


Message from Financial Officer



We will work to improve the Group's corporate value by maintaining and improving the capital adequacy ratio through ample retained earnings, appropriate risk-taking and strategic investment.

Akira Ogi, Director & Senior Managing Executive Officer

Due to the spread of new coronavirus, fiscal 2020 has been an unstable year both politically and economically. Under such circumstances, on October 1, 2020, Hirogin Holdings was established through a sole-share transfer of Hiroshima Bank. Under a new group business structure and aiming at “further contribution to regional community and customers,” and “sustainable growth and improved corporate value for the Group,” we formulated our Mid-Term Management Plan 2020, which spans the period from October 2020 to March 2024. In fiscal 2021, technically the first fiscal year of the holding company structure, we will enforce solid management strategies.

Business performance for fiscal 2020 and financial results forecasts for fiscal 2021

Business performance for fiscal 2020

Regarding the economy in this region during fiscal 2020, exports and production remained at a low level primarily in the mainstay automobile industry, and corporate performance also remained weak, as economic activities were stagnant in Japan and overseas due to the impact of new coronavirus. Moreover, the overall economy continued to suffer from severe conditions with sluggish consumer spending owing to factors such as the deterioration of employment and income conditions and decreasing consumer sentiment. Under such economic circumstances, despite a decrease in net interest income due to a prolonged period of negative interest rates and low interest rates overseas, the Company's consolidated gross profit increased ¥0.9 billion year on year to ¥95.2 billion as a result of increased income in corporate solutions such as support for business succession and M&A, as well as increased

income from asset management business owing to the reinforcement of the banking-securities collaboration strategy.

Profit attributable to owners of the parent decreased ¥2.7 billion year on year to ¥21.5 billion due to increase in expenses related to the new Head Office building and increase in credit expenses due to reasons such as the spread of new coronavirus and the recording of proactive allowance for some corporate customers, etc.

On the other hand, as we promote consulting services as a unified group, the total revenue related to consulting service for corporate and retail customers of Hiroshima Bank and net income for the Group companies, which is one of the management objectives, was ¥12.0 billion and contributions of Group companies to consolidated performance was 11.4%.

Financial results forecasts for fiscal 2021

For fiscal 2021, the total revenue related to consulting service for corporate and retail customers of Hiroshima Bank and net income for the Group companies is forecast at ¥13.9 billion. We plan to achieve this by strengthening our provision of solutions as a unified group, including those for nonfinancial areas, and continuing our “escort-runner style support” for corona-affected corporate customers to support their financing needs.

Credit expenses are forecast at ¥8.5 billion, taking into account the increase due to the spread of new coronavirus, etc.

For profit attributable to owners of the parent, despite an increase in general and administrative expenses related to the new Head Office building, we expect an increase to ¥22.0 billion.

■ Hirogin Holdings (Consolidated) (¥ billion)		
	FY2020	FY2021
Consolidated gross profit	95.2	—
Ordinary profit	31.0	31.5
Profit attributable to owners of the parent	21.5	22.0
Total of revenue related to consulting service for corporate and retail customers of Hiroshima Bank* ¹ and net income for the Group companies* ²	12.0	13.9
Contributions of Group companies to consolidated performance* ³	11.4%	13.6%
Consolidated capital adequacy ratio	10.6%	10.1%
Consolidated ROE	4.3%	4.2%

■ Hiroshima Bank (Non-consolidated) (¥ billion)		
	FY2020	FY2021
Core gross banking profit	86.5	84.5
Core banking profit	33.1	29.5
Ordinary profit	31.0	28.5
Net income	22.3	20.5

*1 Revenue related to consulting service for corporate and retail = Total of revenues from corporate solutions, service for corporate and retail = asset management, and equity business customers of Hiroshima Bank

*2 Net income for the Group companies = Total of net income for consolidated subsidiaries, excluding Hiroshima Bank, multiplied by investment ratio

*3 Contributions of Group companies to consolidated performance = $\frac{\text{Net income for the Group companies}^2}{\text{Profit attributable to owners of the parent}}$

Management objectives for Mid-Term Management Plan 2020

In Mid-Term Management Plan 2020, we are aiming to achieve higher profitability through intra-Group cooperation and have set out management objectives of over ¥16.0 billion in total of revenue related to consulting service for corporate and retail customers of Hiroshima Bank and net income for the Group companies and 12% or more in contributions of Group companies to consolidated performance.

Moreover, we are also targeting over ¥27.0 billion in profit attributable to owners of the parent and 5% or more in consolidated ROE.

In addition, we hope to secure 10% or more in consolidated capital adequacy ratio, an indicator of financial soundness, even amid the increase in risk assets as a result of our active credit risk-taking in the local community.

Management objectives for Mid-Term Management Plan 2020

	FY2023
Profit attributable to owners of the parent	More than ¥27.0 billion
Total of revenue related to consulting service for corporate and retail customers of Hiroshima Bank and net income for the Group companies	¥16.0 billion or more
Contributions of Group companies to consolidated performance	12% or more
Consolidated capital adequacy ratio	10% or more
Consolidated ROE	5% or more

Capital policy

Management aimed at maintaining soundness and improving capital efficiency

The consolidated capital adequacy ratio of the Company at the end of March 2021 was 10.60%. This was attributable to an increase in risk assets of ¥185.8 billion compared with the end of March 2020 to ¥3,850.4 billion resulting from the impact of Hirogin Lease becoming a wholly-owned subsidiary in addition to loans, including financing support for companies affected by the coronavirus crisis, and active credit risk-taking on equity investment.

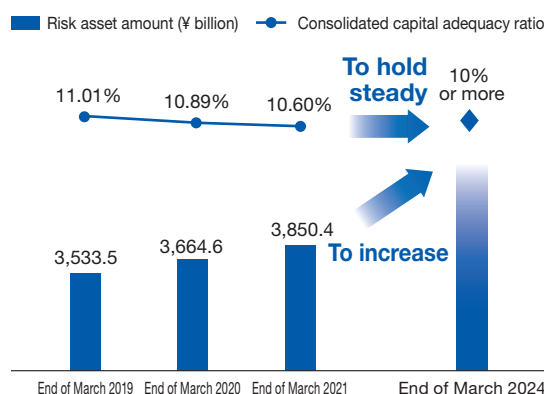
The Group sets a risk appetite framework to operate business in a way that soundness is maintained and the capital efficiency is improved. We position active credit risk-taking in the region and strategic investment aimed at gaining new revenue opportunities as one of the pillars of our management strategy. To strengthen the equity business, which is a growth driver of the



Mid-Term Management Plan 2020, we are allocating capital based on strategic risk assets.

We aim to maintain a consolidated capital adequacy ratio of at least 10% for the medium to long term by continuing to focus on achieving appropriate levels of profitability concerning the amount of risk assets and striking the right balance against the capital adequacy ratio.

Consolidated capital adequacy ratio and risk asset amount



<Reference> External credit rating

	Japan Credit Rating Agency (JCR)	Rating and Investment Information (R&I)	Moody's
Hirogin Holdings	AA-	A	—
Hiroshima Bank	AA-	A+	A2

Reducing cross-shareholdings for improved capital efficiency

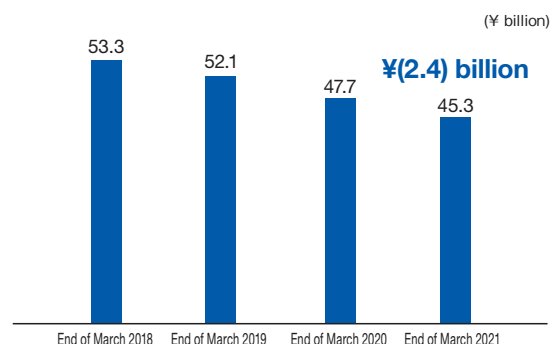
The Group has a basic policy of not engaging in cross-shareholding, except where it is deemed that the holding has a rationale such as development of the regional economy or improvement of corporate value.

As for shares held, the Group examines the rationale for the shareholding, also taking ESG perspectives into account. If the Group cannot find sufficient rationale for the shareholding, it will decide whether to continue to hold them after having dialogue with the issuing company.

In fiscal 2020, we reduced our cross-shareholdings by ten companies (including partial reduction) and by ¥2.4 billion (based on acquisition cost), as a result of dialogue with issuing companies.

We will continue to reduce cross-shareholdings through dialogue with the issuing companies with a view to efficient utilization of capital.

Shareholding of listed shares and cross-shareholdings (based on acquisition cost)



See page 33 for details of our policy regarding cross-shareholdings, etc.

Enhanced shareholder returns

The Group takes care to enhance shareholder returns and retained earnings in order to thoroughly address various issues facing the regional community and our customers and contribute to the region's sustainable growth as a Regional Comprehensive Services Group, and pays "performance-linked dividends," which reflect profit attributable to owners of the parent, in addition to "stable dividends."

In fiscal 2020, we paid out an annual ordinary dividend of ¥24 per share and the consolidated payout ratio came to 34.6%. For fiscal

2021, we plan to pay an annual dividend of ¥24 per share, based on the dividend criteria table.

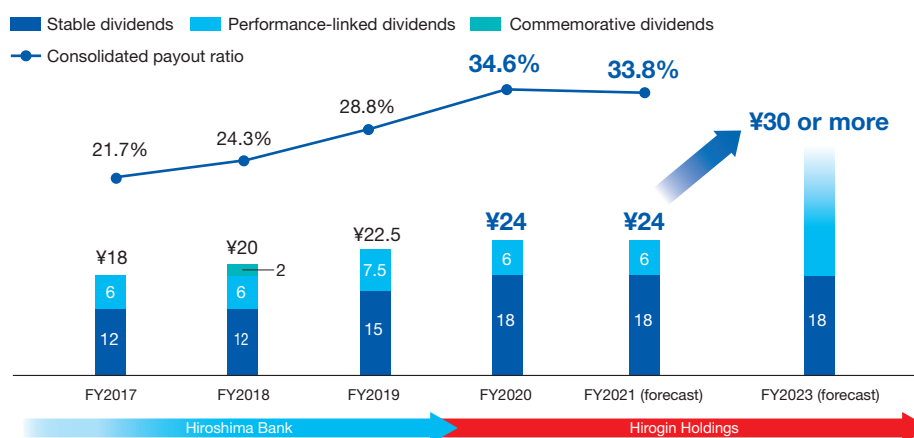
In addition, we aim to pay an annual dividend of ¥30 or more per share for the last year of the mid-term management plan (fiscal 2023).

We will continue to aim for enhanced shareholder returns, while steadily increasing retained earnings.

Dividend criteria table

Profit attributable to owners of the parent	Cash dividends per share			Consolidated payout ratio
	(i) Stable dividends	(ii) Performance-linked dividends	(i) + (ii)	
Over ¥33.0 billion	¥18	¥18	¥36	Below 34.1%
Over ¥30.0 billion - up to ¥33.0 billion		¥15	¥33	31.2% - below 34.4%
Over ¥27.0 billion - up to ¥30.0 billion		¥12	¥30	31.2% - below 34.7%
Over ¥24.0 billion - up to ¥27.0 billion		¥9	¥27	31.2% - below 35.1%
Over ¥21.0 billion - up to ¥24.0 billion		¥6	¥24	31.2% - below 35.7%
Over ¥18.0 billion - up to ¥21.0 billion		¥3	¥21	31.2% - below 36.4%
Up to ¥18.0 billion		¥0	¥18	31.2% or more

Cash dividends per share and consolidated payout ratio



Note: The Group conducted a share consolidation of common shares at the ratio of 1 share for 2 shares on October 1, 2017. Cash dividends per share figures in fiscal 2017 or earlier are amounts accounting for the share consolidation.

As we revised the dividend criteria table in fiscal 2019, proportionate figures for the period before and after the revision are shown.

For fiscal 2020, as Hirogin Holdings was established on October 1, 2020, the interim dividend of ¥12 per share (total of dividends paid: ¥3,748 million) paid by Hiroshima Bank is included.

Mid-Term Management Plan 2020

**Period covered
by the Plan:**
From October 2020
to March 2024

Basic approach

We are deepening and expanding the scope of our business operations and our customer base in the markets of our four local prefectures of Okayama, Yamaguchi, Ehime, and, in particular, Hiroshima, which has enormous potential in terms of the size of economy and growth opportunities. At the same time, we aim to realize our management philosophy and achieve sustainable growth of the Group by thoroughly working to resolve every issue that faces the local community and customers and actively committing ourselves to development of the region.

Three pillars of the Mid-Term Management Plan

First pillar Strengthen the efforts to resolve problems of the regional community, aiming for regional revitalization See page 43 for details

Second pillar Deepen the core business of each group company to contribute to growth of customers and expand the group-integrated business areas (establish new profitable areas) See page 45 for details

Third Pillar Establish a stable management base to support the sustainable growth of the regional community and customers See page 63 for details

Targets for the Mid-Term Management Plan and

Regional vitalization and regional revitalization

Rebuild structures to strengthen relationships with various

Strategy for corporate customers

Strategy for individual customers

Strategy for corporate owners

Develop the business over the services related to business

Channel strategy

Build channels that fuse the physical and the digital to support our growth strategy.

- Number of branches Reduce by approx. 10%
- Number of ATMs Reduce by approx. 20%
(compared to FY2019)

Digital strategy

Create new digital businesses to generators for the future.

Reinforce and expand settlement/
(offer cashless payments/strengthen

Earnings from new digital
Approx. ¥0.3 billion

Human resource strategies

Build a robust organization by optimizing the Group's internal human resources.

