result as of March 31, 2024: 11.0%
Consolidated capital adequacy ratio = $\frac{\text{Amount of capital adequacy}}{\text{Amount of risk assets}}$
Increasing Book-value Per Share
Consolidated BPS: ¥ 2,000 or higher
Result as of March 31, 2019: ¥1,564 Result as of March 31, 2024: ¥1,760
Consolidated BPS = $\frac{\text{Net assets at the fiscal year-end}^*}{\text{Total number of shares issued at the fiscal year-end (excluding treasury shares)}}$ * Excluding share acquisition rights and non-controlling interests

TOPICS

(Reference) Relationship between PBR in the regional banking sector and regional economies

► Relationship between market capitalization of the regional banking sector and prefectural GDPs



Growth of regional banks = Maintaining and expanding regional GDP

(*) Comparison of regional banks' total assets with the GDPs of the prefectures where their headquarters are located
Excluding regional banks in Tokyo, Osaka, Aichi, Saitama, and Hyogo Prefectures, which are the main business bases of megabanks, as well as those ranked second or lower in market capitalization in each prefecture across the country

► PBR in relation to ROE, prefectural GDP, and capital policy in the regional banking sector

Estimated PBR model $(4.74 \times \text{ROE}) + (0.07 \times \text{prefectural GDP}) + (0.12 \times \text{capital policy}) + 0.02$

PBR components		Coefficients	t-values
ROE (%)	×	4.74	10.76
Prefectural GDP (ln, ¥ trillion)	×	0.07	4.01
Capital policy (total return ratio, %)	×	0.12	2.77
Intercept		0.02	0.55

The t-value measures the significance of each component's impact on the PBR; a higher t-value indicates a stronger impact.

Coefficient of determination: **69.6%**

Approximately 70% of PBR is attributable to the three factors: ROE, prefectural GDP, and capital policy.

To enhance PBR (corporate value), it is crucial to strengthen initiatives focused on ROE, prefectural GDP, and capital policy.

(*) The results are based on a multiple regression analysis using regional banks' PBR (as of March 31, 2024, excluding those in Tokyo, Osaka, Aichi, Saitama, and Hyogo prefectures), ROE (forecast for FY ending March 2024), GDP of the prefecture where each bank's headquarters are located (FY2020), and total return ratio (forecast for FY ending March 2024).

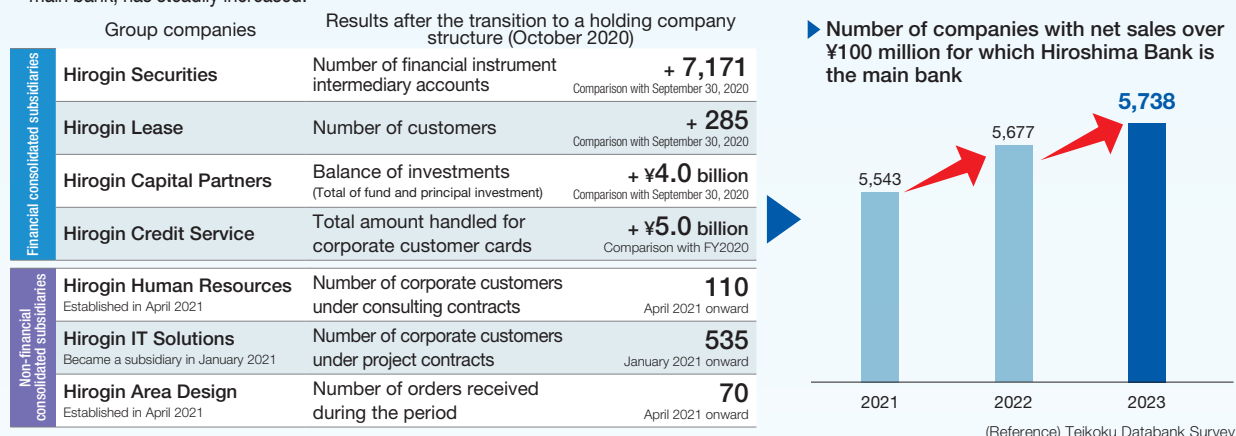
Summary of the Mid-Term Management Plan 2020 (previous Mid-Term Management Plan) achievements

- In the Mid-Term Management Plan 2020, which marked the first stage after the transition to a holding company structure, we focused on three pillars: raising employee awareness, enhancing solution functions through mutual cooperation among Group companies, and expanding the Group's business operation base. These efforts led to strong performance.

- Initiatives to solve regional issues** Established Hirogin Area Design (April 2021) and launched "Hiromalab," a co-working space aimed at helping startups and providing other support (December 2022), among other efforts
- Initiatives to support customer growth** Made Hirogin IT Solutions a subsidiary (January 2021) and established Hirogin Human Resources (April 2021), among other efforts
- Initiatives to strengthen the management base** Implemented DX-driven restructuring, including the expansion of non-face-to-face transactions via smartphones, increased base salaries, and introduced an Employee Stock Ownership Plan (ESOP) Trust, among other efforts

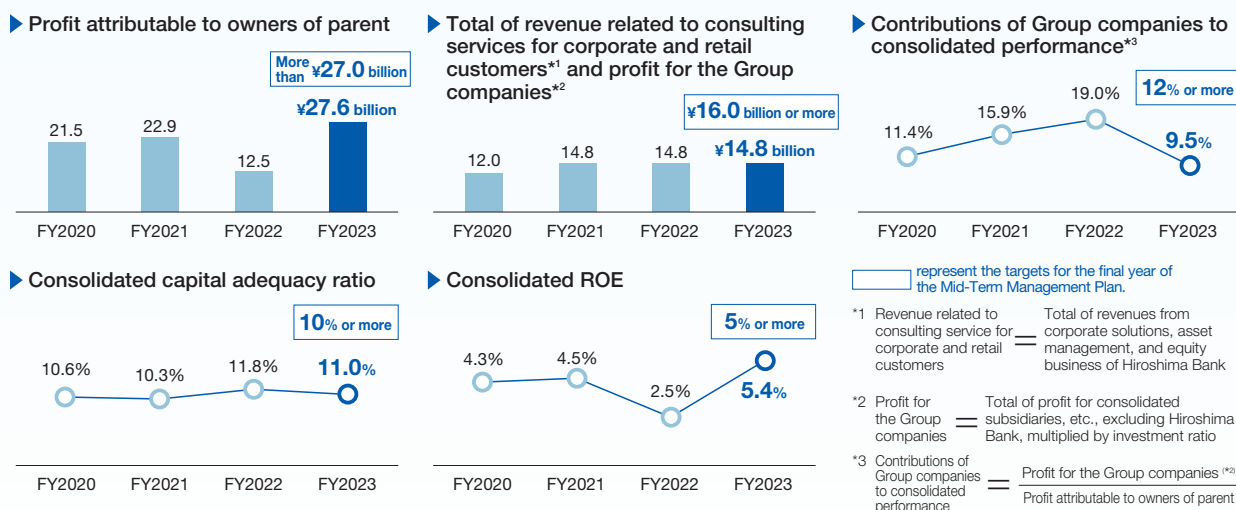
Results of intra-Group cooperation

- With three and a half years having passed since the transition to a holding company structure, subsidiaries' customer bases have steadily expanded.
- With the successful strengthening of solution functions, the number of companies with net sales over ¥100 million, for which Hiroshima Bank is the main bank, has steadily increased.



Status of achievement of management targets

- Targets achieved for profit attributable to owners of parent, consolidated capital adequacy ratio, and consolidated ROE.
- Targets outstanding for total of revenue related to consulting services for corporate and retail customers and profit for the Group companies, and contributions of Group companies to consolidated performance.



Customer-oriented business operations as a basis for strategies

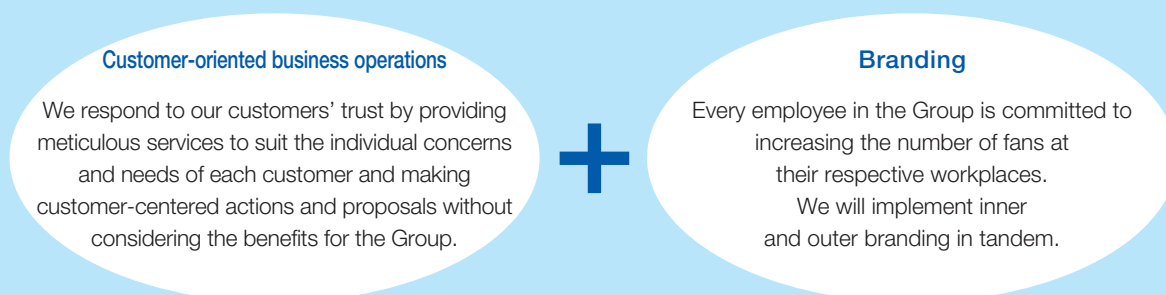
The Group has strived for the development of the regional economy while enhancing customers' satisfaction and peace of mind.

However, as changes in the environment surrounding customers grow more intense, customers' concerns and needs are likely to become even more complicated.

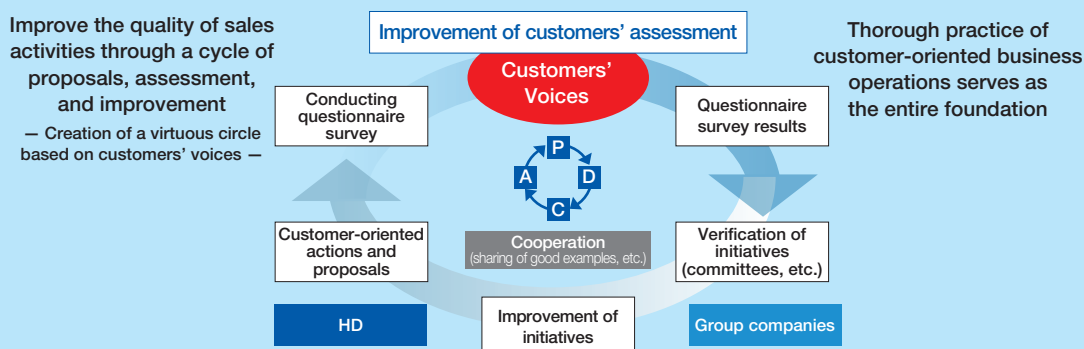
Based on that recognition, the Group has placed customer-oriented business operations at the core of its sales operations, reorganized the Group Fiduciary Duty (FD) Committee into the Group Customer-oriented Business Operation Committee in May 2022, and has undertaken other actions, based on the concept that "customer-oriented business operations" means to respond to our customers' trust by providing meticulous services to suit the individual concerns and needs of each customer and making customer-centered actions and proposals, with the aim of realizing a Regional Comprehensive Services Group. In doing so, we will strive for the Groupwide penetration and practice of customer-oriented business operations that go beyond financial product trading.

Furthermore, as part of the Mid-Term Management Plan 2024, we are advancing initiatives to increase the number of Hirogin Group's fans by implementing customer-oriented business operations that incorporate new branding concepts.

As we drive these initiatives forward, we will strive to sophisticate our approach to ultimately enhance corporate value.



Creation of a PDCA cycle based on customers' voices and initiatives to realize a virtuous circle



Policy for initiatives aimed at practicing customer-oriented business operations

1. Basic policy for initiatives

- (1) Basic approach
- (2) Frameworks to give appropriate incentives to employees for the pursuit of customer-oriented business operations

2. Policy for initiatives in financial product transaction business

- (1) Customer-oriented lineup of products
- (2) Proposals for portfolios that contribute to customer asset formation (promotion of long-term, deposit, or diversified investment)
- (3) Customer-oriented follow-up services



Please refer to our website for the policy for initiatives.

<https://www.hirogin-hd.co.jp/fiduciary-duty/index.html>



Please refer to our website for a detailed explanation of Key Performance Indicators (KPIs), including the status of initiatives other than those mentioned above.

https://www.hirogin-hd.co.jp/fiduciary-duty/pdf/fd_kpi.pdf



Ideal state 10 years from now

A vibrant region where young people settle down and thrive

Today, Hiroshima Prefecture is faced with a number of regional issues, including the issues related to the environment, regional transport system, and medical and nursing care. We will help realize a vibrant region by confronting each of these regional issues and carefully addressing them together with a variety of partners. We

believe “a vibrant region” is where people of all ages and both genders can take on a challenge with pride to realize their dreams and hopes. We will contribute to enhancing the appeal of Hiroshima where we live and evolving the prefecture into a region loved and selected by many.