Group personnel total

As of the end of March 2020 Approx. 4,000 persons → As of the end of March 2024 Approx. 3,700 persons

Strengthen intra-Group cooperation

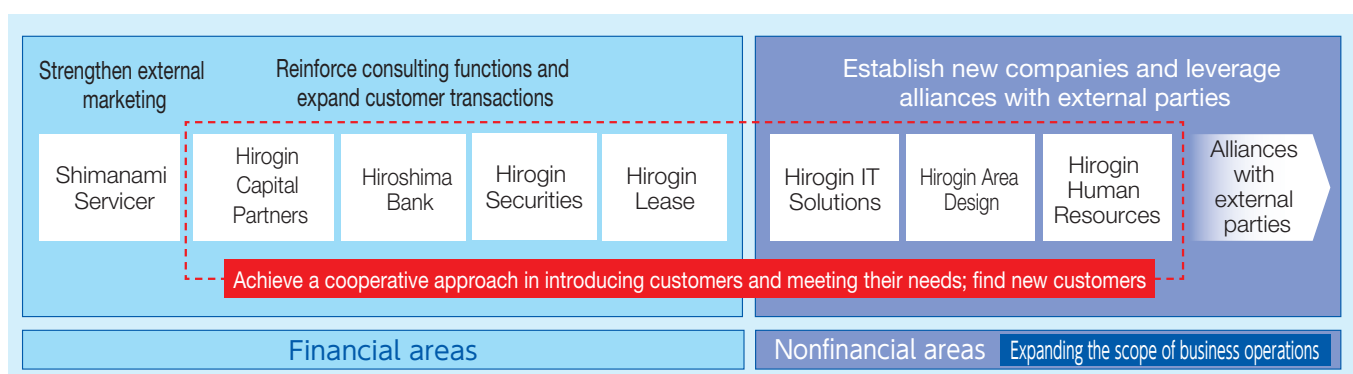
Eliminate routine clerical tasks

Impact of restructuring

Expanding business areas through strengthened intra-group cooperation

The Group companies will introduce customers to each other and expand their customer base. At the same time, by combining each company's function, creating new businesses, and expanding the scope of business operation base

through alliances, we will build a Regional Comprehensive Services Group that provides unrivaled solutions to expand the horizons of the future to stakeholders.



Advancing to the next stage by boldly accelerating Group integration through reformed awareness and actions triggered by becoming a holding company structure

contribution to achievement of SDGs

organizations and fellows and to boost sales of consulting services.

medium to long term by strengthening sales of consulting succession, inheritance, etc.

	IT strategy
serve as revenue	Apply the new subsidiary to bolster the IT solutions business.
channel functions (app functions).	Enhance Group IT development/administration structures.
businesses	

Restructuring

and implement a radical restructuring of Group companies through digital technologies.

Approx. ¥1.2 billion (compared to FY2019)

Contribution to achievement of SDGs

Management Policy (Management Vision + Code of Conduct)

Management Vision

Contribute to the creation of a prosperous future for the regional community as a trusted Regional Comprehensive Services Group by closely offering thorough support to customers

+

Code of Conduct

Hirogin Holdings will endeavor to create the shared values with the regional community and realize a sustainable society, based on five items of the Code of Conduct.

1. Contributing to local communities

Work in step with regional communities to actively contribute to their development

2. Contributing to customers

Think and act from the customers' points of view to contribute to their prosperous life and business development

3. Enhancing corporate value

Continuously enhance the Company's corporate value

4. Increased job satisfaction

Create a cheerful, rewarding corporate group where everyone works healthfully

5. Compliance

Exercise a high level of compliance

Management objectives (for FY2023)

Hirogin Holdings	Profit attributable to owners of the parent	More than ¥27.0 billion
	Consolidated ROE	5% or more
	Consolidated capital adequacy ratio	10% or more
	Hiroshima Bank Revenue related to consulting service for corporate and retail customers of Hiroshima Bank	¥16.0 billion or more
	Excluding Hiroshima Bank Net income for the Group companies ^{*1}	
Excluding Hiroshima Bank	Contributions of Group companies to consolidated performance ^{*2}	12% or more

^{*1} Net income for the Group = Total of net income for consolidated subsidiaries, excluding companies
Hiroshima Bank, multiplied by investment ratio

^{*2} Contributions of Group companies to consolidated performance = $\frac{\text{Net income for the Group companies}^{\text{*1}}}{\text{Profit attributable to owners of the parent}}$

Initiatives for the Mid-Term Management Plan

Medium to long-term initiatives

Deepening/expanding customer base

Bank

- ◎ Leverage the bank's customer base to offer solutions, including solutions in the nonfinancial field, provided by the bank and by Group companies

Non-bank

- ◎ Leverage the bank's customer base to offer solutions
- ◎ Attract new customers

➡ Expand the Group's customer base

Take advantage of alliance in other business formats

Deepening/expanding operations

Expand new solutions functions and create new businesses in fields in which needs are projected to increase and growth is expected

➡ Establish new earnings sources

- ◎ Find new customers that have never transacted with the Group
- ◎ Scrap-and-build of new businesses and cooperating with other industries in line with regulatory easing

Three pillars of the Mid-Term Management Plan

1. Strengthen the efforts to resolve problems of the regional community, aiming for regional vitalization



Basic policy

With a view to delivering fundamental solutions to issues with regional communities and industrial structures, we will step up initiatives we have been implementing. In cooperation with local public bodies and business

operators, we will ensure that the Group will play a central role in pushing forward with new businesses tied to local revitalization.

Surrounding environment and current issues

Outflow of regional industries to other regions, outflow of population to large cities, shortage of personnel for community development, aging of buildings in city centers, shortage of hotels and offices, slump in demand from foreign tourists due to the coronavirus crisis, and shrinking regional economy (decline in the region's GDP)

have been observed. While regional revitalization by local public bodies has transitioned from a strategy planning phase into a strategy execution phase, specific projects are expected to increase, leading to an increase in the importance of taking initiatives for regional vitalization and regional revitalization.

Key strategies

While strengthening relationships with various organizations and fellows, we contribute to regional vitalization and regional revitalization by developing new businesses through ways such as actively making efforts to identify the issues facing the regional community, which is the “upstream” of the projects.

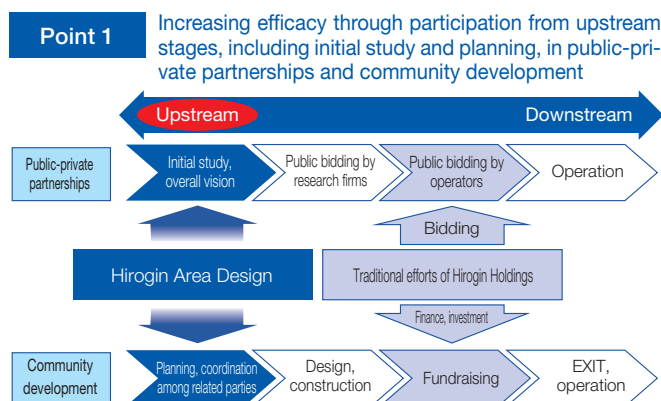
Key areas of focus

- [Further strengthen past initiatives]
 - Urban redevelopment and tourism promotion
 - Consulting for government organizations
- [Develop new businesses]
 - Resolution of local issues and development of industry

Regional revitalization and regional revitalization

As we aim for functional enhancement by establishing new companies and other measures in alliance and cooperation with local public bodies and business operators, we will push forward with new businesses tied to regional revitalization

Business development with a focus on contributing to community development and solutions to regional issues



Hirogin Holdings has traditionally been involved in bidding processes for public projects in relation to the government administration and mainly taking part in the financing stage of community development projects after the projects are materialized.

Furthermore, by getting involved in projects by confronting issues from upstream stage together with the region, Hirogin Area Design will increase efficacy of each initiative, thereby contributing to the creation of better lives.

Initiatives by Hirogin Area Design

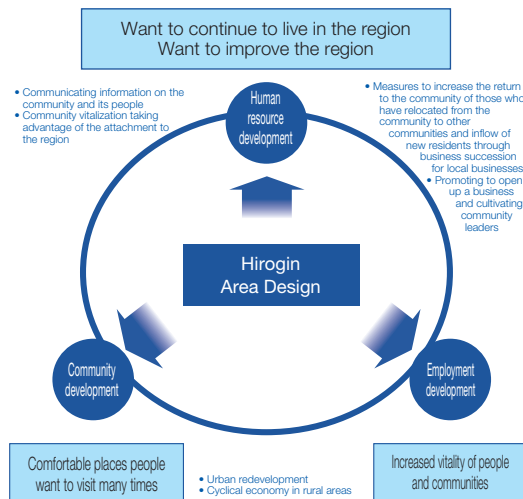
Hirogin Area Design joins three themes: human resource development, community development, and employment development, to design the region.

Specifically, in human resource development, we will increase the number of people who wish to continue to live in and improve the region, and will provide our support to these people. In community development, we will create a community where people feel comfortable with and want to visit many times. In employment development, we will contribute to creating jobs that will revitalize the people and the community.

As actual activities extend over each theme of human resource, community, and employment, we will carry out activities that can achieve synergistic effects from these themes rather than generating a single effect from human resource, community, and employment independently, and will implement activities that can have an impact on the region in a way suitable for the phrase “design the region.”

Point 2

Creating new regional value by organically linking community development, human resource development, and employment development by Hirogin Area Design



TOPICS

Tourism promotion

Proactive participation in the community tourism infrastructure

- Establishment of Setouchi DMO
- Participation in regional trading company business
- Participation in privatization of Hiroshima Airport

Urban redevelopment

Deploying measures to contribute to regional revitalization by participating in urban redevelopment projects from the upstream stages

[Case study] Attracting Hilton Hotels

This project goes beyond simple real estate development to create new value for the region by involving community development, human resource development, and employment development in various ways, including efforts to enable use as a conventional facility and create employment.



Three pillars of the Mid-Term Management Plan

2. Deepen the core business of each group company to contribute to growth of customers and expand the group-integrated business areas



Basic policy

While ensuring a “market-in” approach, the Group as a whole aims to deepen and expand customer base and

business operation base and makes thorough efforts to resolve issues facing our customers in the region.

Surrounding environment and current issues

The environment remains severe due to factors such as deterioration of the earnings environment owing to a prolonged period of negative interest rates and intensifying competition with the entry of competitors from

other industries, in addition to contraction of the regional economy due to declining and aging population in Japan.

Key strategies

[Strategy for corporate customers and strategy for individual customers]

To deepen and expand customer base, we will strengthen relations through feasibility studies, household management for individual customers, etc., while aiming for mutual utilization and expansion of customer base by reinforcing information alliance between Group companies.

By strengthening solutions functions of each Group company, we will make use of new solutions functions in areas such as equity business.

By utilizing alliances, we aim to expand our customer base and business operation base, including in non-financial areas.

[Channel strategy and sales promotion framework]

In order to overhaul and improve the efficiency of Group sales locations in response to changes in contact points with customers, we will work to (i) overhaul physical channels (reducing the number of bank branches and ATMs), (ii) expand services that can be completed on the internet, and (iii) construct new channels that utilize digital technologies such as online meetings.

We will construct a sales promotion framework to enhance consulting functions and sophisticated specialized expertise.

Key areas of focus

[Strategy for corporate customers]

- Strengthen and expand solution services by intra-group cooperation
- Construct a platform that accurately captures customers' needs

[Strategy for individual customers]

- Total support to meet a wide variety of needs as "personal concierge"
- Construct a platform with Hirogin App as the starting point

[Strategy for corporate owners]

- Exquisite customer service that builds on approaches to both corporate customer side and individual customer side

[Channel strategy]

- Sophistication of consulting services in physical channels and expansion of contact points with customers in digital channels

[Digital strategy]

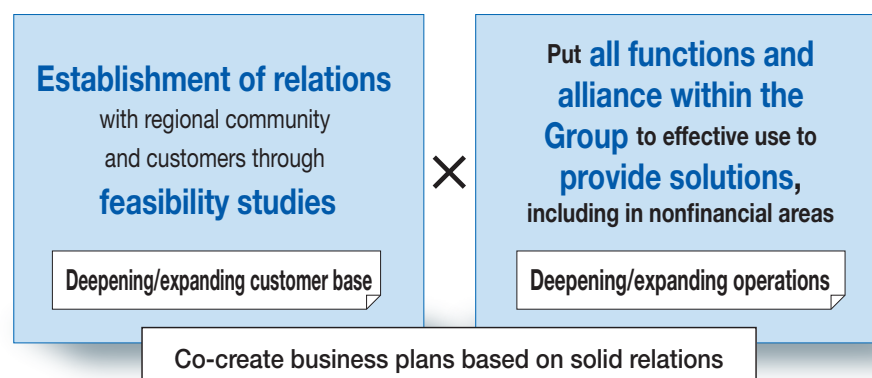
- Creation of new digital businesses
- Promotion for cashless payments
- Enhancement of functions in online channels such as apps
- Digitalization of Group companies' operations

[IT strategy]

- Sophisticated utilization of data
- Consideration of next-generation core systems
- Strengthen group-wide IT planning and development
- Construct a structure that accommodates digitalization
- Strengthen system management
- Human resource development in IT and digital fields

Strategy for corporate customers

Providing Group-based solutions, including in nonfinancial fields, for diverse customer needs based on feasibility studies.



Relations (Deepening/expanding customer base)

—Establishment of relations with regional community and customers through feasibility studies—

Initiatives toward feasibility studies

As we previously realized the importance of qualitative information linked to future business prospects, we have positioned Hiroshima Bank's feasibility studies at the core of sales based on customer needs.

[Views on environment and issues]

Prolonged period of negative interest rates, decreasing population and business offices, diversifying needs of businesses

[Issues that need to be addressed]

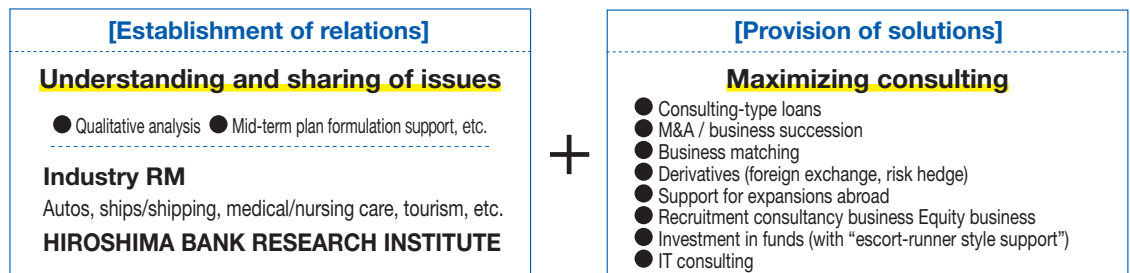
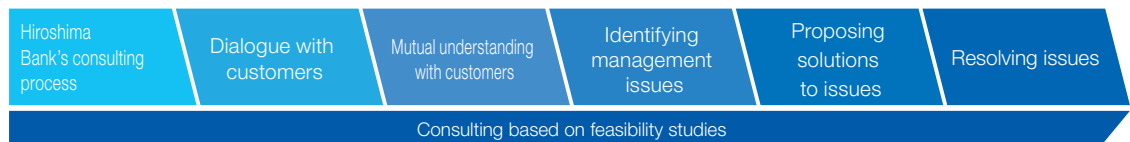
Support to companies' growth and new business creation, contribution to efforts to revitalize regional communities and sustainable economic development in the region

[Goals]

Practice high-value-added banking business based around "feasibility studies," which are the advantages of Hiroshima Bank

Our "feasibility studies," which we have developed through many years providing support suited to characteristics of local industries, is one of our advantages. Our goal as a financial institution that will remain in the region is to understand the region and its industry and provide loans and core business support that can lead to customers' growth.