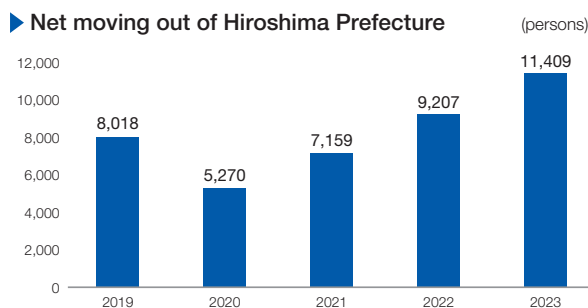
■ Population outflow/labor shortage

Hiroshima Prefecture has marked the highest number of net population moving out nationwide for three consecutive years up to 2023, and the number of net moving out in their 20s represented 60% of the total. As young people tend to leave the prefecture when they start working, it is said that main reasons behind the net moving out are the shortage of attractive job opportunities for them and the lack of entertainment destinations, such as live events and theme parks, in the prefecture. In addition, Japan's so-called 2024 problem has exacerbated the labor shortage especially in the transport and construction industries. According to a questionnaire survey on corporate executives Hirogin Holdings conducted in April 2024, labor shortage represented more than 60% of all concerns they have in operating companies and marked first.

While the declining young population and labor shortage issues have become increasingly apparent, the

Group plans to implement a variety of initiatives that contribute to enhancing the appeal of the region. In September 2023, Hirogin Holdings signed a letter of agreement on Cooperation in Promoting Regional Revitalization with W TOKYO INC. that produces Tokyo Girls Collection (TGC), a highly appealing platform mostly among young generations, we aim to create new value in the region by enhancing entertainments.

To escape from the negative spiral of a decrease in young population, a shortage of manpower to a decline in the vitality of local companies, it is urgent to increase the appeal of the region itself and create Hiroshima where people can live with peace of mind and pride. As a Regional Comprehensive Services Group, we will play a leading role in enhancing the appeal of the region.



Joint press conference with W TOKYO INC. to announce the conclusion of a letter of agreement on cooperation

Key strategies

① Curb on population decline of young people

To stop the population from declining further, it is essential that we make the prefecture an attractive region where young generations choose to stay. We will roll out appropriate measures by accurately identifying the main reasons behind the decline in young residents.

② Countermeasures against labor shortage

The issue of labor shortage, especially in the transport and construction industries faced with the so-called 2024 problem, has become increasingly apparent, which is concerned to undermine the vitality of local companies. We will forge ahead with measures to address labor shortage from the following two aspects: securing diverse human resources including female and foreign workers, and improving productivity through digital transformation (DX) and other measures.

KPI

Social population change in Hiroshima Prefecture

Reduction in the rate of decline

(2028)

We aim to create a town where companies and the types of business attractive to young people grow, entertainments that brighten everyday life flourish, and employment and income are secured, to eventually attract more people.

Our actions

Creating a consortium to connect local companies with young people

We believe one of the main reasons why young people leave the region is the lack of contact between young people and local companies. The region is home to not only the core manufacturing industry, but also a number of unique and top-tier companies in various fields. Nevertheless, this information has not necessarily reached young people.

As one of the initiatives to help young people get to know local companies, we can name the Hiroshima AI Club Management Consortium, for which Hirogin Area Design serves as a secretariat since this fiscal year. The Hiroshima AI Club is an initiative to teach the basics of AI to high school students who are interested in AI, etc., thereby aiming to raise the level of their digital literacy. One of the objectives of the initiative is to develop and secure human resources for the future of the industry by training them as digital specialists. The initiative, however, is focused particularly on creating a point of contact between high school students and local companies, including their employees, by “having young employees of local companies involved as coaches to teach the basics of AI,” “letting high school students learn face-to-face how local companies are using technology and data” as well as through other experiences. More than 130 students have already participated in the Hiroshima AI Club. We expect that by leading them to get to know and have a feeling of closeness to local companies from an early stage, they choose to work for the local companies, for example.



Front page of the Hiroshima AI Club official website



Opening ceremony of the Hiroshima AI Club Management Consortium on June 13

Our people

Being an explorer who constantly ask themselves what can be done to enhance the appeal of the region

The materiality “Curbing population decline” is a highly challenging theme. Hirogin Area Design has worked on a variety of initiatives in a bid to curb population decline. We have worked on initiatives, such as supporting the semiconductor industry; promoting the agricultural, forestry and fishery industries; supporting the revitalization of semi-mountainous areas; and promoting diversity. What is common to all these initiatives is that they are aimed at enhancing the appeal of the region. This is why all communities

in the region need to work closely together. We have been striving to fulfill our day-to-day duties on the assumption that the enhancement of regional appeal could curb population decline, while constantly asking ourselves what we can do to curb the decline.

More than 20 local companies have expressed their intention to join the initiative of the Hiroshima AI Club. Together with all communities in the region, we have shared a sense that we are faced with challenges and feel that we are



Yusuke Okada

Manager, Regional Issues Solution Unit
Hirogin Area Design

steadily making progress by working together in the same direction. Hirogin Area Design, which has a variety of networks in the region, will serve as a hub and strive to make Hiroshima a vibrant and attractive region by promoting impactful initiatives that involve local companies, municipalities, etc.

Ideal state 10 years from now

A town appreciated by residents and chosen by visitors

To create a vibrant region, it is necessary become a town appreciated by residents and chosen by visitors. To this end, we need to continuously enhance the appeal of the region to ultimately increase its value, in addition to providing elements that directly lead to livability including convenience and comfort. By making Hiroshima full of unique attractions and giving people in

the region with a variety of choices, we can turn Hiroshima into a town admired and chosen by people from not only inside but also outside the prefecture. As a result, the town is expected to attract many people and draw in re-investments aimed at developing the region and solving issues, which will ultimately help create a sustainable and vibrant region.

■ Status of urban development initiatives

In urban development, we have worked to help create a vibrant region through participation in area management organizations at the center of Hiroshima City, upstream involvement in a redevelopment entity, and support for the improvement and maintenance of regional infrastructure in collaboration with local government bodies, etc.

Area management refers to proactive initiatives by residents, business owners, landowners, etc. to maintain and improve the good environment and value of a region. Hirogin Area Design, etc. have participated in area management organizations in the central area of Hiroshima City. Specifically, we have been striving to improve the appeal and value of the region by considering the future vision of each area in collaboration with the member companies, etc. of the area management organizations.

In our involvement in urban development and regional development projects, we have been working to

tailor the content of project to regional issues and needs by increasing the level of our involvement in their upstream stages, such as concept planning. We have been also striving to further enhance the value of each project by linking the projects and our existing branches together in an integrated manner.

We have also worked to improve the appeal and value of each region through the development of public spaces including parks in collaboration with partners such as municipalities and businesses in the private sector. In Fukuyama City, to create a town where people feel comfortable walking around JR Fukuyama Station, Hirogin Area Design has joined the Fukuyama Station Square Council as a member.

All of these are the fields where the Group can demonstrate its strengths, including its regional network and finance functions. We are determined to promote urban development through collaboration within the Group.



Area management organizations in the central area of Hiroshima City
(Source: the official website of Urban Hiroshima Meeting)



FUKUYAMA EKIMAE SAISEI VISION (Vision of Regeneration of Fukuyama Station Area)
(Source: Fukuyama City official website)

Key strategies

① Participation in area management organizations in the central area of Hiroshima City

Promotion of initiatives aimed at enhancing the appeal and value of the region led by the private sector

② Involvement in a redevelopment entity in an upstream stage

Promoting area-wide urban development based on regional issues and needs

③ Support for the improvement and maintenance of regional infrastructure in collaboration with government bodies, etc.

Promoting urban development through co-creation with outside partners

KPI

Cumulative number of urban development/ regional development projects the Group has been involved in

200

+120 from the end of FY 2023

Our actions

Creation of a sustainable town through the Kure Station Area Comprehensive Development Project (Phase I)

Kure City is the third-largest core city in Hiroshima Prefecture. With a variety of tourism resources, the city is one of the most famous tourist destinations in Hiroshima Prefecture.

Nevertheless, the areas around Kure Station and central urban areas are losing vitality in the face of declining population and the withdrawal of companies in key industries from the city. In addition, diverse issues unique to the region have become even more apparent than before since its sloping land shape as an urban area is vulnerable to natural disasters and other events. In fact, the region was severely damaged by the West Japan Heavy Rain disaster. We believe it is imperative to quickly reconstruct its urban structure with a focus on consolidating urban and residential functions.

Under these circumstances, the Kure Station Area Comprehensive Development Project (Phase I), with Kure Mirai Consortium acting as the project implementing entity, has worked on the redevelopment of the former site of the SOGO Kure store, which was opened in 1990 in front of Kure Station and was regrettably closed in 2013. As a member of the consortium, Hirogin Area Design has been supporting the project in areas, such as the building of business schemes, the formulation of business income/expenditure plans, and urban development.

On the former site of SOGO Kure store, the consortium plans to build a complex comprising commercial, office, childcare support, youth exchange support, health and welfare, sporting, and other functions, connected directly to the station, as well as a 20-story condominium consisting of approximately 180 housing units. With the integration of diverse urban functions, these facilities are expected to lead the creation of a new Kure station area which will bristle with people of various generations and backgrounds interacting each other. In addition, we plan to provide the complex with cutting-edge technologies to analyze human traffic, ensure the security of facilities, and deliver disaster prevention and tourist information. We will also contribute to realizing a smart city where the lives and stays of citizens and station users will be safer and more fulfilling.

As described above, the Hirogin Group will collaborate with each stakeholder in the urban development having ripple effect throughout Kure City, including the areas around Kure Station. With the creation of a new look of the area in front of Kure Station as the starting point, we will help realize a sustainable city over the medium to long term.



Our people

Urban development and communities building to solve regional issues and maximize the ripple effect on the region

After 11 years from the closure of the SOGO Kure store, the long-cherished redevelopment of the area in front of Kure Station has finally begun.

This is a high-profile project for which the citizens of Kure City also have had extremely large expectations. Since before the establishment of Hirogin Area Design, the Kure Branch and Head office of Hiroshima Bank have long worked closely together to address the significant regional issue of utilizing the former site and creating a new look for the area in front of the station, hand in hand with local government bodies and related parties.

The key to this project is that companies with connections with Kure City or based in Hiroshima Prefecture have been selected as team members.

While teaming up with companies that have connections with Kure City or Hiroshima Prefecture, I've learned from my superiors all about an "urban development that consistently incorporates as much ripple effect on local communities as possible." As a result, we have agreed on the business policy to assign top priority to local communities and local businesses in all situations. We have been able to gain the support of companies based in



Nobutaka Tanihira
Urban Planning Unit
Hirogin Area Design

Tokyo and work on the development with the best possible team members. Further, all the member companies are committed to being involved in the area management for 10 years after the building is completed. We hope to realize "urban development that maximizes the ripple effect on local communities" step by step.

Ideal state 10 years from now

Aiming to increase the tourism GDP ratio

In Hiroshima Prefecture, the manufacturing industry accounts for a significant proportion of its entire industrial structure. The industries in the prefecture are ranging, with *monozukuri* (manufacturing) at its core, from heavy industries such as the shipbuilding, steel, and automobile industries to cutting-edge industries such as the electrical machinery and electronic components industries, forming a well-balanced and layered industrial group. In the tourism industry, however, while Hiroshima has two World Heritage sites — Peace Memorial Park

and Itsukushima Shrine, as the proportion of tourists who visit only these World Heritage sites is significant, the length of their stay is short and the growth of their tourism consumption has slowed.