■ Consulting process



Feasibility studies

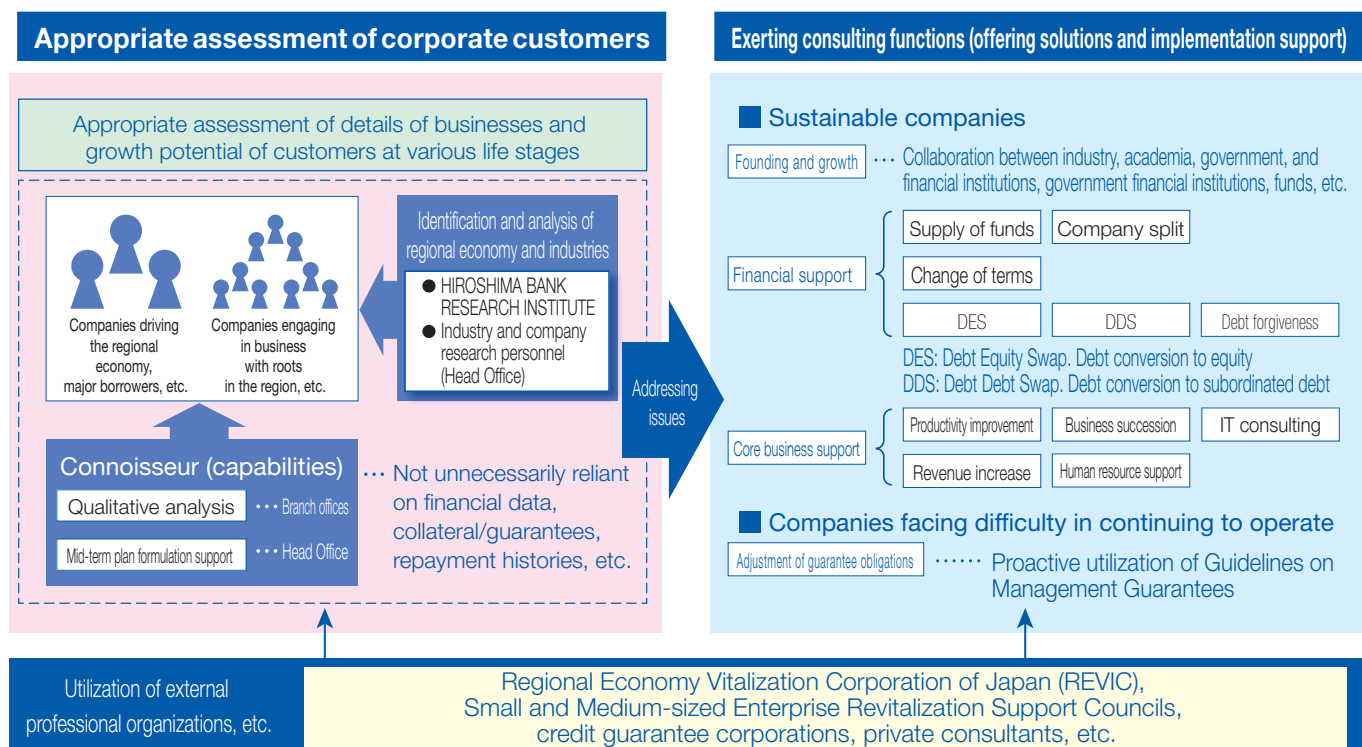
Background to this initiative

In the 1990s, a decade plagued by the issue of bad debt disposal, Hiroshima Bank provided financing to suppliers in the automobile industry (components manufacturers) by looking at their financials. However, when the suppliers possess irreplaceable technical expertise, they must be supported if they are in a financially difficult position, even if it means taking a step into management restructuring, or it would deteriorate the automobile industry. It became necessary to place more importance on qualitative information from the perspective of whether or not they were necessary for their industry cluster, instead of looking solely at their financial position.



In January 2001, in order to accurately respond to the diversification and sophistication of business partners in the automobile-related industries, Hiroshima Bank newly established the "Automobile-related Measures Office" by hiring personnel transferred from the auto industry. Experts visited suppliers' plants and gained an understanding of the technical side of their businesses. To this, the financial analysis made by Hiroshima Bank enables understanding of customers' businesses in terms of both "technical" and "financial" aspects. Even in the midst of rapid external changes such as the Lehman shock, we were able to deal with these changes while remaining committed to this approach. This led to the development of Hiroshima Bank's feasibility studies.

■ Hiroshima Bank's "feasibility studies"



Solutions (Deepening/expanding business operation base)

—Put all functions and alliance within the Group to effective use to provide solutions, including in nonfinancial areas—

1. Strengthen initiatives for IT consulting (Hirogin IT Solutions)

IT supports for customers

Hirogin IT Solutions provides a variety of solutions, such as ICT business and worker dispatching business, for customers.

Leveraging Hiroshima Bank's feasibility studies, Hirogin IT Solutions supports problem-solving such as improving operational efficiency by system construction from "IT

diagnosis" and provision of generic packages, etc.

Furthermore, for large-scale system construction projects, we provide comprehensive financing methods by cooperating with external vendors and in alliance with Hirogin Lease.



ICT business

- Providing IDC services (cloud, housing, system operation, and information and data processing services)
- System planning, development, operation, and maintenance
- Sale of software package and computer equipment



Worker dispatching business

- Dispatch of system development and operation specialists for corporations such as financial institutions
- Human resource outsourcing

IDC and outsourcing services

With a data center serving as a base that continues to operate under all kinds of natural disasters, we are deploying a wide range of services from cloud services to BPO.

◎ IDS services

■ Cloud ■ Housing ■ Hosting

◎ Outsourcing

■ BPO ■ Management of My Number
■ Operation and monitoring

◎ Security

■ Network construction ■ Management of IT assets
■ Management of cyber security

Software development

In software development, to understand the current situation and needs of customers, we provide consulting such as IT diagnosis, aiming for outcomes that exceed customers' expectations.



IT diagnosis



Design



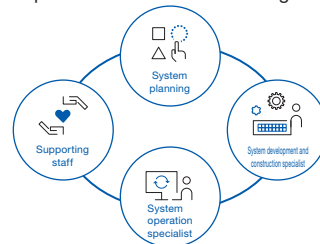
Development



Operation

Dispatch of system planning and operation specialists

Dispatching specialists such as system planning engineers, system engineers, and network engineers to our customers. We support customers in system construction and operation with human resources that possess specialized skills and knowledge.



Skills possessed (List of qualifications acquired)

◎ National qualifications

■ Systems Auditor ■ Registered Information Security Specialist ■ Information Security Specialist ■ Project Manager ■ Network Specialist ■ Database Specialist ■ Applied Information Technology Engineer ■ Fundamental Information Technology Engineer ■ Information Security Management ■ Information Technology Passport

◎ Public qualifications

■ Project Management Professional ■ Certified Systems Auditor ■ Project Management Specialist ■ IT Coordinator ■ ITIL Foundation ■ IT Planning Sales

◎ Vendor certified qualifications

■ OracleMaster(Platinum, Gold, Silver) ■ Oracle Certified Java Programmer (Gold, Silver) ■ OB2 Engineer ■ Oracle Certified Java Associate ■ CCNA ■ .com Master ■ Ruby Association Certified Ruby Programmer (Gold, Silver) ■ UML Fundamentals

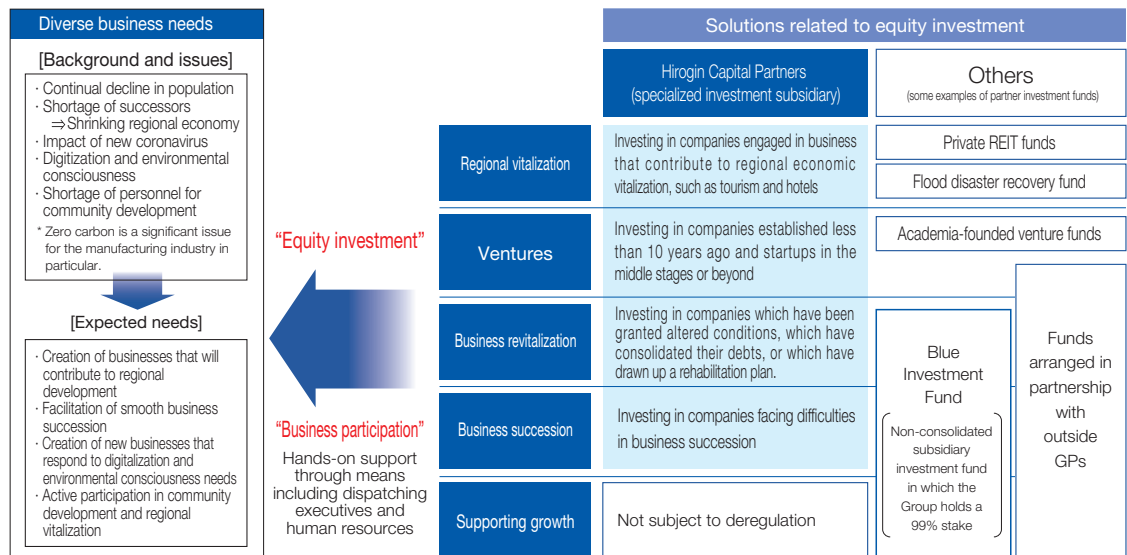
2. Strengthen initiatives for equity business (Hirogin Capital Partners)

Hiroshima Bank invests in three funds formed by Hirogin Capital Partners Co., Ltd., which are the Business Rehabilitation Fund, the Business Succession Fund and the Venture Fund.

Cooperating with external funds, Hiroshima Bank will provide a kind of support in the forms of “business participation,” which goes beyond the “escort-runner style support,” by leveraging “equity investment,” which targets

customers contributing to solving regional issues and those working to grow their business, and “consulting functions,” which we have developed over the years.

Through these efforts, we aim to deepen and expand the Group’s customer and business axes, improve corporate value of investee companies and help revitalize the regional economy.



3. Strengthen initiatives for human resource support (Hirogin Human Resources)

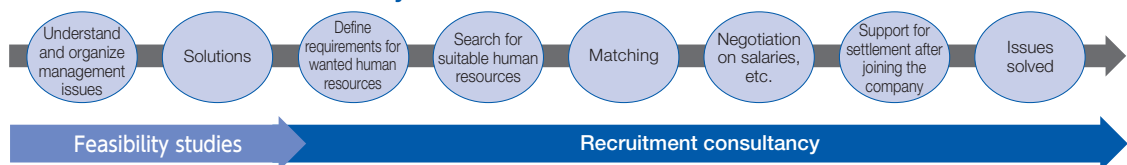
Recruitment consultancy business

Hiroshima Bank launched a recruitment consultancy business in April 2019 to help corporate customers resolve the issue of labor shortage. Furthermore, Hirogin Human Resources was established in April 2021 to conduct recruitment consultancy business, which

had been previously carried out by Hiroshima Bank. At the same time, by strengthening cooperation with external recruitment agencies, we are building a structure that can respond to a wide range of employment needs of customers.

■ Phases of recruitment consultancy

It is a highly effective solution with a close affinity with initiatives for feasibility studies.



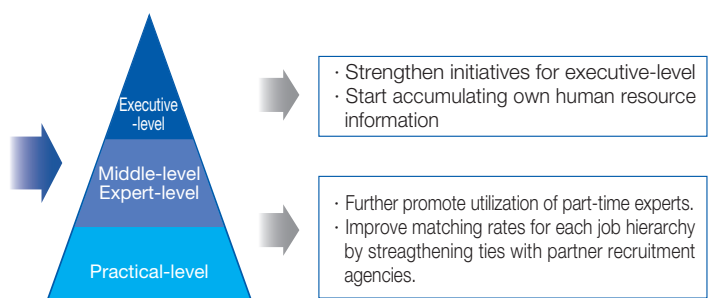
Challenges facing managers in Hiroshima Prefecture

(Top 10)

Decreased sales and orders received	62.1%
Enhancing HR development, improving employee skills	38.8%
Securing human resources, labor shortage	35.1%
Increasing productivity	16.6%
Responding to work-style reforms	14.6%
Aging facilities	14.4%
Employment stability and maintenance	12.3%
Adding value to products and services	11.9%
Rising labor costs	11.7%
Falling sale prices	11.3%

Source: Survey of managers by HIROSHIMA BANK RESEARCH INSTITUTE in the second half of FY2020 (up to three answers accepted from respondents across all industries, n = 699)

Details of initiatives



Training business

Among the challenges facing managers in Hiroshima Prefecture, “Enhancing HR development, improving employee skills” has been raised as one of the top challenges. Hirogin

Human Resources is responding to diverse needs for human resource training, such as expanding training menu and dispatching lecturers.

Challenges facing managers in Hiroshima Prefecture

(Top 10)

Decreased sales and orders received	62.1%
Enhancing HR development, improving employee skills	38.8%
Securing human resources, labor shortage	35.1%
Increasing productivity	16.6%
Responding to work-style reforms	14.6%
Aging facilities	14.4%
Employment stability and maintenance	12.3%
Adding value to products and services	11.9%
Rising labor costs	11.7%
Falling sale prices	11.3%

Source: Survey of managers by HIROSHIMA BANK RESEARCH INSTITUTE in the second half of FY2020 (up to three answers accepted from respondents across all industries, n = 699)

Details of initiatives

- Expanding line-up of seminars and training responding to customers' training needs
- Enhancing contents of seminar and training curriculums
- Supporting implementation of internal training programs such as dispatching lecturers in response to customers' needs.

Consulting business

As a significant number of items have been raised among the top challenges facing managers in Hiroshima Prefecture, we will take initiative in supporting to resolve issues related to

various personnel and labor matters, such as workstyle reform which is expected to grow in demand in the future.

Challenges facing managers in Hiroshima Prefecture

(Top 10)

Decreased sales and orders received	62.1%
Enhancing HR development, improving employee skills	38.8%
Securing human resources, labor shortage	35.1%
Increasing productivity	16.6%
Responding to work-style reforms	14.6%
Aging facilities	14.4%
Employment stability and maintenance	12.3%
Adding value to products and services	11.9%
Rising labor costs	11.7%
Falling sale prices	11.3%

Source: Survey of managers by HIROSHIMA BANK RESEARCH INSTITUTE in the second half of FY2020 (up to three answers accepted from respondents across all industries, n = 699)

Details of initiatives

Consulting related to HR and labor

- Responding to work-style reforms
- Support for introducing IT related to HR and labor
- consultations related to labor management etc.