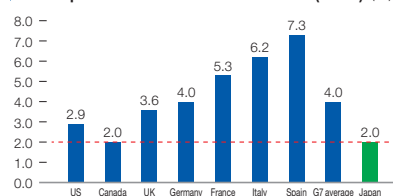
For Hiroshima Prefecture to grow as a tourism-based prefecture, we need to raise its tourism GDP by developing tourism resources in the prefecture and attracting tourists, including inbound tourists, and to turn the economic benefits generated by tourism into the economic foundation of the prefecture.

■ Status of tourism in Hiroshima Prefecture

The ratio of tourism GDP, which is the added value of tourism services produced in Japan, is only 2% and extremely low compared to other countries around the world. The tourism GDP is an indicator for measuring whether tourism is a profitable industry. In fact, the tourism GDP ratio of countries recognized as tourism-based countries in the world are as high as 4% or more. At present, the official data of tourism GDP by prefecture has yet to be published. However, we anticipate that, in Hiroshima Prefecture, the ratio of the manufacturing industry in GDP is high, while the ratio of the tourism GDP is low. From this fiscal year onward, the Company is determined to conduct a survey of the prefecture's tourism GDP so as to set the tourism GDP ratio as a key indicator.

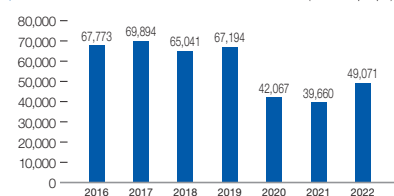
The number of tourists and the amount of their consumption in Hiroshima Prefecture have been recovering steadily, despite the impact of COVID-19, and is expected to increase further. To create more attractive tourist destinations in the region by leveraging its strengths, we have put in place a tourism unit within the Company since fiscal 2024. As incentives to attract investment in and financing to the tourism industry, we have worked on a range of initiatives, such as improving accommodation facilities, promoting cruises in the Seto Inland Sea, solving the secondary transport issues, and making food more attractive.

▶ Comparison of tourism GDP ratio (2019) (%)



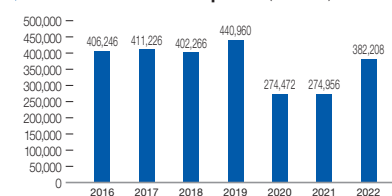
Prepared by the Company based on White Paper on Tourism in Japan, 2023 (Summary) published by Japan Tourism Agency

▶ Tourists to Hiroshima Prefecture (thousand people)



Prepared by the Company based on "Trends in the Number of Tourists in Hiroshima Prefecture" (available only in Japanese) released by the Hiroshima Tourism Association

▶ Tourism consumption (¥ million)



Prepared by the Company based on "Trends in the Number of Tourists in Hiroshima Prefecture" (available only in Japanese) released by the Hiroshima Tourism Association

Key strategies

① Increase in investment in/financing to the tourism industry

To revitalize the tourism industry, we need to create demand and improve the supply side at the same time. We will invest in and finance to the tourism industry in a bid to improve the infrastructure for accepting tourists, including inbound tourists, and to create regional appeal.

② Increase in tourists to Hiroshima Prefecture

Tourists contribute directly to regional economies as they use a variety of services, including accommodation, restaurants, transportation, and souvenir shops. Through our tourism-related initiatives, we aim to increase the number of tourists, including inbound tourists.

③ Increase in tourism consumption

An increase in tourism consumption will make the region look more attractive to a broader audience, thereby attracting new tourists and promoting long-term regional economic growth. Furthermore, this will help mitigate the risk that the regional economy depends heavily on other than the tourism industry to ultimately diversify the regional economy.

KPI

Amount invested in tourism

¥130.0 billion

Balance of tourism-related investments and loans ¥200.0 billion

Number of tourists to Hiroshima Prefecture

100 million people
(up 50,929 thousand people from 2022)

Amount of tourism consumption

¥800.0 billion

(up ¥417.8 billion from 2022)

Our actions

Promotion of tourism through the creation of tourist destinations for inbound tourists

While the demand for tourism is growing, we are seeing a trend of uneven distribution of tourists, especially in urban areas such as the central Tokyo metropolitan area, and concerns about over-tourism are spreading. We are now pressed to distribute tourists to local regions by enhancing the appeal of tourist destinations and improving the infrastructure for accepting them in these areas. To attract tourists to and increase tourism consumption in local regions, we need to strengthen efforts to draw in high-value tourists* who spend more per trip.

Faced with these situations, the Japan Tourism Agency has selected the Setouchi area, which includes Hiroshima Prefecture, as one of 11 model tourist destinations. From now on, the Japan Tourism Agency will provide intensive support for attracting high-value tourists.

In 2023, the Company was commissioned by the Inland Sea, SETOUCHI Tourism Authority, a general incorporated association comprising the SETOUCHI DMO, a project to promote the creation of high-value-added tourist destinations for inbound tourists in the Setouchi area. We supported the formulation of a master plan aimed at focusing strategies on high-value tourists especially from the UK, France, Germany, the US, and Australia. In fiscal 2024, we have been working to support the implementation of measures based on the master plan and also measure performance metrics. From another perspective, this is a large-scale project that we have been working together with 48 municipalities in the SETOUCHI area.

As consumer spending in Japan is expected to decline against the backdrop of declining population, we believe attracting inbound tourists, including high-value tourists, is the most effective way to revitalize the regional economy. The economic impact of one resident is deemed equivalent to that of eight inbound tourists. Thus, the importance of inbound tourists is extremely high. For Hiroshima Prefecture to grow as a tourism-based prefecture, it is also important that the prefecture works together with its surrounding areas. We therefore have collaborated with the SETOUCHI DMO in implementing inbound tourists-related initiatives.

*Visitors who spend more than ¥1 million per trip to Japan are recognized as high-value tourists.

Master Plan for creating high-value tourist destinations in the Setouchi area



The Inland Sea, SETOUCHI Tourism Authority

Our people

As a driver of tourism promotion in Hiroshima Prefecture

When people hear the word “tourism,” many seem to think of things like travel and food. For us, tourism is about generating new consumption and revitalizing regional economies by creating demand and improving supply side. One of the main characteristics of the tourism industry is that the industry spans a broad range of business sectors, from travel and food to accommodation, transportation, and retailing, which has multifaceted effects on not only the economy, such as job creation

and income growth, but also on the preservation of history and culture in the region and the nurturing of civic pride among local residents.

The Company has been working with diverse stakeholders every day towards the major goal of turning Hiroshima Prefecture into a tourism-based prefecture.

For us, as a banking group, it is difficult to directly enter the tourism industry. However, we have worked on all kinds of projects to make Hiroshima



Takayoshi Sasaki
Manager, Tourism Unit
Hirogin Area Design

more attractive for visitors, residents and workers, by joining forces with local tourism-related businesses, local government bodies, DMOs and other organizations, with our extensive local network and financing capacity as our unique advantages.

Growth/Regeneration of Manufacturing Businesses Serving as Key Industries ①

— The Automobile Industry —

Materiality ④

Ideal state 10 years from now

Realizing the growth of the regional economy through strengthened local supply chains

The automobile industry is one of the key industries in the region, comprising approximately 600 suppliers and more than 65,000 employees throughout the Chugoku region. Hiroshima Bank believes that the sustainable development of the regional economy cannot be achieved without the growth of the automobile industry, and thus, has set the support for the growth of the automobile industry as a materiality in its Mid-Term Plan.

As a regional financial institution, we will work to support the core business of local suppliers, and we will

also contribute to the strengthening of local supply chains and the growth of the regional economy by working to increase the amount of products manufactured in and shipped from the region by these suppliers and supporting their carbon neutrality efforts, with the aim of realizing an ideal supply chain with an eye to the major changes to the industrial structure that will be brought about by the future spread of electric vehicles (EVs).

■ Status of the automobile industry in Hiroshima Prefecture

At present, the business environment of the automobile industry is undergoing a dramatic change on the back of technological innovations such as CASE and the rising momentum for carbon neutrality. In fact, such dramatic changes in the business environment are referred to as “once-in-a-century upheaval.” In particular, with the progress of the ongoing shift to EVs, the volume of work for the suppliers engaged in the manufacturing of engine and transmission-related parts could decline sharply in the future. In addition, since new batteries, motors, and other components to be installed in EVs could constitute a factor to push up the manufacturing cost of vehicles, other suppliers may also need to make further efforts to reduce costs. As such, we anticipate that the environment surrounding these suppliers will become more challenging.

On the other hand, many of the electronic components (motors, software, etc.) and semiconductor-related parts that are newly required for

EVs, etc. are procured from outside Hiroshima Prefecture. If these parts can be manufactured locally, we believe we can make up for the loss in work volume caused by the shift to EVs and achieve the growth of the automobile industry in the prefecture. At Hiroshima Bank, we are aiming to build a supply chain that will facilitate the whole local automobile industry to grow by clarifying the ideal vision of the supply chain and the direction that our customers should head for and providing solutions, through a series of dialogues with each stakeholder in the face of this drastic change in the industrial structure.

► Electric vehicles the Company owns



Key strategies

① Promoting initiatives aimed at increasing the amount of products manufactured in and shipped from the region

By bringing the production of automobile parts and electrification-related parts, which are currently procured from overseas/outside the Chugoku region, back to and creating new business in the region, we will work to improve the technical capabilities of local suppliers and expand their production volume, thereby contributing to the growth of the local automobile industry.

② Proposing sophisticated solutions aimed at resolving labor shortage

By leveraging the know-how accumulated through the support of the automobile industry to date, we will identify underlying issues for the industry, and promote the provision of appropriate solutions to resolve labor shortage, such as recruitment consultancy, the dispatch of foreign workers, and DX support enabling automation and labor saving, in collaboration with each of the Hirogin Holdings Group companies and external alliance partners.

③ Strengthening consulting aimed at realizing carbon neutrality in the automobile industry

By providing meticulous engagement and consulting services tailored to the size and business type of suppliers, we will strongly push forward with the realization of carbon neutrality in the region.

KPI

Realizing the local production of some parts currently procured from outside the region, such as electrification-related parts and parts produced overseas

Reducing suppliers' CO₂ emissions by 50% in 2030 from 2013

► Discussion between the Company and suppliers



Our actions

Building a framework for supporting the automobile industry beyond the region

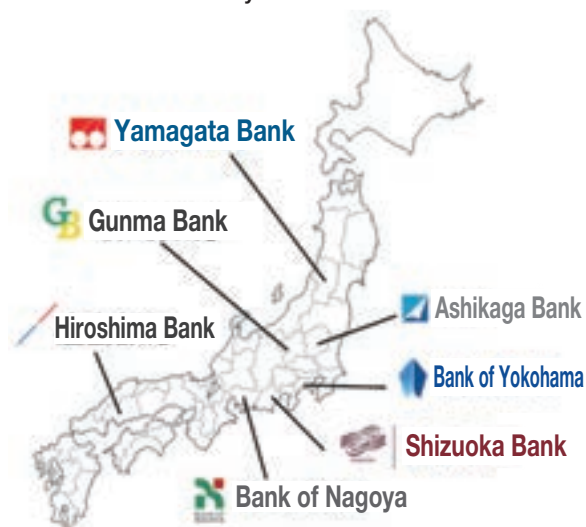
Since Hiroshima Bank established a team dedicated to supporting the automobile industry in 2001, the team has continued to support the local automobile industry for over 20 years. In recent years, however, in the wake of drastic changes in the business environment, an increasing number of regional banks have focused on supporting the automobile industry also in other regions.

Hiroshima Bank started collaborating with the six banks shown in the right diagram in August 2023. This is because the bank believes that bringing in resources from other regions into the prefecture and co-creation through collaborative activities with other regions are the most effective ways to realize the sustainable growth and development of Hiroshima Prefecture's automobile industry in the future.

By leveraging the collaboration, we have worked to further enhance our support to local suppliers. To this end, specifically, we have been making efforts such as gaining a better understanding of trends of the entire industry, including the automobile industry in other regions, and sharing the knowledge and know-how held by each bank.

From now on, we will proactively promote initiatives that contribute to revitalizing the regional economy and strengthening the local supply chains by putting highly effective joint measures into practice.

► Seven banks collaborating in supporting the automobile industry



Our people

[Support for the promotion of carbon neutrality] Initiative for building the supply chain of biomass fuel for foundry using oyster rafts

In the manufacturing process of automobiles, foundry^{*1} is a process with a high environmental burden, representing about 20% of all CO₂ emissions. In particular, the process of melting iron emits a large amount of CO₂ due to the combustion of coal-derived coke which is used as fuel. Faced with such a situation, local foundry suppliers have moved forward with the development of biomass fuels^{*2} that can be a substitute for coal-derived coke in a bid to achieve carbon neutrality.

For this biomass fuel development initiative, Hiroshima Bank has supported the search for fuel materials and the building of a supply chain to ensure stable supply of the fuels. More specifically, we have been studying the feasibility of building a supply chain for the production of biomass fuels using the recycled oyster raft waste, giving special attention to the rafts used for oyster cultivation, the specialty industry of the prefecture.

Moreover, if we can realize a scheme of local production

► Oyster rafts near Miyajima



for local consumption for the biomass fuel, the scheme is expected to lead to a solution to the problem of oyster raft disposal, a significant issue for oyster farmers.

As an initiative that contributes to the establishment of a circular economy within the region, we will continue to focus on efforts to realize such a supply chain, including the search for carbon-neutral fuels in the region besides oyster rafts.

^{*1}: A method of processing metal in which raw material are heated to a temperature higher than their melting points to turn them into liquid, and then the liquid is poured into a mold, cooled, and hardened into desired shapes

^{*2}: An initiative to produce biomass fuels by carbonizing waste or unused resources

Growth/Regeneration of Manufacturing Businesses Serving as Key Industries ②

— Shipbuilding Industry —

Materiality ④

Ideal state 10 years from now

Sustainable growth of the Setouchi maritime cluster

■ Maritime cluster and the shipbuilding industry in the Setouchi area

In the Setouchi area, besides the fact that the shipping industry has long been thriving, the shipbuilding industry has also developed backed by favorable geographical and climate conditions that are suitable for shipbuilding, which has led to the formation of a maritime cluster where related companies concentrate.

At present, the shipbuilding and related industries in the four local prefectures (Hiroshima, Okayama, Yamaguchi, and Ehime) account for approximately 40% of these industries nationwide in terms of both the value of products shipped (¥1.3 trillion, actual results in fiscal 2021) and the number of employees (25,000), thus, underpinning the local economies.

For over 50 years, Hiroshima Bank has supported the development of the maritime cluster, including the shipbuilding industry, through ship financing to ship owners who order new ships from local shipyards. The balance of our loans to the shipbuilding and shipping industries as of the end of March 2024 was ¥956.8 billion.

► Image of a maritime cluster



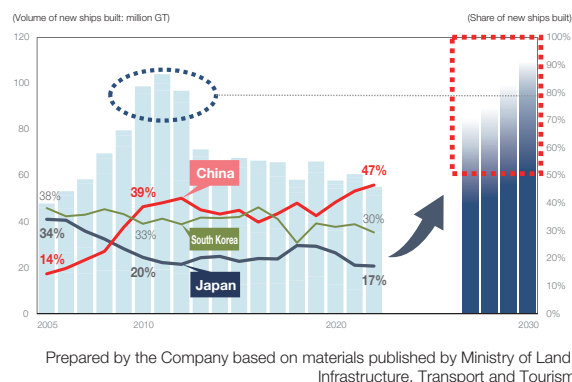
■ Growth potential and issues for the shipbuilding industry

The world's demand for new ships is expected to expand to nearly 100 million gross tons by around 2030 due mainly to the replacement demand for a large number of ships built around 2010. In July 2023, the International Maritime Organization adopted a revised target of achieving net zero greenhouse gas emissions in international shipping by around 2050. This momentum for replacement demand is expected to drive a transition to ships powered by next-generation fuels, such as LNG, methanol, and ammonia, the demand for new ships may remain high also in and after 2030.

In the meantime, although the Japanese shipbuilding industry once accounted for about 50% of the new shipbuilding volume worldwide, the percentage now falls below 20% as the result of intensified competition with China and South Korea since mid-2000s. The industry is faced with the challenge of securing and training human resources, against the

backdrop of declining population in Japan, as well as building a system to supply internationally competitive ships powered by next-generation fuels.

► Trend of the volume of new ships built



Key strategies

① Supporting the growth of a maritime cluster through ship financing

Through ship financing, which is one of Hiroshima Bank's traditional strengths, we provide stable funding to local shipbuilding and shipping industries, irrespective of market conditions, so we can contribute to the sustainable growth of these industries.

② Supporting growth through collaboration among industry, government, academia, and finance

We support the growth of the shipping industry by securing and training of human resources who will work for the industry in the future, as well as by responding adequately to climate change, through collaboration with government agencies, educational institutions, local companies, etc.

KPI

Outstanding loans to the shipbuilding and shipping industries as of the end of March 2029

¥1.1 trillion

Up ¥143.2 billion from the end of March 2024

Our actions

Examples of initiatives through collaboration among industry, government, academia, and finance

Hiroshima Bank has been working in partnership with government agencies, educational institutions, various organizations and companies to support the growth of the shipbuilding and shipping industries.

(1) Setouchi Maritime Industry Supporters workshop (SMIS)

(SMIS : Setouchi Maritime Industry Supporters workshop)

- Established: March 2022
- Participating organizations: Chugoku Transport & Tourism Bureau; Hiroshima Prefecture: Chugoku District Shipbuilding Council; Industry Association of Small Shipbuilders in Chugoku District; Chugoku Regional Innovation Research Center; and Hiroshima Bank
- Purpose: To advance the maritime industry through creation of specific projects such as model projects that are ahead of the rest of the country in the Setouchi area, by providing maritime industry-related businesses with quick and flexible advice and support
- Achievements: Research into the examples of local companies' efforts to save energy, DX, etc., and business matching for Hiroshima Bank's customers, etc.

(2) Kure City and Hiroshima University, Town & Gown Initiative, Maritime Culture City Promotion Council : Kure

- Established: January 2024
- Participating organizations: Kure City, Hiroshima University, Japan Coast Guard Academy, The Sasakawa Peace Foundation, etc.
- Purpose: To proactively promote the development of Kure City as an international hub for marine and maritime affairs
- Matters to be addressed:
 - ① Formation of a base for international education, research, and social collaboration in marine and maritime affairs in Asia
 - ② Collaboration with international organizations related to marine and maritime affairs
 - ③ Human resources development through interdisciplinary degree programs related to marine and maritime affairs
 - ④ Promotion of DX in the fields of marine and maritime affairs using advanced technologies
 - ⑤ Promoting Green Transformation (GX) by making effective use of the natural environment of the Seto Inland Sea
 - ⑥ Collaboration for the creation of new marine and maritime industries
 - ⑦ Other collaboration and cooperation in the formation of international marine and maritime bases

Our people

Contributing to the sustainable development of the region

Kure City in Hiroshima Prefecture, one of our operating areas, was developed as a "town of manufacturing industries," including the shipbuilding industry, in the process of modernization since the Meiji period. In addition, the shipping industry was thriving in the area consisted of islands in various sizes in the city. Thus, Kure City has contributed to the formation of the Setouchi maritime cluster.

Kure Branch traditionally has been quite proactive in supporting local companies, primarily through financing. However, as the population is declining dramatically in the area due to falling birthrate and aging society and withdrawal of large manufacturing businesses, it has become necessary to provide non-financial support as well.



Rie Tachikake
Deputy General Manager
Kure Branch, Hiroshima Bank

In the face of these situations, we would like to contribute to the sustainable development of the region by proactively working together with external parties in collaboration with the Ship Finance Department, a department in charge within the Head Office.

Ideal state 10 years from now

Transforming industrial structure and developing start-ups and ventures

Helping to create a vibrant region We believe, to this end, it is important that the companies and types of businesses attractive to young people will grow and they can secure employment and income in the region. Hirogin Holdings has been working to support local start-ups and ventures that other financial institutions

have not been able to adequately support. The Mid-Term Plan 2024 aims to realize a vibrant region by further strengthening the collaborations among industry, government, academia, and finance based on past initiatives, thereby continuously supporting the development of the regional economy.

Past initiatives

The Group has a solid track record of bringing up industries that contribute to the revitalization and development of the region for more than 20 years, which includes the Hiroshima Venture Subsidy program offering subsidy to ventures through the Hiroshima Venture Development Fund. In April 2019, Hiroshima Bank, Hiroshima Prefecture, Hiroshima University, Hiroshima Industrial Promotion Organization, and Hiroshima Venture Development Fund jointly formed the Hiroshima Next Innovation Council, a consortium of industry, government, academia, and finance. While the consortium regularly exchanges information regarding the development of startups and ventures, the Group has incorporated such information in its measures.

As a specific initiative, the Hiroshima Open Accelerator (from 2019), an acceleration program that

supports the creation of new businesses by companies in Hiroshima Prefecture, has been participated by 22 companies to date, and has made accomplishments such as implementing 44 collaborative projects with startups. Hiroshima Tech Planter (from 2020), which supports the discovery and commercialization of research seeds at universities and other institutions, has discovered 36 promising research seeds and provided support for their commercialization, working to transform the region's industrial structure.

From now on, we will work to realize a vibrant region by organically linking the Group's past initiatives and organizations that are striving to develop startups and ventures, including government bodies and universities within the region.



Hiroshima Tech Grand Prix 4th Award Ceremony



Event held at Hiromalab, a co-working space

KPI

Number of start-ups and ventures supported

800

Key strategies

① Creating new businesses

We will work to assist local businesses in transforming their businesses in line with changes in the external environment and the times. We also support people who aim to start a new business.

② Accelerating the growth of a newly created business

We will make the most of our network as a regional financial group to put newly created businesses on a growth trajectory through efforts, such as the support for expanding sales channels and providing solutions of the Group.

③ Providing financial support necessary for growth

We will provide financial support necessary for growth, such as limited partnership investments in external funds, equity support through Hirogin Capital Partners, and providing new fundraising measures such as ventures debt, depending on the growth stage of the businesses.

Our actions

Transformation of the industrial structure through open innovation

To “connect” regional industries to the next generation, it is essential that each business operator develops its business sustainably through the innovation of its technologies and services. In the era of volatility, uncertainty, complexity, and ambiguity (VUCA) where predicting the future is difficult, we believe it is extremely challenging to adapt to changing external environments and achieve growth on one's own.

On the other hand, it is also true that there are many startups with innovative technologies and services throughout Japan. We believe that by promoting open innovation that “connects”

businesses in the region with startups across the country, we can realize the transformation of the industrial structure of the entire region.

As a foothold for such transformation, we will hold the first TSUNAGU Hiroshima 2024 event in November 2024 for regional businesses and startups, which will be the largest event ever in the Chugoku and Shikoku regions. Through the event, we aim to create a momentum for regional businesses so they can venture into new business domains, and to create specific best practices of co-creation by actually interacting directly with startups around Japan.



[Event overview]

- Participated by about 100 startups as exhibitors
- Booth for one-on-one negotiation
- Keynote speeches, panel discussions, etc. on open innovation
- Introduction of the selected examples of initiatives to support startups and ventures in the region, etc.

Our people

Creating encounters that shape the destiny of Hiroshima in 10 years' time

In December 2022, we opened and started operating the co-working space Hiromalab in central Hiroshima City with the aim of supporting startups and ventures.

Hiromalab provides open spaces that can be used as satellite offices, and rooms such as rental meeting rooms. By holding events to capture the needs of wide-ranging user categories, from regional startups and ventures to students aiming to start

their own businesses, and also encouraging them to interact each other and build communities, we are working to create new entrepreneurs and businesses.