Consulting related to HR systems development

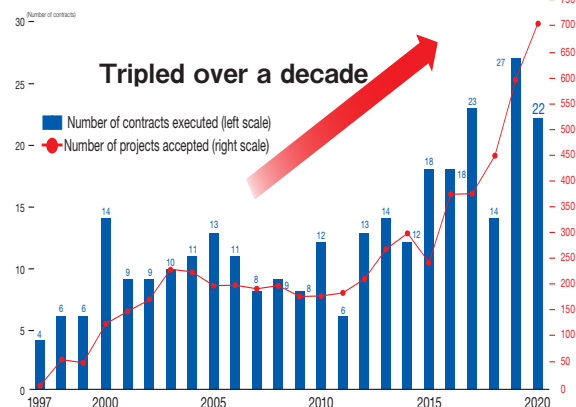
- Support for designing human resource system, such as reviewing evaluation system and compensation system, and other consultations

4. Strengthen initiatives for business succession (Hiroshima Bank)

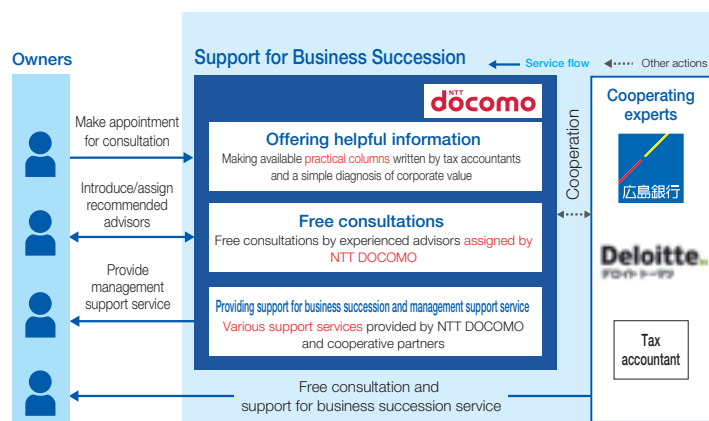
As business succession is becoming an increasingly serious issue in the regional economy amid aging business owners and a shortage of successors, Hiroshima Bank supports business succession through M&A advisory services. The number of customers seeking our support has been increasing in recent years.

Moreover, in February 2021, we initiated a non-face-to-face online service on a trial basis by utilizing the portal site provided by NTT DOCOMO, INC. This service is available regardless of time and place, capable of responding to issues related to business succession.

Number of successful M&A contracts and consultations offered

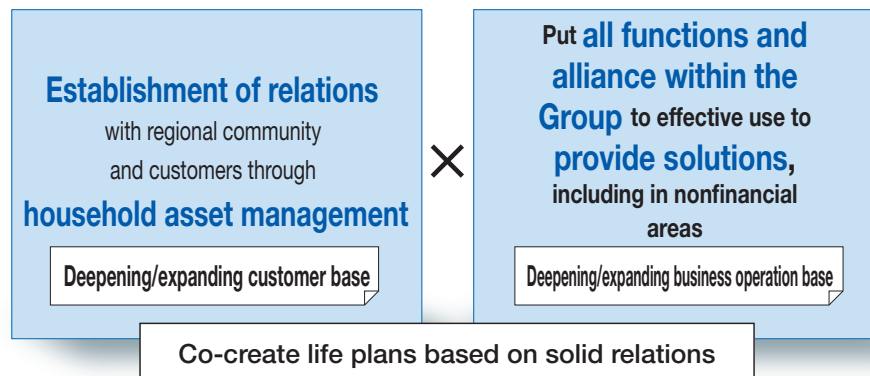


Support for Business Succession trial service



Strategy for individual customers

We provide customers with optimized solutions for household asset management that are tailor-made to their life plans.



Relations (Deepening/expanding customer base)

— Establishment of relations with regional community and customers through household asset management —

As customers' concierge

Aiming to be a “personal concierge”

Hiroshima Bank will reinforce relationships with customers. In highly specialized areas, by utilizing solutions functions of the Head Office, Group companies, and alliance partners, we are aiming to become the company customers can rely on most by consistently providing support for consultation from start to finish.

Furthermore, to be able to respond to an ever-wider range of consultation topics concerning our customers' livelihood and dreams, Hirogin Holdings will offer various products and services such as securities and insurance life partner service going beyond the boundaries of the existing banking business and will serve as a personal concierge making the life of our customers more comfortable.



[Views on environment and issues]

Prolonged period of negative interest rates, declining population, aging society, diversified/sophisticated/complex customer needs

[Issues that need to be addressed]

Hirogin Life Design Service

Based on the concept of concierge, Hiroshima Bank will provide various proposals on future lives of our customers. As part of efforts to provide support for making our customers' lives more comfortable, we are offering “Hirogin Life Design Service” to offer total support to meet a wide range of needs including non-financial areas.

We will ask our customers for information on such matters as their family structure, asset information (financial assets, insurance, real estate properties, etc.), and life events, and will provide a life design which will be a design specification for the future. Over the mid- to long-term, we will share information with our customers and will individually provide

necessary information and support in response to customers' concerns.

[Goals]

As a “concierge” for our customers, we will gather a broad range of customer needs and aim to provide support to make our customers' lives more comfortable by offering non-financial services which support various daily needs.



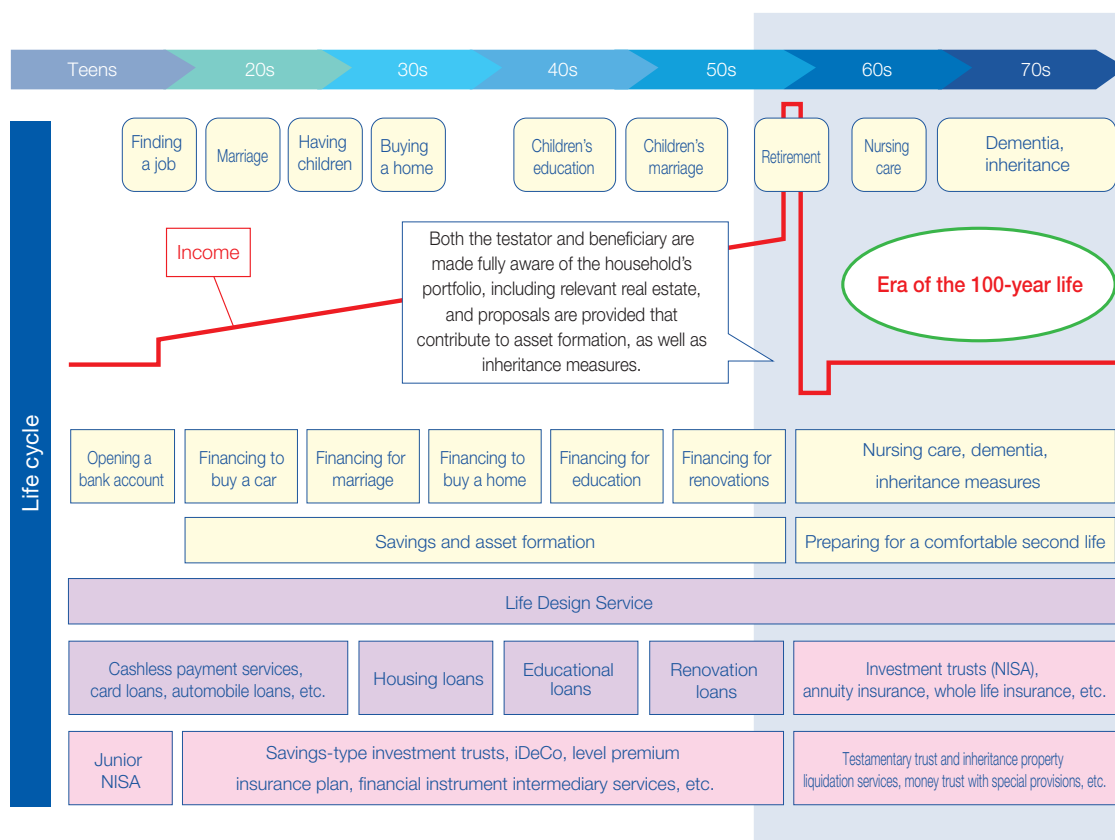
Solutions (Deepening/expanding business operation base)

—Put all functions and alliance within the Group to effective use to provide solutions, including in nonfinancial areas—

1. Strengthen total support for life plans (Hiroshima Bank)

Hiroshima Bank proposes optimal solutions that address the life events of our customers and the needs of each generation. For those in the period of asset formation, we will contribute to their stable asset formation by long-term and diversified investments. For the elderly generation, in addition to

strengthening efforts for inheritance-related business and helping with smooth inheritance and succession of assets, we will proceed with relationship building with the next generation through efforts such as proposing secondary inheritance measures.



TOPICS

1. Hiroshima Bank launched the "Life Design Service," which provides customers with necessary information and individual support by sharing information with customers over the mid-to long-term. (starting from April 2021)
2. Due to the grand opening of the new Head Office building, *Insurance Plazas* and *Inheritance Consultation Plazas* have moved to a new office (starting from May 2021)
3. We launched "Trust that Watches over Family" in response to the needs of the elderly and families who feel anxiety over managing their assets during their lifetime, in addition to a smooth transfer of assets to the next generation. (starting from January 2021)

2. Strengthen initiatives for inheritance consultation business (Hiroshima Bank)

Inheritance Consultation Plazas

We have Inheritance Consultation Plazas where staff specialized in inheritance give easy-to-understand explanations and provide support for free at dedicated consultation booths, for which customers are asked to make a reservation.



Basic knowledge about inheritance

I want to research inheritance property and confirm legal heirs.



I want to learn about necessary procedures and actions to take for eventualities.



I want to learn about the difference between inheritance with and without a will.



What happens to inheritance for a couple without children?



Weekday and weekend contact point

Hiroshima Bank Inside Head Office Business Department 1-3-8, Kamiya-cho, Naka-ku, Hiroshima City

Sunday-only contact point

Hiroshima Bank Inside Fukuyama Sales Division 1-1-1, Kasumicho, Fukuyama City

Key solutions

We offer optimum solutions for customers to address issues including from inheritance measures taken before the devisor's death to support for procedures after his or her death.

Consultation topics

Devisor

- Smooth inheritance
- Will preparation

Heir

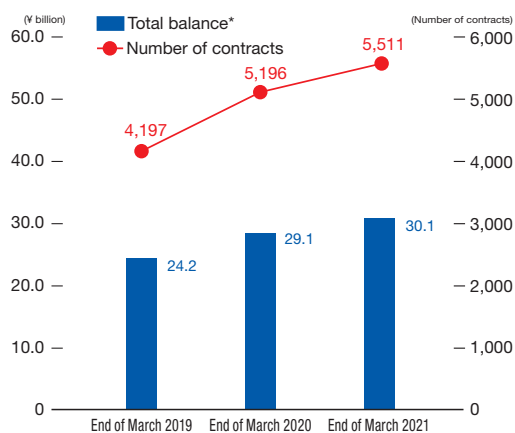
- Smooth procedures
- Secondary inheritance measures

Solutions

- Inheritance measure proposals
- Testamentary trusts
- Yearly gift trusts
- Inheritance property liquidation services
- Will execution
- Insurance
- Others

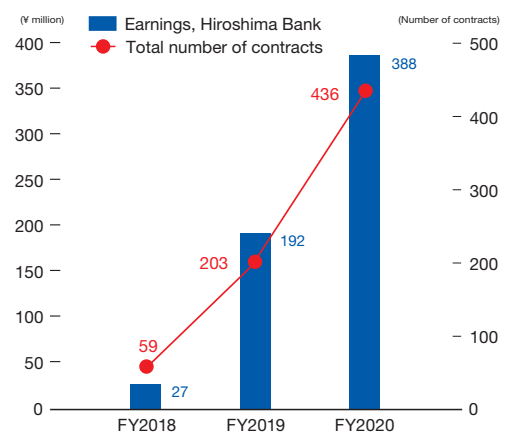


■ Number of contracts of inheritance-related trust products and balance



*Asset trust, Trust that Connects Family, Trust that Passes on Thoughts, Trust that Connects Family (savings-type investment trust type), and Trust that Watches over Family

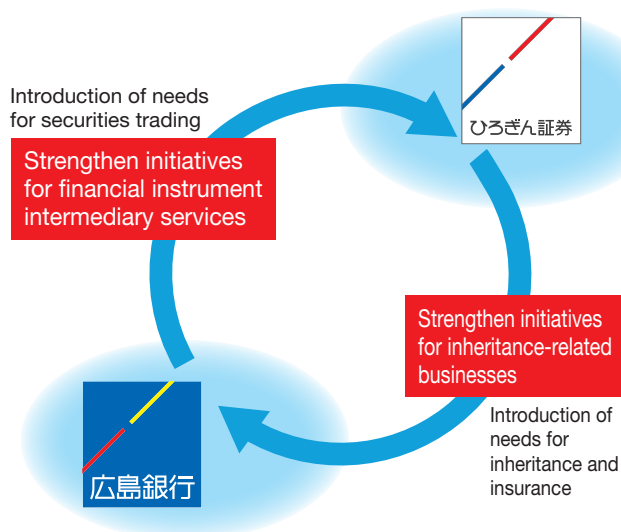
■ Number of contracts and earnings of Hiroshima Bank's testamentary trust and inheritance property liquidation services



3. Further enhancing the banking-securities collaboration strategy (Hiroshima Bank and Hirogin Securities)

Status of joint branches

Hiroshima Bank has 24 branches jointly operated with Hirogin Securities. They can address a wide range of consultation needs and requests related to asset management and inheritance under a one-stop service platform.