In fiscal 2023, the number of visitors reached 6,599. We worked to promote the interaction among participants by holding as many as 86 events throughout the year. On top of planning and running events on our own, we are also collaborating with the



Kotaro Hara

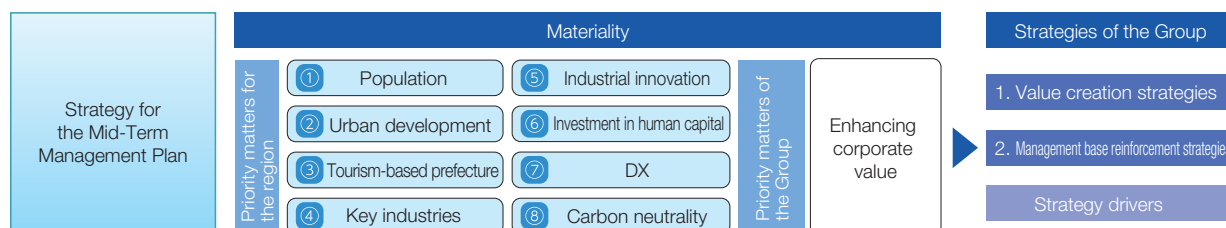
Deputy Manager of the Corporate Planning Office, Business Planning Department, Hiroshima Bank

Hiroshima Unicorn 10 Open Innovation Pitch (January 2024) hosted by Hiroshima prefecture to build a momentum for open innovation among regional businesses.

Initiatives for Corporate Business Areas

Positioning of the initiatives

Solving Materiality (priority matters of the region) to create a vibrant region



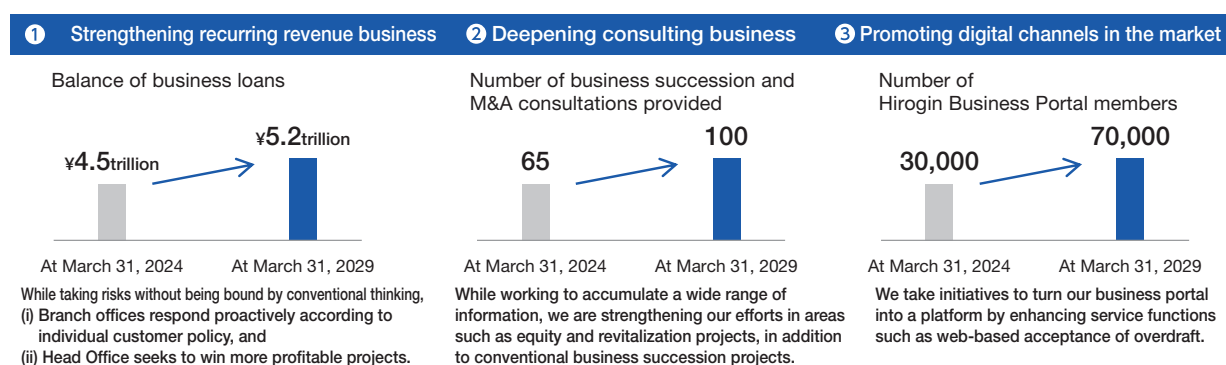
Key points of value creation strategies: Initiatives targeting growth and development of customers (corporate)

- As a complete partner who takes care of every stage of customers from establishment to closure of business, we will expand solutions according to business stage, leading to business creation and industrial innovation.
- We will also strengthen our digital response in the corporate business area with a view to exploring customer contact points that combine the best of digital and human aspects.

Overview of new Mid-Term Management Plan (Mid-Term Management Plan 2024)



Key indicators



The background and current situation of the initiatives

In order to meet the diverse needs of our corporate customers, the Group has been working to provide support tailored to the characteristics of local industries by practicing customer-oriented consulting sales based on feasibility studies.

Under such circumstances, the environment surrounding financial institutions is changing dramatically due to factors such as the shrinkage of the regional economy, intensifying competition due to the entry of companies from different industries, efforts to meet social demands such as decarbonization, and the development of a digital society through DX. In order for the Group to become a company that is needed by customers in the future, it is necessary to strengthen our efforts to revitalize the region, as well as to respond to environmental changes such as the increasingly sophisticated customer needs, decarbonization, and DX.

Going forward, we will contribute to the realization of a vibrant region through the growth and development of our customers by promoting initiatives such as fostering industry through support for startups and ventures, creating new businesses through various alliances, demonstrating our loan mediation functions based on feasibility studies, expanding non-financial solutions, and strengthening our digital response through the best mix of “digital x human” customer contact points.

Creating new businesses and developing industries

Strengthening initiatives toward industrial innovation through collaboration among industry, government, academia and finance

In April 2019, five organizations, Hiroshima Bank, Hiroshima Prefectural Government, Hiroshima University, Hiroshima Industrial Promotion Organization, and Hiroshima Venture Development Fund formed a consortium (Hiroshima Next Innovation Council) with the aim of creating new industries and businesses through innovation.

The consortium regularly exchanges information with the aim of building the Innovation Ecosystem within the region, and also focuses on collaboration between the measures of each organization.

In 2024, as part of the Hiroshima Prefectural Government’s Hiroshima Unicorn 10 project, we were commissioned by the government, in collaboration with the Japan Southeast Asia Innovation Platform, to implement the Hiroshima Unicorn 10 ASIA CO-CREATION PROGRAM, which provides support for startups and small to medium-sized enterprises that seek to develop business in the Southeast Asian market, including support for building the necessary networks, acquiring human resources, and establishing bases, etc., in Southeast Asia. And we are currently working with the six companies selected for this program to support their business development in Southeast Asia.



Creating new businesses by companies in the region

Since FY2019, in collaboration with Creww, Inc., we have been implementing an acceleration program called Hiroshima Open Accelerator with the aim of creating new businesses through open innovation, linking the management resources of companies in Hiroshima Prefecture with the distinctive services of startups nationwide.

The program was held for the 5th time in FY2023, and four companies in Hiroshima Prefecture participated, with a total of six collaboration proposals being adopted.



Initiatives for Corporate Business Areas

Discovery of research seeds from universities and other institutions

Since FY2020, in collaboration with Leave a Nest Co., Ltd., we have been implementing HIROSHIMA TECH PLANTER, an acceleration program aimed at discovering the seeds of research from universities and other institutions and providing consistent support starting from commercialization to growth.

The program was held for the 4th time in FY2023 and nine finalists were selected from the 29 teams that applied. Subsequently, the Hiroshima Tech Plan Grand Prix (presentation by finalists) was held in February 2024.



Support for university spin-of ventures in Hiroshima prefecture

In April 2020, we invested in the Investment Limited Partnership for Supporting Spin-Off Ventures of Hiroshima University and Other Universities in Hiroshima Prefecture, which was established with the aim of regional revitalization through sustainable regional economic development and job creation by investing in ventures that originate from research seeds held by universities and research institutions in Hiroshima Prefecture, including Hiroshima University, and from researchers, students and other related parties, and by improving corporate value.

This investment limited partnership is the first fund to be certified by Hiroshima University, and by obtaining the cooperation of Kyoto University Innovation Capital Co., Ltd., which has a wealth of experience in investing in research seeds and supporting commercialization, it is working to support the growth of promising university spin-off ventures.



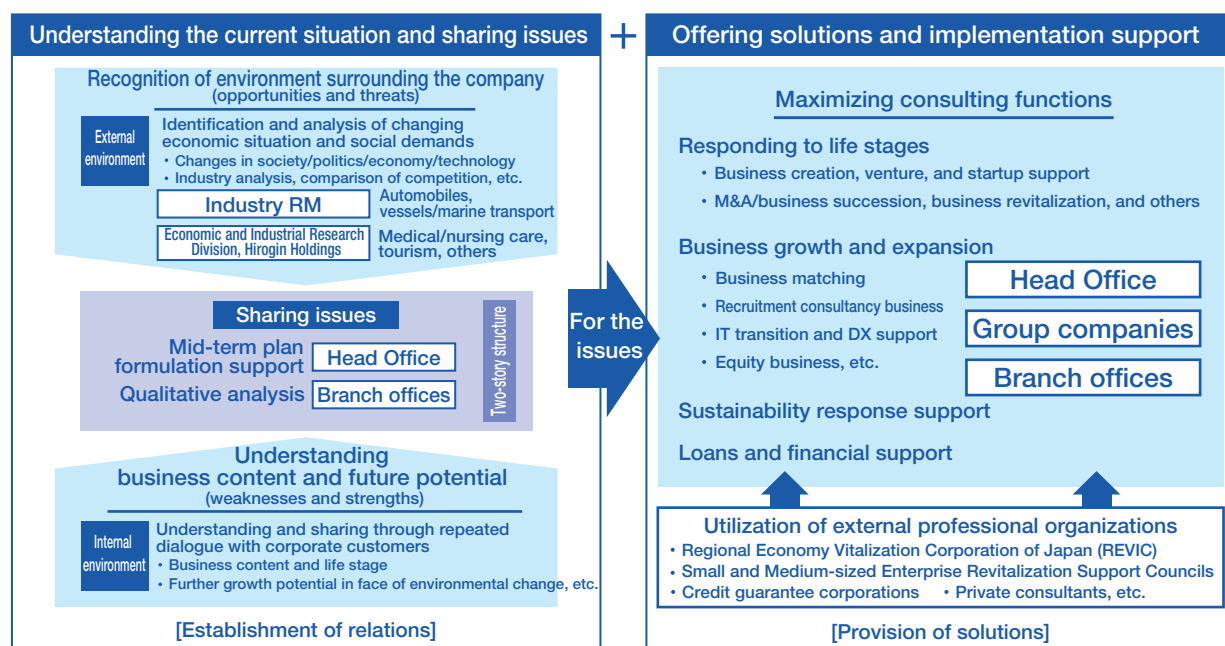
Taking risks strategically

Strengthening loan mediation solutions leveraging feasibility studies

Since the establishment of the Automobile-Related Measures Office in January 2001, we have been working on feasibility studies that enables understanding of customers' businesses from both quantitative (financial) and qualitative perspectives to respond to the funding needs of companies in the region.

To realize the wishes of the management based on a correct understanding of the current situation of the company through feasibility studies, we will work to provide the necessary loan mediation solutions by sharing the issues that need to be addressed with corporate customers.

Hiroshima Bank's feasibility studies



Strengthening financial support in line with the life stages of companies

With Hirogin Capital Partners at the center, we provide equity investment for customers who work to solve regional issues and grow their business.

Going forward, we will also consider taking initiatives for venture debt to meet the needs of startups and venture companies.

Examples of initiative

Example ①

Support for the development of a mid-term plan for a local restaurant chain that struggled due to the COVID-19 pandemic



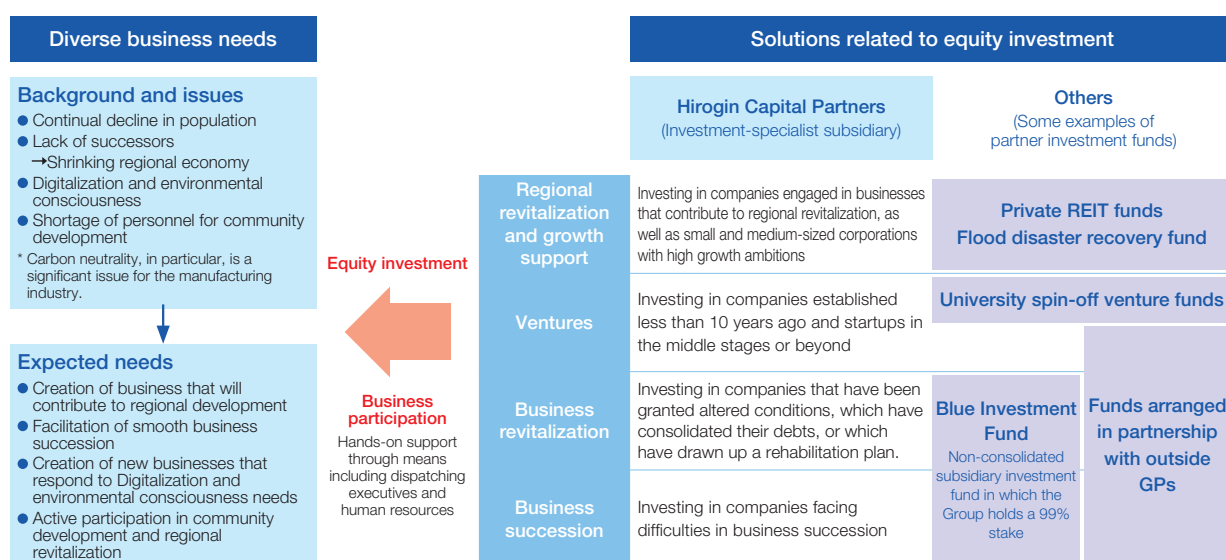
- A restaurant chain that mainly operates in the prefecture
- The company's performance deteriorated significantly due to the COVID-19 pandemic, and its financial position was also damaged.
- As the main bank, we provided escort-runner-style support for the following initiatives through the formulation and implementation of a mid-term plan, including analysis of the current situation.
 - ✓ Financial support to help stabilize cash flows
 - ✓ Consideration for closure of unprofitable restaurants
 - ✓ Financial support for opening new restaurants in business categories with strong performance
 - ✓ Monthly profit and loss management support
 - ✓ Support in preparing materials needed to explain the contents and progress of the mid-term plan to financial institutions they do business with
- Sales recovered due to a rebound in demand for eating out following the end of the COVID-19 pandemic, and the company returned to profitability due in part to its efficiency improvement effort during the pandemic.