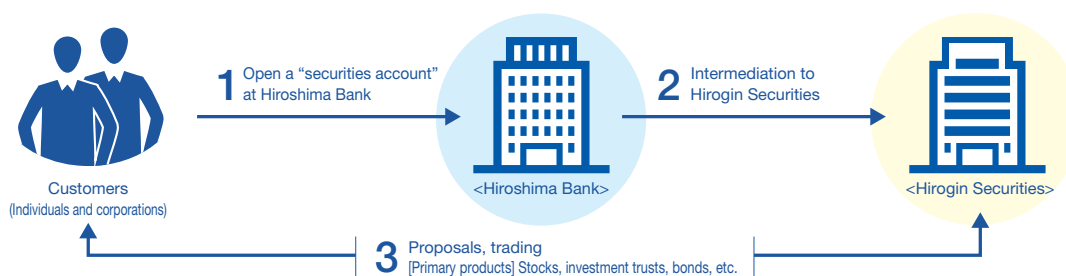


Joint branches established (as of May 31, 2021)

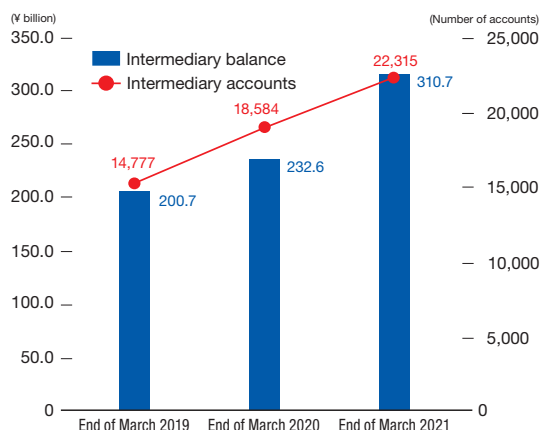
Hiroshima Bank	Hirogin Securities	Date of Establishment	Hiroshima Bank	Hirogin Securities	Date of Establishment
Hatsukaichi Branch	Hatsukaichi Branch	November 2008	Saijo Branch	Higashihiroshima Branch	July 2019
Okayama Branch	Okayama Branch Office	May 2014	Onomichi Branch	Onomichi Branch	August 2019
Mihara Branch	Mihara Branch Office	January 2018	Hiroshima-Nishi Branch	Hiroshima-Nishi Branch	September 2019
Ube Branch	Ube Branch	March 2018	Matsuyama Branch	Matsuyama Branch Office	November 2019
Kabe Branch	Kabe Branch	May 2018	Innoshima Branch	Innoshima Branch	December 2019
Kure Branch	Kure Branch	May 2018	Takehara Branch	Takehara Branch	January 2020
Fuchu Branch	Fuchu Branch	July 2018	Kaita Branch	Kaita Branch Office	January 2020
Imabari Branch	Imabari Branch Office	August 2018	Tokuyama Branch	Tokuyama Branch	February 2020
Tokaichi Branch	Miyoshi Branch	October 2018	Minamimachi Branch	Minamimachi Branch Office	April 2020
Iwakuni Branch	Iwakuni Branch	November 2018	Hofu Branch	Hofu Branch	October 2020
Fukuyama Sales Division	Fukuyama Branch	January 2019	Furuichi Branch	Furuichi Branch Office	October 2020
Tokyo Branch	Tokyo Branch	March 2019	Head Office Business Department	Head Office Business Department	May 2021

Financial instrument intermediary services

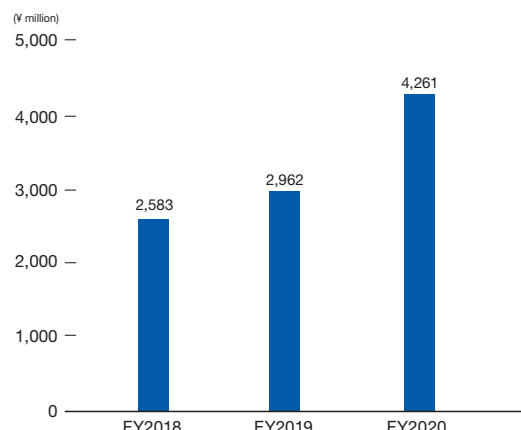
At Hiroshima Bank, customers can open a securities account with Hirogin Securities and Hiroshima Bank handles some of the products offered by Hirogin Securities.



Hirogin Securities <Trends in the number of intermediary accounts and balance>



Hirogin Securities <Trends in earnings from intermediary services>



4. Enhance solutions for various life's concerns (Hiroshima Bank)

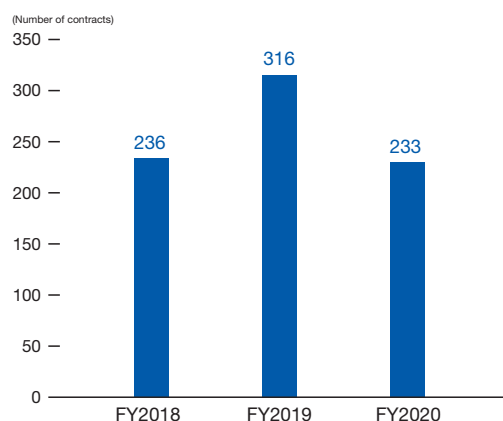
Hirogin Life Partner service

The “Hirogin Life Partner service,” started in September 2017 through a tie-up with Hiroshima Life Partner Co., Ltd., provides an optimum solution for various everyday concerns and problems, such

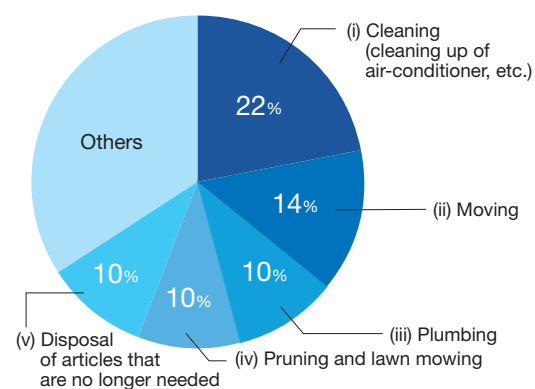
as fixing or renovating the house, cleaning the air conditioner and range hood, and assisting with the housekeeping.



■ Number of contracts of Hirogin Life Partner service



■ Popular services provided by Hirogin Life Partner service



Channel strategy

The lifestyles of our customers are changing significantly due to factors including declining population, falling birthrate and aging society, rapid progress of the internet, and the spread and expansion of smartphones to all generations. While the number of customers visiting physical branches is decreasing, financial transactions via digital channels such as the internet and websites are increasing, and the roles and functions of physical branches are undergoing major changes.

Against this background, as we ensure a market-in approach, we will accurately respond to customers' diverse and increasingly sophisticated needs. At the same time, the Group is working as one to build a channel that supports the implementation of "comprehensive regional services" by deepening and expanding customer base and business operation base.

1. Sophistication of consulting services in physical channels and expansion of contact points with customers in digital channels

Basic approach

As we aim to integrate the physical channels and digital channels, we will change the way we operate contact points with customers. By so doing, we will strive to achieve the goal of deepening the core business of each group company to

contribute to the growth of customers and expanding the group-wide business areas (establishment of new profit areas), which is one of our pillars of the mid-term management plan.

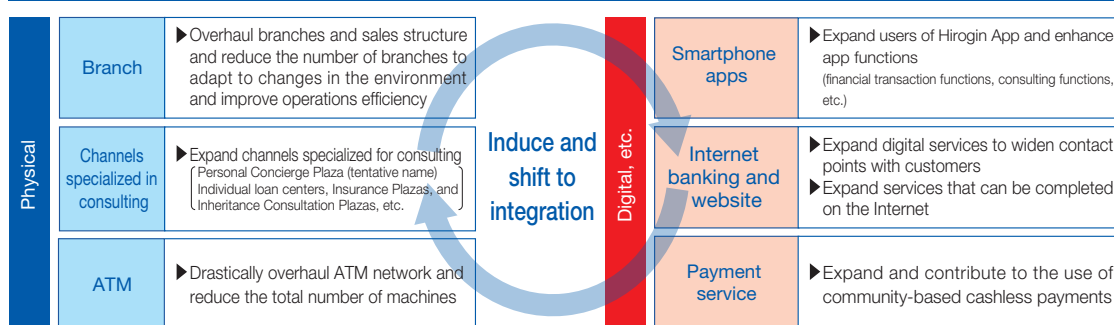
Channel strategy and sales promotion framework

Based on the basic approach, we are proceeding with the following priority measures.

- ◎ Overhaul and improve the efficiency of Group sales locations, in response to changes in contact points with customers

- ◎ Construct a sales promotion framework to enhance consulting functions and strengthen specialized expertise
- ◎ Expand services that can be completed on the internet

[Channel strategy] Sophistication of consulting services in physical channels and expansion of contact points with customers in digital channels



2. Overhaul and improve the efficiency of Group sales locations, in response to changes in contact points with customers

Overhaul of physical channels

In light of market changes and progress in digitization, since April 2020 Hiroshima Bank has been proceeding with the implementation of efficient branch operations in a sequential manner by clarifying the roles of large branches, medium-sized

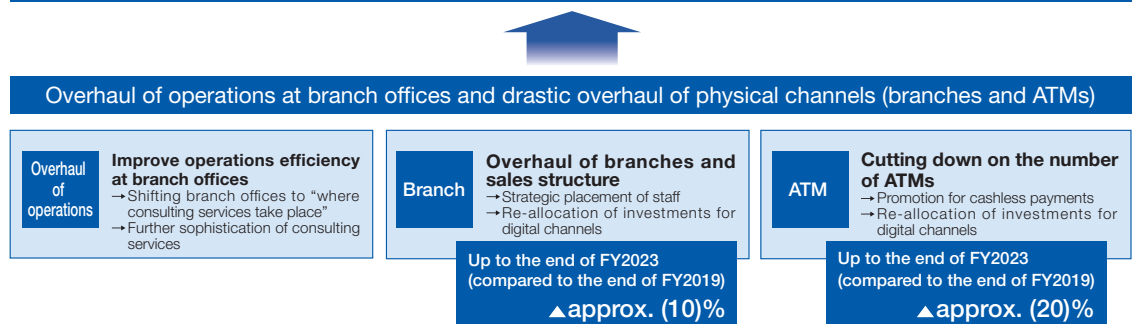
branches, and small branches specializing in deposit/exchange business with no lending business, in accordance with the market characteristics by each area, thereby strengthening its sales organization and optimizing management resources.

To eliminate the two-line system caused by the concentration of back-office processes of branch offices at headquarters, we will set up “area support” for the concentrated locations at the Administration Center and large branches in each area. By expanding the “area support” system across Hiroshima Prefecture, we will achieve efficient branch operations in each area rather than each branch office.

Going forward, by further enhancing non-face-to-face channels and digital channels, we plan to reduce the number of bank branches by 10% and ATMs by approximately 20% compared to the end of fiscal 2019 by the end of fiscal 2023 in the mid-term management plan, and reallocate management resources to new business areas including Group companies and non-financial areas.

Overhaul of physical channels

Create a structure for reallocating management resources to new business areas including Group companies and non-financial areas.



3. Constructing a sales promotion framework to enhance consulting functions and strengthen specialized expertise

Provide one-stop service with securities

The Group has been actively operating joint branches to offer one-stop service for both banking and securities and to enhance convenience for customers.

We further accelerated the operation after Hirogin Securities became a wholly-owned subsidiary in June 2017, and completed the joint transfer

of the Head Office Business Department in conjunction with the opening of the new Head Office building in May 2021. Currently, we are operating 24 joint branches, building a structure to provide services that accurately meet the diverse and sophisticated needs of the customers.

Expand channels specialized for consulting

In addition to banks and securities branches, the Group is operating Hirogin Individual loan centers, Hirogin Insurance Plazas, and Hirogin Inheritance Consultation Plazas as physical channels specialized in consulting related to individual customer’s life plans, in order to accommodate a wide range of customers’ needs. They are open not only on weekdays but on weekends and holidays.

Going beyond the scope of services traditionally provided by banks and securities companies to

meet the financial needs of customers, a variety of channels (people, branch, and functions) will serve as a “personal concierge” to offer total support for life planning to make each individual customer’s life more comfortable. As a channel to realize such Group strategy for individual customers, we will consider the integration of functions in the future.

How the contact points with customers should be amid the coronavirus pandemic

In the era of the coronavirus pandemic, the Group will create new contact points with customers by actively utilizing online meetings in order to

accommodate the accelerating expansion of non-face-to-face channels, while maintaining the added value of face-to-face sales activities.

4. Expand services that can be completed on the Internet

Start accepting various notifications via smartphones

As part of the business process reform together with the overhaul of physical channels, we started making the individual customer transactions handled at the bank counter completely self-service by deploying tablets at branch counters, in order

to minimize clerical work at branch offices. At the same time, we implemented paperless operations and eliminated hanko seals, and started accepting notifications such as address change via smartphones and PCs starting December 2020.

Start accepting various notifications via smartphones

No need to come to our branch! Apply for procedures anytime and anywhere

E a s y
p r o c e d u r e s



For customers with cash cards of ordinary deposit accounts (including Value One Cards), the following procedures can be completed on smartphones or computers.

- Change of address
- Reissuance and discovery (restart of service) of passbook of comprehensive account, switch to passbook-free account
- Reissuance and discovery (restart of service) of passbook of ordinary deposit account
- Reissuance and discovery (restart of service) of cash card of ordinary deposit account
- Reissuance of Value One Card
- Reissuance of Direct Banking Card

Internet-only branch - Hirogin Carp Branch

Hiroshima Bank is supporting the region-wide effort to support and cheer the Hiroshima Toyo Carp baseball team, a local professional baseball team. We renewed a previous internet branch in March 2019 and opened the internet-only branch “Hirogin Carp Branch” in order to contribute to the expansion of contact points with customers and the revitalization of the local economy.

The branch is the first of its kind in Japan as a bank branch named after a professional baseball team. As we offer various benefits, we would like to continue supporting Hiroshima Toyo Carp, the treasure of our home city Hiroshima, together with


Hiroshima Toyo Carp fans across Japan.

For customers who cannot visit the branch due to work or those who live in areas where Hiroshima Bank's branch is not available, it is possible to open an account without visiting the branch and make transactions. While expanding contact points with such customers, we will utilize the internet branch as a channel for procuring deposits to prevent the outflow of assets such as inheritance to places outside of Hiroshima Prefecture and areas where the branch network of Hiroshima Bank is not available.


Internet-only branch - Hirogin Carp Branch

ひろぎんカープ支店

Original card designs




Cash card



Direct banking card

- Issues exclusive cash cards, etc. with Toyo Carp designs
- Accounts may be opened via Hirogin app or from the Bank website
- HIROGIN Debit (debit card) with a Toyo Carp design is also available!



HIROGIN Debit

2021 恒例のイベント 当てる!! 特典

1試合につき2名・ペアで90歳180歳

■ Added interest rate corresponding to the number of league championships won in the regular seasons over three years (maximum +0.15% for three championships won)

常勝カープ応援 定期預金

ひろぎんカープ支店専用ネット定期預金

2020/12/23~2021/07/31

■ Win the lottery to get Toyo Carp merchandise and tickets to the game

■ Distribution of mail magazine exclusive for Carp Branch customers

Search our website for more on Hirogin Carp Branch!

ひろぎんカープ支店

検索

Digital strategy

1. Initiatives aimed at digital transformation

Amid the trend of rapidly advancing digitalization, the Company believes that the initiative aimed at digital transformation (transformation of business structure through digital technologies) is an important management strategy.

By utilizing digital technologies and data, we will take on challenges to create new values to be able to contribute to the development of the region and the growth of customers.



Understanding the environment

In addition to the existing management issues such as declining birthrate and aging population, market contraction, negative interest rate policy, deregulation of financial services, and entry of competitors from other industries, we are faced with environmental changes such as diverse ways of participating in society, new working styles, spread of digital devices and the increasing importance of open innovation. Amid this situation, we

recognize that taking on new challenges is essential to achieve sustainable growth. Based on this recognition, we are working to create new values by utilizing the strengths of the Group which are “relations with regional community and customers,” “vast wealth of data,” and “credibility within the region” by utilizing digital technologies undergoing remarkable progress.

Structure for carrying out initiatives

Based on the above understanding of the environment, in August 2016, Hiroshima Bank established the New Business Development Promotion Office within the Management Planning Division as a department that conducts evaluations over a mid-to-long-term perspective to create new businesses, including nonfinancial businesses.

Since then, through numerous discussions on creating new businesses, we steadily integrated smartphone apps and cashless payment functions, and established the Digital Strategy Division in April 2019. Moreover, in conjunction with the start at the Company, we formed the Digital Innovation Division as an organization working across the Company on initiatives such

as more sophisticated use of data in each Group company and implementing various measures utilizing digital technologies. Under the initiative of top management, we have been building a structure to press toward a speedier and more challenging digital transformation.

[Hiroshima Bank]

August 2016 New Business Development Promotion Office, Management Planning Division

February 2018 Digital Innovation Office, Management Planning Division

April 2019 Digital Strategy Division

[Hirogin Holdings]

October 2020 Digital Innovation Division

Key items

By making more sophisticated use of digital technologies and information assets (data) held by the Group, allying with other industries, developing and appointing digital human resources, we aim to realize a Regional Comprehensive Services Group

that contributes to the development of the regional community and accommodates the diverse needs of customers, and work on the following five key items.

(i) Creation of new digital businesses

- Work with Group companies and alliances in other industries to create new businesses
- Develop regional alliance-based businesses that deliver a broad range of data and services via the web channel

(ii) Promotion for cashless payments

- Provide desirable service and expand the use of community-based cashless payments
- Active collaboration with regional projects and organizations, etc.

(iii) Enhancement of functions in online channels such as apps

- Strengthen smartphone app's functions as a pillar of contact points with the digital native generation
- Strengthen marketing through website, social media, and other outlets, strengthen cooperation between channels of Group companies

(iv) Digitalization of Group companies' operations

- Initiatives to raise productivity and improve operational efficiency by using digital technologies
- Efforts to strengthen initiatives for IT consulting

(v) Sophisticated utilization of data

- Set up and launch a specialist team
- Provide new values through solutions backed by data and development of models

2. Hirogin Group's digital transformation initiatives

“Hirogin Bill” provides BtoB automated billing service that guarantees accounts receivables, acting as an agent for credit and billing operations

Hiroshima Bank formed a business alliance with Money Forward Kessai, Inc., realizing an agency service covering a series of billing and settlement operations, from conducting credit screening when corporate and individual business owner customers sell on credit, issuing and sending invoices to managing payments. Furthermore, the

service is a web-based solution utilizing cloud services and implemented as part of the DX (digital transformation) addressing initiatives such as improving the operational efficiency of the increasing number of non-face-to-face transactions due to the COVID-19 pandemic.

[Main features of the service]

- Acts as an agent for handling time-consuming billing and settlement operations, contributing to efficiency improvement and reduction of operations to a great extent.
- After credit screening is passed, it is possible to avoid risks such as overdue payments which are common with selling on credit. So new transactions on a non-face-to-face basis can be initiated safely.
- Use of the speedy money transfer function will improve the cash flow as account receivables can be transferred in three business days at the earliest upon receiving the application.



It takes only 5 minutes online! Subsidy diagnosis service

As various subsidies related to the coronavirus pandemic and workstyle reform are being newly established and expanded, Hiroshima Bank has formed a business alliance with Writeup Co., Ltd., which has a track record in the subsidy benefit support business for small and medium-sized companies. Through this alliance, we started offering a subsidy benefit support service available through non-face-to-face contacts via the internet from October 2020.

By simply answering the questionnaire in the “automatic diagnosis system for subsidies and grants” page on the website of Hiroshima Bank, the

subsidy amount eligible for the customer will be automatically assessed. It is also possible to receive consultation about the application on the spot.



Trial service of Support for Business Succession for small and medium-sized companies

In alliance with NTT DOCOMO, INC. and Deloitte Tohmatsu Financial Advisory LLC, Hiroshima Bank started providing trial service of Support for Business Succession for small and medium-sized companies from February 2021.

With this service, the most suitable advisor will be introduced via the portal site provided by NTT DOCOMO, INC. to the business managers of small and medium-sized businesses and small-sized businesses with no successor. This service will provide consultation free of charge on the customer's general concerns until the customer's policy is decided.

The advisor will ask the customers about their current situation, and provide various advice and suggestions on how they can help from a neutral standpoint not limited to M&A.

We are aiming to expand this service nationwide and to fully commercialize it in February 2022.



Features of Support for Business Succession

[Provide open consultation]

We will provide consultation on any concerns even if they are vague.

[Provide consultation from a neutral standpoint]

M&A will not be a prerequisite and we will proceed with the consultation in accordance with the customer's intentions.

[Introduce the most suitable advisor]

We will introduce an advisor who is best suited to resolve customers' concerns.

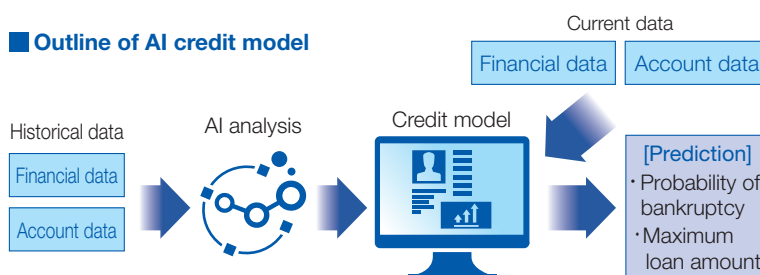
Business finance products that utilize artificial intelligence (AI)

In order to quickly respond to funding needs of small and medium-sized businesses and small-sized businesses, Hiroshima Bank partnered with The Risk Data Bank of Japan, Limited. to build a credit model for analyzing information on deposits and withdrawal of accounts and financial information utilizing artificial intelligence (AI). In July 2020, we launched the business finance product "Hirogin Accel Business Loans" utilizing the credit model.

By utilizing the credit model, customers who meet the specific criteria of Hiroshima Bank can complete the procedures from application submission to contract conclusion without having to visit the bank, and we provide speedy loans based on credit screening on the same day at the earliest.

We will continue to proceed with considering introducing new services such as loan transactions utilizing digital technologies that can be completed on the internet, and work to provide greater convenience to customers.

■ Outline of AI credit model



The credit model built on AI-analyzed past financial data and account data can immediately calculate the probability of bankruptcy and allowable loan amount based on current financial data and account data, which can be utilized for credit assessment.

Promoting cashless payment

Hiroshima Bank helps customers issue "multifunctional IC cards," which hold several brands of electronic money and can serve as their employee ID cards and student ID, etc. In addition to serving as electronic money and badges, the IC cards can be utilized for multiple functions such as attendance management and as a key card (entry and exit management) with the personal identification function on IC chips, all in one card.

In March 2021, Rakuten Edy (prepaid type) has been newly added to the existing brands of electronic money, You-me IC card (prepaid type),

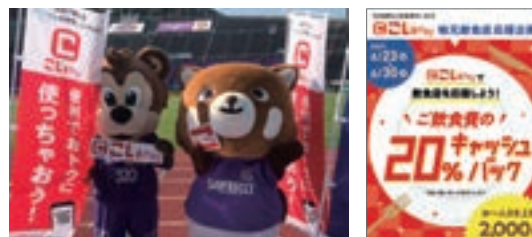
and QUICPay (pay later type), allowing the availability of a wider range of options.

We are also actively contributing to the region by utilizing cashless payment. By leveraging Hiroshima Bank's proprietary mobile payment service COi Pay, we have been implementing campaigns for the purpose of providing a cashless environment for occasions such as



Front side

local events and supporting restaurants that are hard hit by the coronavirus crisis by referring customers. In the future, we will also continue to carry out initiatives specific to the region.



Expanding functions of the Hirogin App

Hiroshima Bank positions Hirogin App as a new customer contact point to emerge after branch counters and ATMs, which are closer to customers and can be very convenient. We have enhanced its functionality since the February 2019 update. Its slogan is “Hirogin, always in your hand.”

Aiming to make it a portal app serving as an entrance and a starting point for carrying out daily transactions without physically being at the branches, from balance inquiry and banking transactions to applying for various services, in simple operation, we will continue to further strengthen its functions and enhance its convenience.

[Main functions]

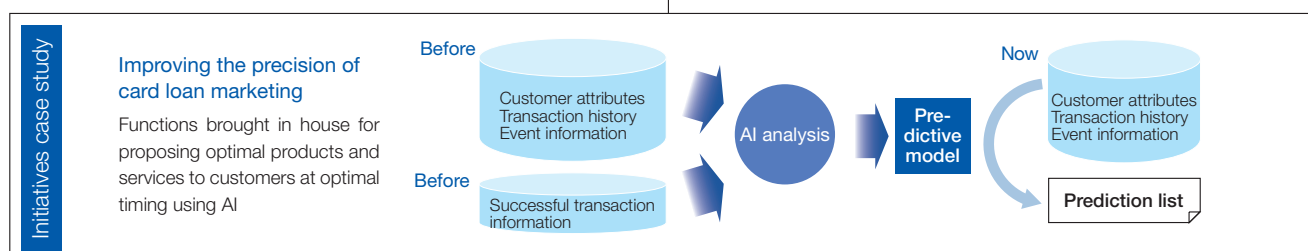
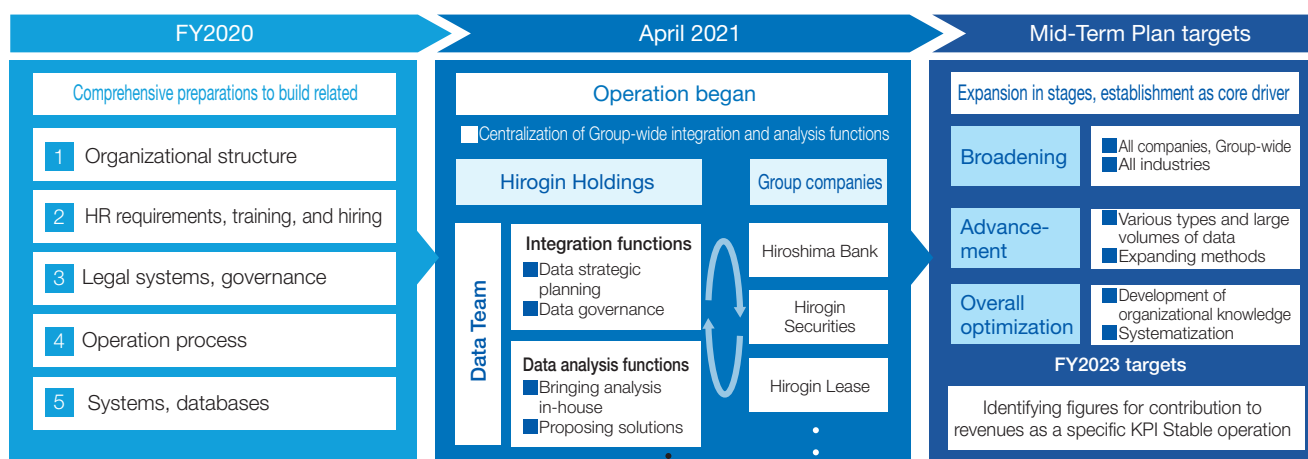
- Open account request (Hirogin Carp Branch)
- Balance inquiry
- Deposit and withdrawal statements inquiry (up to 36 months)
- Biometric identification for internet banking logins
- Request opening of investment trust accounts
- Linkage with online brokers (SBI Securities and Rakuten Securities) in functions such as open account request
- Security check function
- Others (FAQ function using automated response “AI support,” search for branches and ATMs, etc.)



Sophisticated utilization of data

By positioning “Sophisticated utilization of data” as the core driver which helps to realize various strategies of Hirogin Group as a whole, we have been systematically preparing to create a structure since FY2020 and started taking initiative as of April 2021 by forming a team with dedicated people in charge.

We will gradually expand our initiatives during the mid-term management plan on a group-wide basis, in order to contribute to addressing business challenges based on speedy, objective, and rational judgment backed by data.



Three pillars of the Mid-Term Management Plan

3. Establish a stable management base to support the sustainable growth of the regional community and customers



Basic policy

We will realize sustainable growth by creating a lively organization where all Group companies' employees can demonstrate their abilities and expertise to the fullest while being fully engaged and highly motivated.

In addition, as we keep challenging ourselves to implement measures by making a group-wide effort, we aim to increase the effects of expected results through strategic cost management from the medium to long term perspective.

Surrounding environment and current issues

In order to construct a solid financial base that enables aggressive risk-taking, which contributes to solving issues for regional community and customers, while

fulfilling our functions as financial infrastructure, we will improve productivity through a drastic overhaul of business processes and digitalization of operations.

Key strategies

[Human resource strategies]

- We manage personnel affairs as a unified group and optimize the Group's internal human resources, while constructing a structure that values customer-oriented initiatives.
- We secure and develop highly specialized human resources, while putting diversity and inclusion into practice.