Initiatives for Corporate Business Areas

Strengthening initiatives for equity business

In order to contribute to the growth of regional companies, the Group has established four funds at Hirogin Capital Partners: Business Revitalization Fund, Business Succession Fund, Venture Fund, and Regional Revitalization Fund. With these funds in place, we are actively making equity investment in our business partners who are working to solve local issues and grow their businesses.

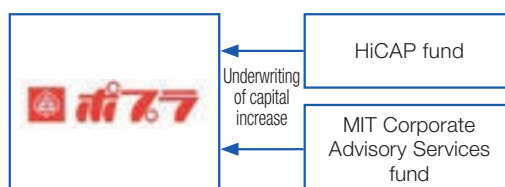
Going forward, leveraging Hiroshima Bank's feasibility studies, we will provide funds through equity investment and support our regional corporate customers' growth by strengthening our hands-on support initiatives, such as formulating a business plan or using our resources including the dispatch of personnel.



Examples of initiative

Example ①

Joint investment with other funds

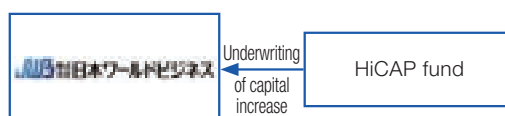


POINT

- We subscribed shares of convenience store chain POPLAR through a third-party allotment, jointly with a fund operated by our alliance partner MIT Corporate Advisory Services, Co., Ltd.
- Through this investment, POPLAR will resolve balance-sheet insolvency and achieve financial soundness, and we support the company to improve performance and grow business by investing the fund in growth areas and implementing restructuring.
- In addition, we support further enhancement of its corporate value by using our group network and consulting function.

Example ②

Considering joint ventures with investee companies



POINT

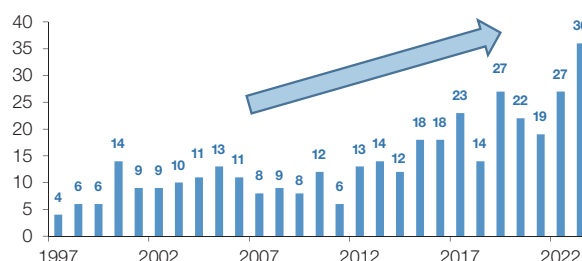
- We subscribed capital increase through a third-party allotment to Japan World Business, which is engaged in worker dispatching business.
- Taking this investment as an opportunity, we are working towards the launch of a joint venture (support business for accepting foreign workers) that will combine the support business for accepting foreign workers of Japan World Business with the solutions and customer base of the Hirogin Group.

Strengthening efforts to support corporate customers for business succession and business expansion

The Group, mainly through Hiroshima Bank, provides support through M&A operations and others for the solution of issues relating to business succession and expansion in order to support sustainable growth of our corporate customers.

Going forward, leveraging Hiroshima Bank's feasibility studies, we will aim to build a one-stop framework to meet all manner of needs concerning business expansion, business succession, from succession to family members or employees to third-party succession (M&A), to support our corporate customers' business.

► Number of M&A contracts successfully executed



Examples of initiatives for business succession

We support customers as an advisor from the phase of considering the direction of business succession. For customers who have decided the direction, we provide tailored solutions.

We work to support customers to solve the issue of business succession. We provide solutions to their needs under a one-stop service platform, from succession to family members or employees to M&A, which may change according to the situation of the company or family.

■ Example of Company A (support for family succession and M&A)

Month and year	Details of support
~2015	● Discussion continued on the future direction of business succession, whether to succeed the business to the son or transfer it to a third person.
2016~2020	● After a series of discussions, it was decided to transfer the business to a third party. ● We negotiated with several business succession candidates, but we were unable to reach an agreement on the terms.
January 2021	● The president suddenly passed away. The spouse who was a director has been appointed as the new president.
March 2021	● Although the company received a proposal from another M&A intermediary and decided to go ahead with a third-party succession, the decision was temporarily suspended due to the opposition of the employees.
February 2022	● We acted as an intermediary between the employees and began providing support for the third-party succession.
March 2023	● We introduced a candidate by which synergy is expected, and supported the M&A process until the completion of share transfer.

Examples of initiatives for business expansion

We are involved in the phase of building business strategies for companies aiming to expand their business, and we also focus on making optimal M&A proposals that contribute to growth support.

In order to respond to the ever-changing business environment, we are working to solve various issues faced by our corporate customers.

■ Example of Company B (growth support)

Month and year	Details of support
2013~2021	● We were involved in supporting the overseas expansion of the company and the formulation of its mid-term management plan. We identified the current situation and organized the issues, and then decided on an action plan for the future (acquiring companies in the same industry outside the area in a bid to acquire new business partners and technologies).
April 2022~ April 2023	● In addition to making full use of Hiroshima Bank's information network, we also worked with our alliance partners (M&A brokerage firms, consulting firms, external funds, etc.) to search for transfer deals that match the needs for information outside our business area.
February 2024	● We introduced a candidate that matched the needs and supported the M&A process until the completion of share transfer.

Initiatives for Corporate Business Areas

Promoting SX

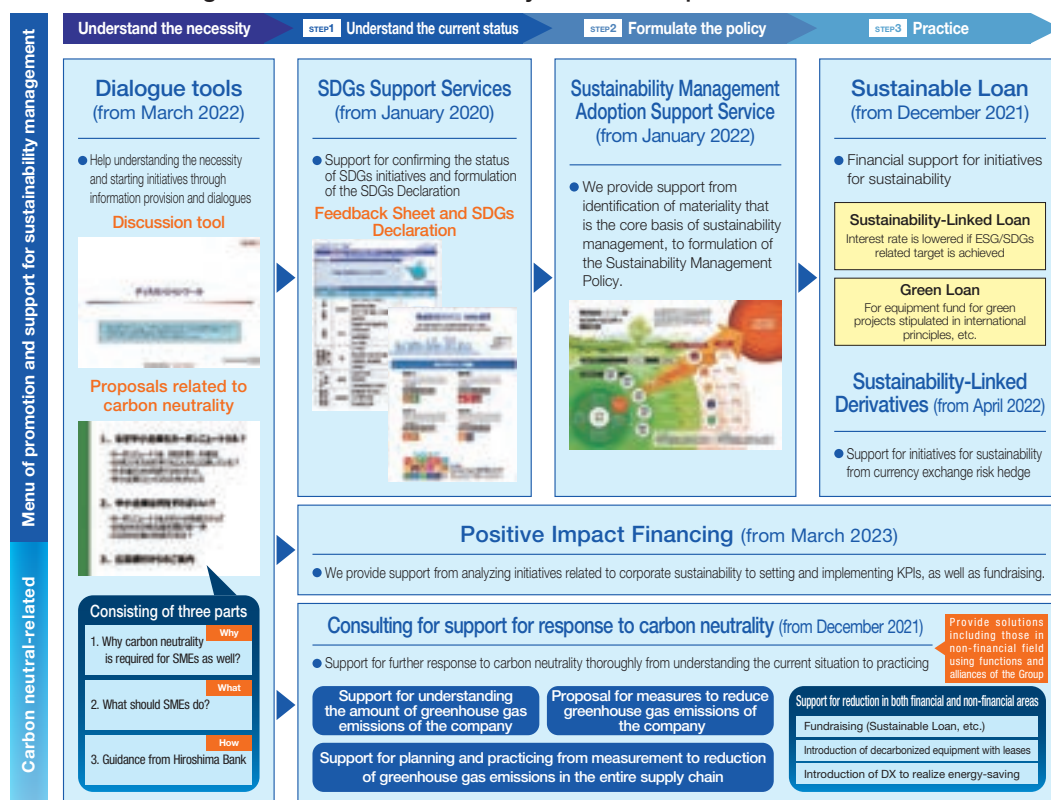
Initiatives to enhance sustainability at business partners

The Group aims to contribute to the growth and development of local companies by leveraging all the Group's functions and alliances to solve the environmental and social issues faced by the region and customers.

In particular, since Hiroshima Bank became the first regional financial institution to establish the SDGs Support Services in January 2020, it has consistently viewed the support of local companies' efforts to improve their sustainability as the responsibility of a regional financial institution, and has developed and expanded solutions that support the introduction and implementation of sustainability management for corporate customers from both financial and non-financial perspectives.

In addition, regarding carbon neutrality, we provide solutions in collaboration with Group companies and alliance partners, mainly in response to the needs and initiatives identified through dialogue with our business partners.

Overview of consulting related to the sustainability of business partners



SDGs Support Services

Features
<ul style="list-style-type: none"> Confirm SDGs initiatives, organizing matters to be addressed and provide a feedback sheet Support for the formulation of SDGs Declaration
Number of cases
704 (from the start of service in January 2020 to March 31, 2024)

Sustainability Management Adoption Support Services

Features
<ul style="list-style-type: none"> Support for identification of materiality that is the core basis of the companies' sustainability management through dialogues with management Support for the formulation of sustainability management policy
Number of cases
25 (from the start of service in January 2022 to March 31, 2024)

Sustainable Loan

Features
<ul style="list-style-type: none"> Provide two types of loans of Sustainability-Linked Loan and Green Loan under a finance framework that is consistent with the guidelines stipulated by the Ministry of the Environment and other organizations
Number of cases
46/¥14.3 billion (from the start of service in December 2021 to March 31, 2024)

Positive Impact Financing

Features
<ul style="list-style-type: none"> Support for comprehensive analysis and assessment of the environmental, social, and economic impacts of corporate activities and efforts to increase positive impacts and reduce negative impacts
Number of cases
4/¥0.7 billion (from the start of service in March 2023 to March 31, 2024)

Strengthening initiatives to support human resources for sustainable management

Hirogin Group provides a variety of solutions, including a recruitment consultancy business, training business, and human resources consulting business, mainly through Hirogin Human Resources, to help solve corporate customers' issues related to people, such as securing human resources, strengthening human resources development, and improving productivity.

Hirogin Human Resources is a subsidiary newly established in April 2021 to support solutions to people-related management issues faced by many company owners.

In addition to its recruitment consultancy business, training business, and human resources consulting business, which it has operated since it was first established, it has been pursuing the expansion of its operations, including a worker dispatching business, through M&As, since April 2022.

Going forward, leveraging Hiroshima Bank's feasibility studies, we will aim to build a one-stop

■ Top 10 challenges facing company owners in Hiroshima Prefecture

Rising prices of raw materials	54.2%
Securing human resources, labor shortage	44.3%
Decreased sales and orders received	35.1%
Improving employee skills, strengthening human resources development	28.4%
Rising costs of production, sales, logistics, etc.	17.7%
Difficulties in procuring raw materials, components, etc.	16.2%
Aging facilities and their replacement	12.4%
Difficulty in raising sales prices	12.2%
Rising labor costs	10.9%
Increasing productivity	9.9%

Source: Hirogin Holdings Survey of Company Owners

framework for all manner of HR and labor issues to meet the people-related needs of our customers.