[Restructuring]

- Strengthen intra-Group cooperation (streamlining operations and minimizing cash outflow from the Group)

- Eliminate routine clerical tasks through drastic business processes reforms and utilization of digital technologies in each Group company

Key areas of focus

[Human resource strategies]

- Direction of human resource strategies under a holding company structure

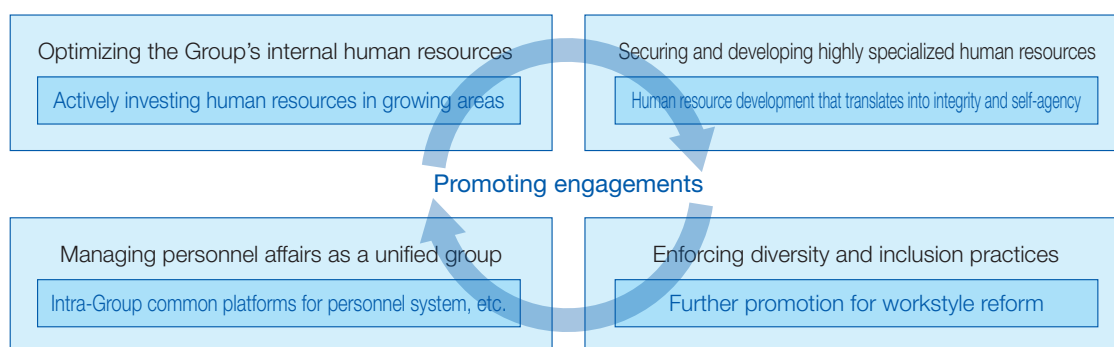
[Restructuring]

- Strengthening intra-Group cooperation
- Drastic business processes reforms in each Group company

Human resource strategies

1. Basic policy

- The Group encourages each and every employee to proactively contribute to the regional community with pride, grow on their own, and work actively in and outside the Company. In light of this, the Group has developed human resource strategies to enhance quality (skills and abilities) and awareness (motivation and job satisfaction) of the Group's employees and to contribute to improving its organizational strength.
- Specifically, the Bank is working to increase employee engagement, centering on initiatives to "optimize the Group's internal human resources," "manage personnel affairs as a unified group," "secure and develop highly specialized human resources," and "enforce diversity and inclusion practices" in accordance with the human resource strategy of Mid-Term Management Plan 2020.



2. Strengthening of human resource development

In the human resources strategy of the Mid-Term Management Plan 2020, we have put a priority on "human resource development that translates into integrity and self-agency" and aim at constructing "a structure that helps human resources develop their careers while optimally leveraging their knowledge and experience."

We believe that strengthening human resource development is indispensable in order to realize our management vision of "contribute to the creation of a prosperous future for the regional community as a trusted Regional Comprehensive Services Group by closely offering thorough support to customers." Based on this idea, we are implementing the following measures.

(1) Helping younger employees grow to become professional early on

We are conducting various growth support measures mainly for younger employees to realize a more sophisticated consulting business with customer needs as a starting point.

- (i) Establishing systems and plans for developing younger employees

- The three-year period after joining the Company is important for developing new employees as core personnel.

- In particular, the development system up until the third year after joining Hiroshima Bank, with a large number of new graduate hires, is as follows.
First year: After learning the basic flow of operations mainly at branch offices and through training programs in the first half-year, they will accumulate first-hand experience by visiting customers with superiors or seniors.

Second year: Learn both banking operations and asset management operations by independently visiting customers.

Third year onward: The development system is designed so that the employees choose from either banking operations or asset management operations themselves, and hone their expertise in the respective area to grow into a core player.

Furthermore, based on the concept that new employees should be educated organizationally, we have established an instructor system to strengthen their mind and integrity as a person, in addition to their operating abilities.

(ii) Strengthen off-JT

- We have development programs and training systems for each operation area through which entry-level employees can step up to mid- or high-level in a steady manner.
- We are improving training effects by proactively adopting practical training programs such as group work and active learning, in addition to knowledge acquisition through lectures.

[Specific example of active learning]

■ Theater learning training

A training program through theatrical experience for the improvement of communication skills and training of team building

■ Top athlete training

A training through dialogue with local professional athletes featuring their experience and discussing trainees' careers so that they can obtain views and approaches as a professional and enhance their self-motivated attitude toward work.

■ Job crafting training

A training to enable autonomous career-building in one's own style by addressing work from a new point of view through group workshops.

(iii) Creating learning opportunities

- We have created a learning environment by holding "free college" seminars on Saturday at which attendance is voluntary and adopting the "home learning support system @Home-Web" which enables online learning using their household computer and smartphone. In this way, we encourage employees to develop themselves.
- With an eye on rising future demand from customers in the field of IT, we refer employees to the Information Technology Passport correspondence course designed to enhance IT literacy. The lineup of new learning tools for referral include a flat-rate video website to brush up basic skills as a working member of society and apps that summarize the content of books.

(2) Expanding training programs that aim at improving integrity and self-agency

The Group has conducted mainly position-based training programs at key career milestones mostly for selected employees, namely, for new employees,

those with two or three years of experience, and for newly promoted managers and supervisors. In addition to the existing position-based training, from fiscal 2021, we rolled out a new initiative. Theme-based training programs are available to those who apply to help develop the underlying views and approaches they hold as an individual, and improve their basic skills as a working member of society. While operation-based training programs are held per department, position-based and theme-based training programs are provided Company-wide from the perspective of improving integrity and managerial skills, etc.

(3) Strengthening expertise

- As the surrounding environment is increasingly sophisticated, we are required to strengthen the expertise of each and every employee to respond to customer needs reliably. Based on this concept, we are taking various measures including establishing the Meister System as a final goal of operational skills for employees and proactively sending employees to business schools in and outside Japan.

(4) Development of future executives (for strengthening governance into the future)

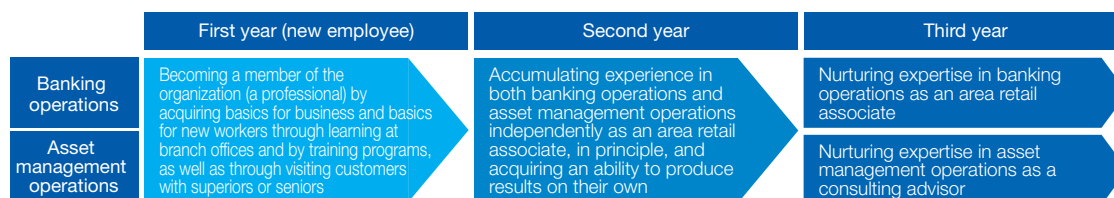
- The Group holds the Hirogin Management School for developing future executive candidates with support from GLOBIS CORPORATION to strengthen the "ability of thinking befitting of a corporate manager" in considering management strategies and business reform.
- Under the program, participants learn the leadership and management theory and business frameworks with specific cases as examples and ultimately make suggestions on management.

(5) Fair evaluation and treatment

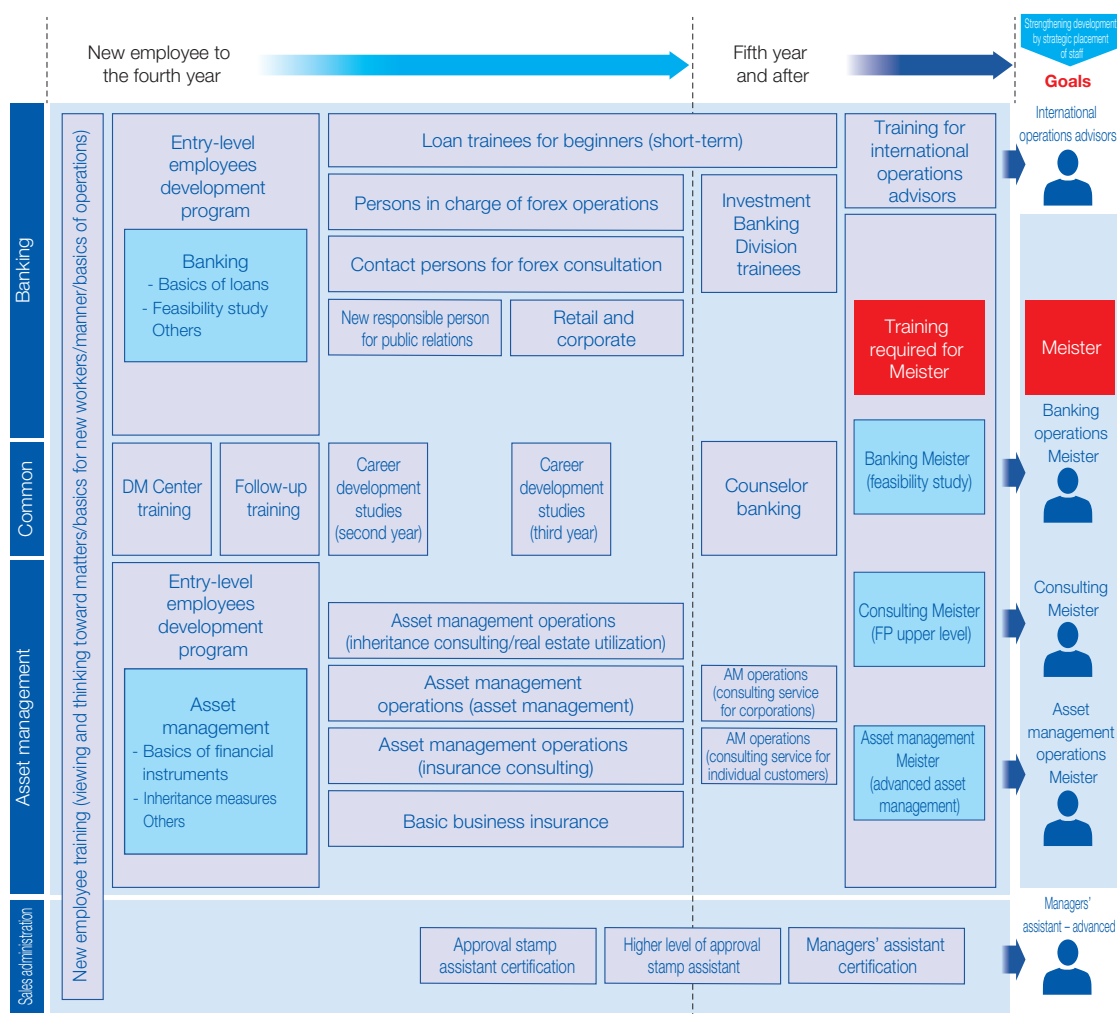
- To attain an objective of the human resource system, or to enhance the quality and motivation of employees, it is necessary to offer fair treatment based on fair evaluation and develop them by providing feedback of evaluation results.
- For this purpose, the Group has clarified our "missions" and "evaluation criteria." Furthermore, we evaluate both results and actions based on target management and take other measures to achieve a balance between results and skills, which is reflected in the treatment of our employees.

3. Training framework at Hiroshima Bank

Development system for three years after joining Hiroshima Bank for the new employees (FY2021)



Training system for personnel in charge of each operation in Hiroshima Bank (FY2021)



Number of trainees in FY2020

• Entry-level employees development program

Operations	Number of trainees
Banking	97 persons
Asset management	98 persons
Total	195 persons

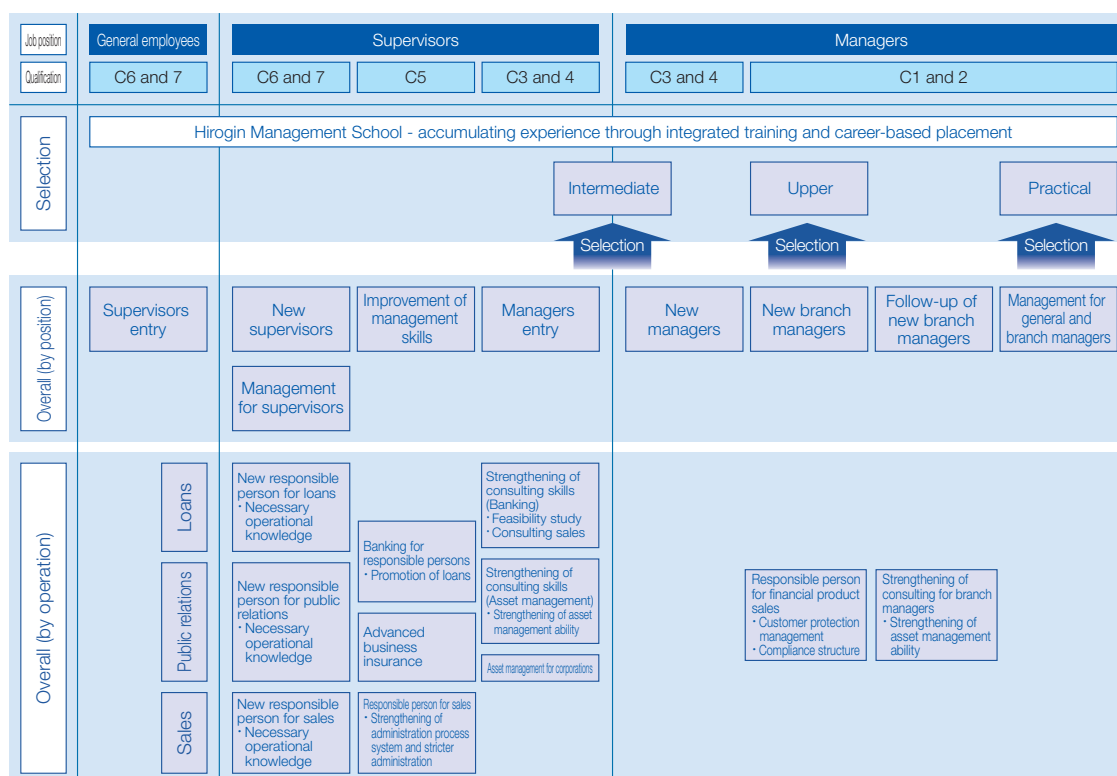
• Training required for Meister

Classification of Meister	Number of trainees
Banking operations	38 persons
Consulting	15 persons
Asset management operations	25 persons
Total	78 persons

• Number of certified Meister

Classification of Meister	Number of certified persons
Banking operations	20 persons
Consulting	5 persons
Asset management operations	31 persons
Total	56 persons

■ Training system for the management position at Hiroshima Bank (managers and supervisors) (FY2021)



■ Hirogin Management School conducted in FY2020

Level	Main contents	Lecturer	Number of trainees
Intermediate	Leadership Business strategies Marketing Business innovation Reinforcing influence on others	GLOBIS CORPORATION	20 persons
Upper	Technovative strategies Design thinking Leadership		18 persons
Practical	Program to nurture a sense of mission Organizational reform		11 persons
Total			49 persons

■ Rank-based training programs for managers conducted in FY2020

Program	Target	Frequency	Number of trainees
Training for new managers	Persons promoted to managers	Twice a year	34 persons
Training for new branch managers	New branch managers	Twice a year	21 persons
Follow-up training for new branch managers	A certain period after being assigned as new branch managers	Once a year	15 persons
Management training for general and branch managers	All general and branch managers	Once a year	156 persons

• All programs include lectures for strengthening management skills, human resource management, thorough compliance and elimination of harassment.

4. Diversity and inclusion

Companies' perpetual growth essentially requires the ability to innovate continuously according to changes of the times. Such innovation will be realized when employees with diverse viewpoints and values exhibit their abilities based on their intention and awareness. And this necessitates an environment and corporate culture where diverse human resources can continue to work lively.