■ Outline of Hirogin Human Resources businesses and services

Businesses and services	Details	Results (FY ended March 31, 2024)
Recruitment consultancy business	<ul style="list-style-type: none"> Introduces management and specialist human resources Provides support for strengthening human resource recruitment 	Number of contracts executed: 121
Training business	<ul style="list-style-type: none"> Holds training programs and seminars for all levels, from new employees to executive management Supports implementation of internal training programs such as dispatching lecturers 	Number of participants: 2,187 (Up 290 year-on-year)
Human resources consulting business	<ul style="list-style-type: none"> Consulting related to HR and labor (e.g., responding to workstyle reforms, various consulting related to labor management) HR system construction consulting (e.g., review of evaluation system and compensation system, HR system design support, etc.) 	Number of consulting contracts signed: 110 (Up 29 year-on-year)
Worker dispatching business	<ul style="list-style-type: none"> Primarily dispatch of clerical personnel (office staff for sales, accounting, general administration, etc.) 	Number of contracts executed: 39 (Up 8 year-on-year)
Employee benefits and welfare support	<ul style="list-style-type: none"> Provision of "Benefits and Welfare Support", which bundles health management, self-development, asset formation/loans, and discounts and special offers in a single package. 	Number of companies applied: 13

Examples of support for corporate customers

Support for corporate customers with HR and labor consulting as a start

Since Hirogin Human Resources (HHR) concluded a consulting contract with Company A, which was challenged with improving productivity and securing staff, it has received various HR-related inquiries and discussed solutions.



(i) Development of HR system

Establish HR system tailored to the company's needs through consulting and provide advice on the introduction and operation of the established system

(ii) Provision of solutions to law revision

Provide tools for addressing the Power Harassment Prevention Act and introduce an operator to respond to the revised Road Traffic Act

(iii) Support for strengthening recruitment

Review the fixed days off (increasing holidays) with the aim of strengthening recruitment

Initiatives for Corporate Business Areas

Promoting DX

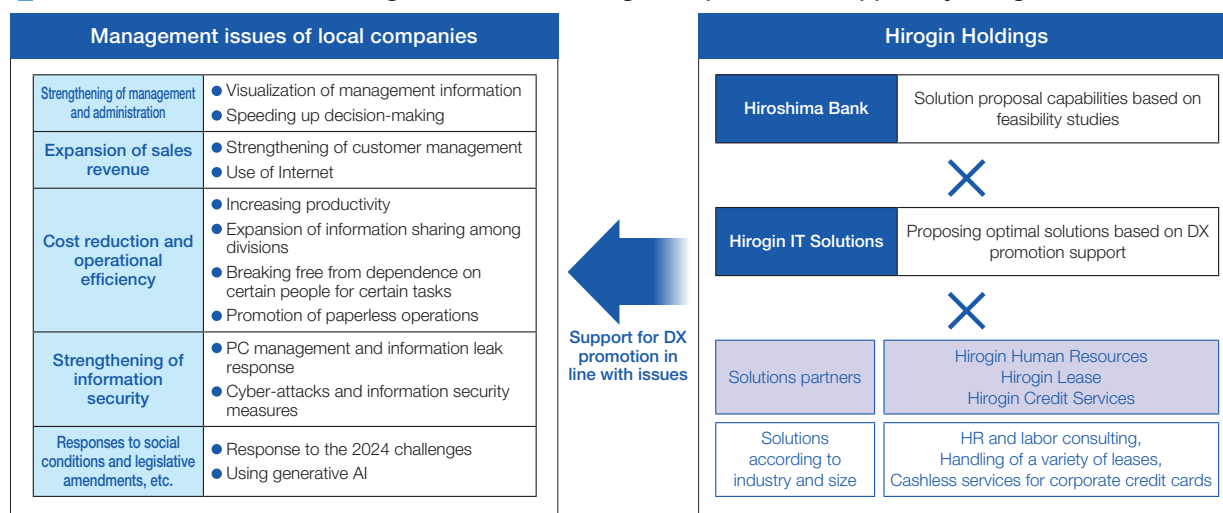
Initiatives for DX promotion support

Hirogin Group provides a variety of solutions to help solve customers' management issues and concerns, mainly through Hirogin IT Solutions, which designs and develops information systems and provides cloud services utilizing its own internet data center (IDC). Hirogin IT Solutions is a company formed as a joint venture with an existing business partner, Mighty Net Co., Ltd., which was subsequently made a subsidiary of Hirogin Holdings as an advanced banking service company in January 2021. It possesses extensive human resources and solutions in IT-related areas.

Leveraging Hiroshima Bank's feasibility studies, Hirogin IT Solutions accompanies our customers in considering DX and supports management problem-solving through the provision of optimal IT solutions (cloud services, system construction, etc.).

Going forward, it will cooperate with external solutions partners and Hirogin Holdings Group companies to meet customers' various IT needs, which are becoming increasingly diverse and advanced.

Solutions to customers' management issues through DX promotion support by Hirogin IT Solutions

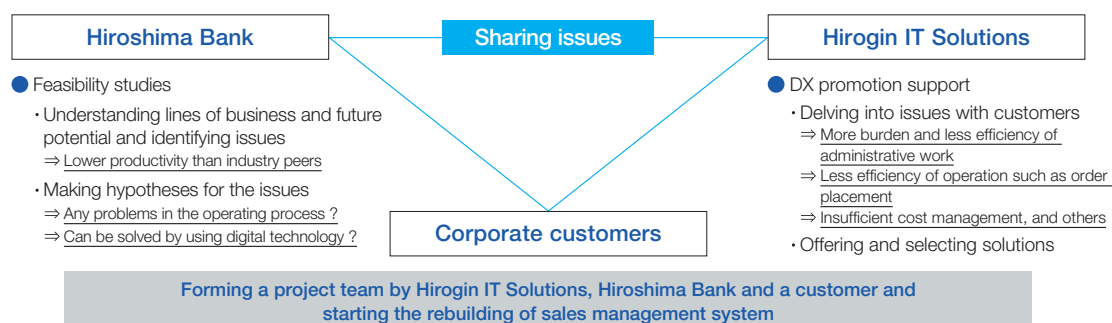


Examples of initiative

Example ①

Initiatives for promoting DX for solutions to customers' management issues

Amid the rapid development of digital transformation (DX), we provide optimal solutions to the diverse needs of corporate customers through our escort-runner style support.



Strengthening digitalization efforts

Expansion of corporate solutions using digital technologies

Portal site for business operators

Hiroshima Bank launched the Hirogin Business Portal, a portal site for business operators, in June 2022. This is an initiative for the digitalization of various transactions with corporate and individual business owner customers.

This free service enables customers to check their account balances, transaction details on deposits and withdrawals, and complete financing processes, etc. entirely on the Internet.

In addition, in February 2024, in order to make this service the platform for digital channels with customers, we unified the login path with the Hirogin Business Web Service, which allows customers to make transfers and other transactions over the internet.

In response to the full digitization of bills and checks by the end of fiscal 2026, the Hirogin Business Web Service introduced a new service called Hirogin Business Web Service Inquiry and Transfer Service (Light Plan) in April 2024, which has a monthly free basic fee plan with a limited number of transfers.

We will continue to consider the introduction of new services utilizing digital technologies by progressively adding new content to this service and work to provide greater convenience to customers.

Details of each service

Item	Hirogin Business Portal	Hirogin Business Web Service: Inquiry and Transfer Service	
		Light Plan	Standard Plan
Monthly basic fee	● Free of charge	● Free of charge	● ¥1,650 (tax included)
Services offered	<ul style="list-style-type: none"> ● Inquiry of balance and deposit/ withdrawal details (bank transfer deposits) ● Electronic issuing service ● Other banks' account inquiry service ● Invoice creation service ● Management information distribution ● Hirogin business portal loan ● Chat 	<ul style="list-style-type: none"> ● Inquiry of balance and deposit/ withdrawal details (bank transfer deposits) ● Transfer (up to 10 transactions per month) ● Payment of taxes and fees Pay-easy ● Electronic issuing service <p>(Additional services available upon separate application)</p> <ul style="list-style-type: none"> ● Transaction details option ● Electronically recorded monetary claims services 	<ul style="list-style-type: none"> ● Inquiry of balance and deposit/ withdrawal details (bank transfer deposits) ● Transfer (no limit on the number of transactions) ● Payment of taxes and fees Pay-easy ● Electronic issuing service <p>(Additional services available upon separate application)</p> <ul style="list-style-type: none"> ● Transaction details option ● Electronically recorded monetary claims services ● Data transmission service ● Foreign exchange web service

Expansion of alliance SaaS by intragroup cooperation

At Hirogin Group, Hiroshima Bank, Hirogin IT Solutions and Hirogin Lease have cooperated to expand the handling of various SaaS through agency contracts and business matching contracts.

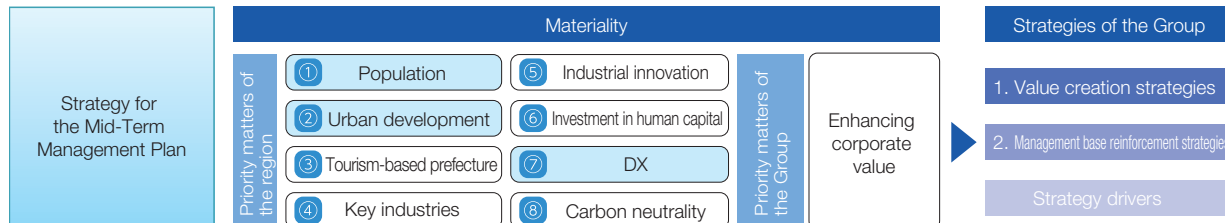
SaaS alliances by intragroup cooperation

SaaS name	Support for corporate customers (examples)	Date of introduction	Cooperating Group companies
SmartDrive Fleet	Service combining telematics and vehicle management systems	From June 2021	Hirogin Lease
Hirogin Mikatano Works	Groupware with a schedule and workflow management function	From December 2022	Hirogin IT Solutions
Ai-Glies	Power and energy saving system, which reduces electricity rate by controlling air conditioners	From January 2023	Hirogin IT Solutions
b→dash	Marketing system, which enables no-code data analysis	From February 2023	Hirogin IT Solutions

Initiatives for Retail Business Areas

Positioning of the initiatives

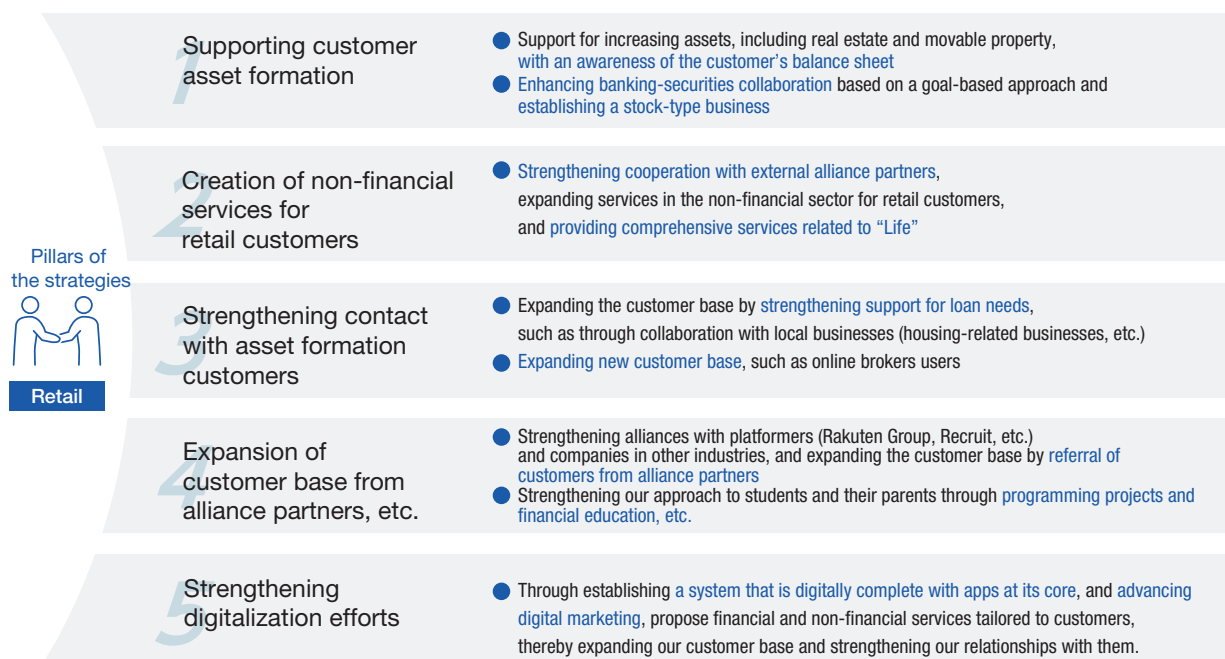
Solving materiality (priority matters of the region) to create a vibrant region



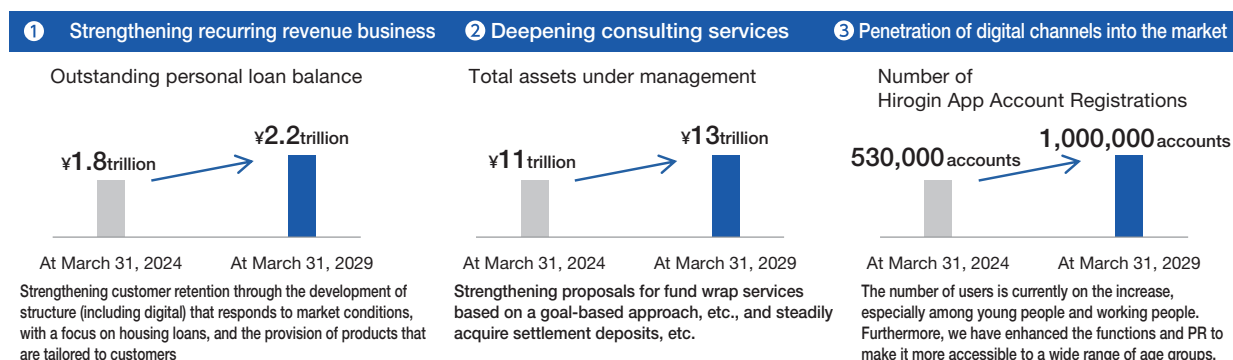
Key points of value creation strategies: Initiatives targeting growth and development of customers (retail)

- In the era of the 100-year life, we contribute to the realization of our customers' affluent lifestyles through the provision of financial and non-financial services.
- We uncover the latent needs of our customers in response to their life events, and provide solutions as a Group to resolve any issues.

Overview of New Mid-Term Management Plan (Mid-Term Management Plan 2024)



Key indicators



The background and current situation of the initiatives

In order to meet all sort of needs of retail customers in line with their life plans, we have been working to strengthen our systems, including strengthening cooperation between banks and securities companies, expanding our inheritance and trust services, improving our Head Office and branch offices (such as our Personal Loan Center and Customer Consultation Plaza, etc.), and penetration of customer-oriented sales activities. In such an environment, facing changes in the investment mindset towards the recent era of the 100-year life and new competitors including those from

different industries, in order to further enhance our support for asset formation and make it a sustainable business, by establishing a sales system (expansion of wealth management, remote interviews, and app-based transactions), strengthening our recurring revenue business through goal-based approaches and escort-runner style support, and creating services that include non-financial services through collaboration with external alliance partners, we will contribute to the realization of affluent lifestyles for our customers in the region.

Supporting customer asset formation

Support for increasing assets, including real estate and movable property, with an awareness of the customer's balance sheet

The Group is working to provide total support for life plans based on the future dreams of our customers and their families, with the Hiroshima Bank's Life Design Service at the core.

At Life Design Service, we ask about our customers' life plans, household income and expenditure, balance sheets (asset status) including non-financial assets such as real estate, etc., and together we create a life design that will serve as a blueprint for the future.

At the same time, we listen carefully to our customers' thoughts and concerns, which have become apparent through the creation of their life designs, and provide a wide range of information and

services, including non-financial fields, at the optimal time, going beyond just financial support.

In May 2023, we introduced a fund wrap service to provide escort-runner style support for the realization of customers' dreams through mid- and long-term asset management. We provide optimal asset management services for each customer, by offering a series of services including diagnosing risk tolerance, designing management plans, continuing follow-up, and others.

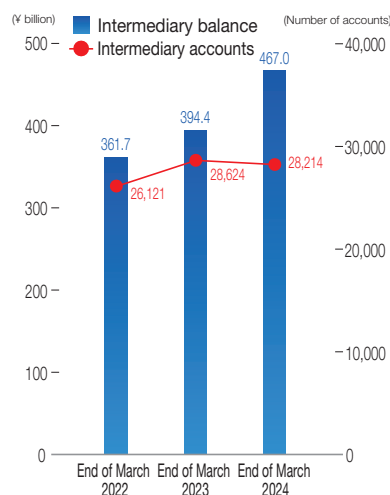
Going forward, we will continue to serve as a concierge for our customers to help enrich their lives, through total support for their individual life plans.

Enhancing banking-securities collaboration

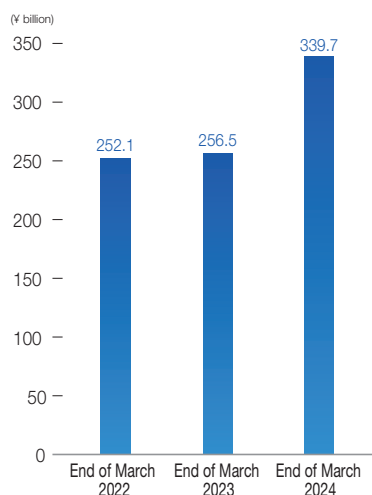
At Hirogin Group, Hiroshima Bank and Hirogin Securities have established a system for addressing customers' consultation needs and requests related to advanced, specialized asset management and inheritance issues, at a one-stop platform, primarily

through their 18 joint branches. In doing so, they have built an appropriate operational management system based on preventive measures against adverse effects (firewall regulations) pursuant to the Financial Instruments and Exchange Act.

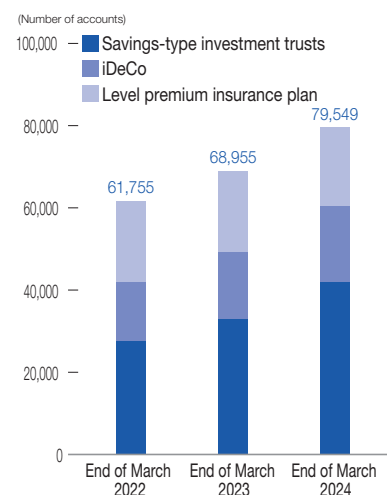
► Trends in the number of intermediary accounts and balance (Hirogin Securities)



► Trends in investment trusts balance (Group)



► Number of customers of products or services conducive to asset formation (Group)



Initiatives for Retail Business Areas

Creation of non-financial services for retail customers

Life Partner Service

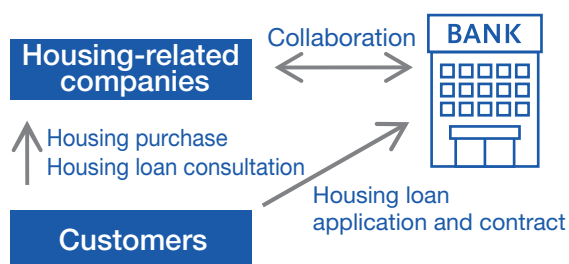
The Hirogin Life Partner service, started in September 2017, provides an optimum solution for customers' various everyday concerns and problems.



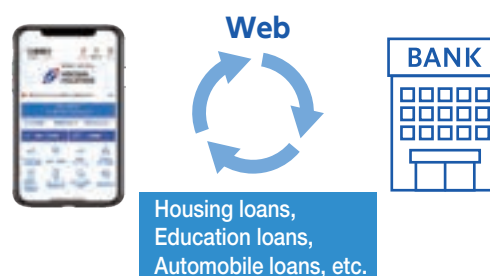
Strengthening contact with asset formation customers

Strengthening response to loan needs

Hiroshima Bank is working to expand its customer base through collaboration with regional businesses (such as housing-related businesses), and it values its relationships with local construction companies. It will continue to strengthen its response to customers' financial needs through regional businesses.



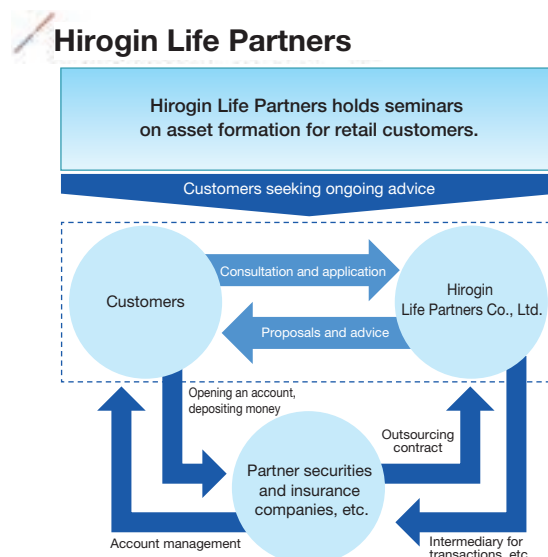
In addition, in order to strengthen our response to loan needs utilizing DX, we have also started accepting preliminary housing loan applications online (from April 2024 onward). We are also promoting the shift to online services for other loans, with the aim of improving customer convenience.



Strengthening collaboration with online brokers

Since April 2020, Hiroshima Bank has been providing financial product intermediary services for online transactions with Rakuten Securities and SBI Securities, and transactions, particularly among young people, are increasing.

In July 2024, in order to strengthen our approach to the rapidly expanding number of online brokers users taking advantage of the launch of the new NISA, we started providing asset formation advice through seminars and online consultations at the financial product intermediary company Hirogin Life Partners.



Expansion of customer base from alliance partners, etc.

Expanding alliance partners

In addition to expanding our customer base by enhancing our own unique products and services, we will also expand our business base with local

customers by mutually complementing each other's strengths through collaboration with major platformers and companies in different industries.

Strengthening our approach to students and their parents

Based on the growing importance of financial education, Hirogin Group assigns financial education advisors within the Business Planning Division of Hiroshima Bank, as a supporter to improve the financial literacy of customers in the region. As part of the initiative, we provide financial education to students and their parents, adults in the region, such as seminars and lectures.

We also aim to nurture future innovators by expanding our kids' programming school to 6 locations and helping regional elementary school pupils develop their ability to turn ideas into reality and communicate their thoughts.



Strengthening digitalization efforts

Enhancing the Hirogin app functions and digital marketing initiatives

As a digital contact point that is always connected to our customers, we are continuously enhancing its functions, and have also started distributing information via the Hirogin app. In terms of functionality, we have added a new function to allow customers to check the status of their 401K and iDeCo investment at any time, making it easier to manage their assets for the future (released in November 2023). This is the 1st in-house development project that we have built in-house with the aim of speeding up functional enhancements. Moreover, in April 2024, the Hirogin Point Service function was added, allowing users to check the points earned and exchange points using the Hirogin app.

In digital marketing, we started distributing information tailored to customers since last year. In one year, we distributed 9 measures and 25 pieces of

information. We will continue to aim to be a digital concierge, providing information and making proposals that better meet the needs of our customers.



Action on DX or cashless payment in companies and schools

Hirogin multifunctional IC cards

This solution uses IC cards to add multiple functions to employee IDs and student cards. With the digitalization of work and school attendance management, stricter management of building entry/exit and key, and the provision of cashless payment tools on and off company premises using electronic money, these cards support DX and workstyle reforms where they are introduced by improving convenience for customers.

COi Pay

By leveraging COi Pay, which is even more convenient with the addition of an individual transfer function (COTRA), we provide a cashless environment for local events, give 2 percent of the purchase price back (cash back) all the time, and conduct attractive campaigns aimed at regional revitalization.

Going forward, in addition to providing highly convenient services, we will contribute to the expansion of cashless payments in the region through initiatives that are unique to the local community.