The Group regards the initiative to "put diversity and inclusion into practice" as one of the major human resource strategies and conducts:

1. recruitment of specialists with diverse values and skills,
2. proactive promotion and support for career development of female employees, and
3. promoting employment of disabled persons.

Recruitment of specialists with diverse values and skills

The Group makes efforts to employ human resources with diverse backgrounds.

The four companies listed below proactively engage in recruitment activities hiring both new graduates and mid-career employees. In terms of mid-career employment, every year we recruit about twenty members with specialist expertise such as IT and digital specialists and lawyers. Going forward, the Group has decided to actively hire mid-career human resources that have abundant experience outside the Group and increase the percentage of mid-career hires to all hires.

At Hiroshima Bank, efforts are being made to ensure diversity in hires of new graduates. In April 2021, there were employments of foreign students. In the recruitment for fiscal 2022, the "IT and digital human resources recruitment course" was newly established. Moreover, to broaden the opportunities of employment for people with diverse backgrounds such as students who studied abroad and semi-recent college graduates, we will start recruitment activities in the fall.

Recruitment of skilled persons

	Hiroshima Bank	Hirogin Securities	Hirogin Lease	Hirogin IT Solutions
Hires of new graduates (Joined the Group in April 2021)	94 persons	14 persons	5 persons	15 persons
Mid-career hires (Joined the Group in FY2020)	8 persons	2 persons	1 person	8 persons

Proactive promotion and support for career development of female employees

The Group supports career development for female employees through proactive hires and promotion of women and enhancement of work-life balance support system.

[Proactive employment of women]

The Group proactively hires women while conducting fair recruitment activities. In April 2021, the ratio of female employees was approximately 50% of all hires of new graduates across the Group.

Ratio of female employees in hires of new graduates

	Hiroshima Bank	Hirogin Securities	Hirogin Lease	Hirogin IT Solutions
April 2021	50%	71%	60%	20%

[Proactive promotion of female employees]

We also proactively promote female employees to managerial and supervisory positions. The number of women in managerial and supervisory

positions at Hiroshima Bank has more than doubled to 181 persons in the past ten years (67 persons as of the end of March 2011).

Number and ratio of women in managerial and supervisory positions (as of April 1, 2021)

	Hiroshima Bank	Hirogin Securities	Hirogin Lease	Hirogin IT Solutions
Number of women in managerial and supervisory positions	181 persons	28 persons	1 person	30 persons
Ratio of women in managerial and supervisory positions	13.0%	27.2%	2.4%	22.4%

[Enhancement of work-life balance support system]

To enable female employees, who are more prone to bear the responsibilities and duties of family life such as childbirth, childcare, and nursing care, to continue working, we are making efforts to expand the work-life balance support system.

Specifically, regarding maternity leave before and after childbirth, childcare leave, and caregiver leave, all Group companies' systems offer more

than legally required. We also have a variety of leaves that allow employees to take leaves more flexibly.

For example, "care-cure leave" can be taken both for care for family members and treatments for the employee themselves such as visiting their child's school, accompanying family for hospital visits, and receiving infertility treatment.

[Learning and communication opportunities for career development]

The Group offers opportunities for awareness and learning as well as communication for each career stage and life stage to help female employees

develop their own career paths after experiencing various life events.

■ Examples of initiatives (Hiroshima Bank)

To prevent female employees from giving up their careers due to juggling between giving birth/childcare and work, Hiroshima Bank offers opportunities for younger employees to contemplate a mid-to-long-term career plan before they experience the

life events. At the next stage, Hiroshima Bank provides opportunities for potential managers and supervisors to improve their skills and for female managers and supervisors to interact with each other.

Younger employees	Before childbirth	During childcare period	Mid-career employees	Managers and supervisors
Seminar for considering a mid-to-long-term career plan	Lectures about systems available before and after childbirth and their usage methods	Communication events for employees using shorter working hour system and other systems	<ul style="list-style-type: none"> Upskilling seminars Meetings for cross-industrial exchange 	Communication events for female managers and supervisors

Besides measures for the employee themselves, we also actively raise awareness of their superiors through training programs on unconscious bias for managers and supervisors, and management seminars for superiors with female subordinates, etc.

Through these initiatives, we aim to be a Group where women can actively participate in diverse fields according to their skills and female

values and perspectives are incorporated into management.

In the future, Hiroshima Bank will further take measures to eliminate the stereotype of gender-based division of labor and consider new positions for proactive female assignment. Also, we will implement measures for gender diversity such as the promotion of understanding of LGBT.

Promoting employment of disabled persons

The Group actively employs disabled persons based on its social mission: "Support independent living of disabled persons." To create a workplace that gives them a sense of satisfaction with their lives and jobs instead of just a place for social

engagement, the Group offers jobs and work environments suitable for different types of their disabilities and aptitudes. In addition, we have follow-up system to prevent turnover.

<As of June 1, 2021 (only corporations with 43.5 or more employees are listed)>

	Hiroshima Bank	Hirogin Securities	Hirogin Lease	Hirogin IT Solutions
Ratio of disabled employees	2.4%	0.4%	0.0%	1.6%
Number of disabled employees	86 persons	1 person	0 persons	6 persons

■ Examples for work placement (Hiroshima Bank)

Work placement	Duty	Work details	Remarks
Work Support Center	General affairs	Printing bills and business cards, sealing and sending letters, sorting and sending documents, etc.	We established a better environment where persons with various disabilities can work comfortably, such as barrier-free facilities and a rest area.
General Affairs Department	Cleaning General affairs	Cleaning the Head Office	People with hearing impairments and other various disabilities work as a team
Branch	General affairs	Guiding at the lobby, cleaning in and outside the branch, guiding at a parking lot, etc.	They are employed at their local branch so that they can commute from home.
Administration Center	Administration affairs	Data entry (tax, currency transfer, etc.)	We instruct in such a way that even beginners can perform data entry operation.

5. Workstyle reform

Diverse human resources work actively with higher job satisfaction, which will result in the provision of high value-added services to customers. Based on such belief, integrating work and life on a higher level and improving quality of life while realizing improvement in productivity and growth, and aiming at multiplicative effects in the sense of achievement and happiness gained, the Group puts “work-life integration” as one of the human resource strategies of Mid-Term Management Plan 2020, and is endeavoring to nurture a corporate culture accordingly.

In an effort to make meaningful progress in the workstyle reform, we launched the Group Workstyle Reform Promotion Headquarters led by the President in October 2020. The Group regards the reform of culture, reform of operations and reform of systems as the core of our workstyle reform, and has been promoting well-balanced reform. We realize the reform of culture by changing mindsets and behaviors of employees through the reform of operations and reform of systems, and push forward with the reform of operations and reform of systems through the reform of culture. Through this interplay of the reforms, the Group is creating an employee-friendly work environment.

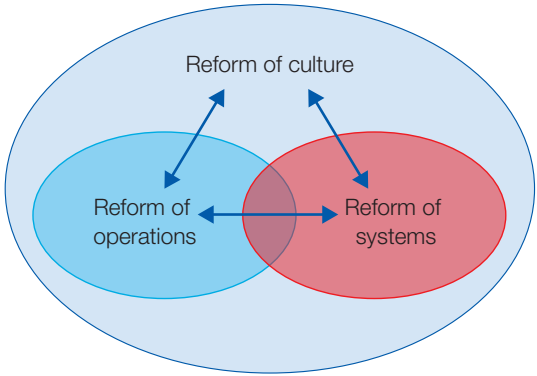
As a result of these efforts, overtime hours have declined by approximately 45% during six years from fiscal 2015 at Hiroshima Bank, which is

the major subsidiary of the Group. In addition, the number of days of paid leave taken increased to an average of 14.4 over the six years. In recognition of these efforts, the Group was accredited as one of the First Hiroshima Prefecture Workstyle Reform Good Practice Companies in September 2017.

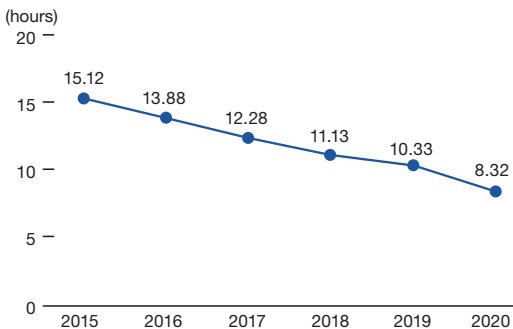
We will continue to strive to offer high value-added services while enhancing job satisfaction of employees by promoting the workstyle reform.

[Specific efforts at Hiroshima Bank]

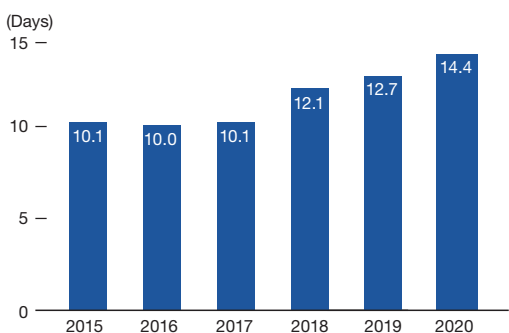
- 1. Reform of culture
 - (1) “Efforts for enhancing labor productivity” was added to the items of the “result evaluation” and “action evaluation” of employees.
- 2. Reform of operations
 - (1) Adoption of an electronic approval workflow
 - (2) Paperless meeting
 - (3) Use of tablets at branch counters
 - (4) Implementation of remote work
- 3. Reform of systems
 - (1) Lowered upper limit of hours regarding application of special clause under the agreement based on Article 36 of the Labor Standards Act
 - (2) Adoption of the work interval system (11 hours)
 - (3) Abolition of the core time in the flex time system (from April 2019)



■ Average monthly overtime per person at Hiroshima Bank



■ Average number of paid leave taken per person at Hiroshima Bank



6. Health of employees

Based on the recognition that keeping and enhancing the mental and physical health of employees and their families are indispensable for sustainable growth of corporations, the Group formulated the “Hirogin Group Health Management Declaration” in October 2020. The Personnel & General Affairs Group under the Business Management Division and related organizations and groups inside and outside the Company cooperate with each other under the supervision and order of the President and General Manager of Business Management Division to operate and promote the system. We are working for realizing health management, with “efforts for keeping and enhancing health,” “creating a pleasant workplace with job satisfaction where everyone works healthily” and “promoting close relationship with and contribution to the regional community” as priority items to be addressed.

As a result of these activities, in March 2021, Hiroshima Bank was recognized under the 2021 Certified Health & Productivity Management Outstanding Organizations Recognition Program.

Initiatives for keeping and enhancing health

The Group focuses on establishing health management and consulting systems in cooperation with industrial physicians and the health insurance association, and actively recommends that employees take a comprehensive health screening and a cancer examination. In addition, when employees of a certain age or older insured by the health insurance association take a comprehensive health screening or a breast and uterus cancer screening, the Group subsidizes all of the expenses incurred.

Furthermore, to prevent influenza and the development of severe symptoms, in cooperation with Hirogin Group Health Insurance Association, we subsidize fees for receiving vaccines against influenza with an upper limit at ¥3,000, and also compensate for the cost to quit smoking in order to help smokers quit smoking as a measure to comply with the revised Health Promotion Act. In

April 2021, on the home page of Hirogin Group Health Insurance Association, we have set up MY HEALTH WEB, a portal website for individuals, that provides various information such as results of health check-ups of members and past medical bills, to enhance employees' health.

Creating a pleasant workplace with job satisfaction where everyone works healthily

We value the work-life integration approach and are proactively promoting the workstyle reform. We have introduced systems to raise productivity in Group companies to reduce long working hours. As such, we are creating a culture of finishing work early while employees are increasingly concentrating on truly necessary jobs. As an example, Hiroshima Bank introduced a work interval system and sets a rule to take 11 hours of rest between the end of work and the start of work, as a general rule. Moreover, the Group is creating a workplace with job satisfaction by taking measures for improving both the productivity and workplace such as recommending internal recreational activities by creating a cost subvention system to facilitate communication in the workplace and holding sports events for all employees every year.

Promoting close relationship with and contribution to the regional community

Hiroshima Bank is fully working for helping employees enhance their health by forming a business alliance with the Hiroshima Branch of Japan Health Insurance Association in May 2015, for the purpose of enhancing and contributing to the health of employees in the local offices. Hiroshima Bank launched a Hirogin Health Management Evaluation Loan System as part of initiatives toward expansion of health investment through the banking businesses. Hiroshima Bank offers these services actively to regional small and medium-sized companies so that the services will be widely introduced and expanded to facilitate activities for enhancing working people's health.



7. Nurturing a corporate culture

Respecting diversifying values and changing lifestyles, the Company has prepared plans and training systems for each and every employee to develop their career path on their own and realize their ideal working style, while striving to create a corporate culture which gives job satisfaction.

A personnel system where employees can develop their career path on their own

Hiroshima Bank revised its personnel system in July 2020 with the aim of “building a system that can enhance and utilize specialized expertise” and “demonstrate the ability and skill in the right place.” Hiroshima Bank has adopted a personnel system based on specific course categories that enables employees to select either the BK business field or the AM business field according to their own aptitude and to increase their expertise within the business field, and to pursue higher expertise in specific fields such as the IT field and the market field.

Since July 2021, in light of our transition to a holding company structure, we introduced job-based employment to accelerate the assignment of the right resources in the right places at each Group company, as well as to secure human resources with high expertise, knowledge, and skills in operations besides banking operations.

Furthermore, to enable senior employees with high expertise to play active roles, since April 2021 Hiroshima Bank has introduced a system to secure employment opportunities for human resources up to 70 years old. We plan to introduce this system in other Group companies in the future.

Meanwhile, for employees to fully exhibit their abilities with high motivation, it is necessary to consider their respective situations and willingness carefully. Each Group company has established the work-location-restricted course with limited duties and the shorter working hour system, and therefore employees can select their workstyle depending on their physical and economic conditions.

Creation of a culture that supports employee trying something new

Employees’ diverse working styles cannot be realized without an understanding by people around them including their superiors. While steadily promoting awareness-raising through rank-based training programs and branch manager meetings, we focus on the creation of a culture that allows employees to actively try something new and supports employees to try something new. As part of this effort, we have included the item of “whether the employee tried something new” in one of the evaluation items for performance result evaluation, and the Group also aims to establish a “praising culture.”

In addition, to create a vibrant workplace and organizational culture, we conduct coaching and harassment training for managers and supervisors. To introduce measures that incorporate diverse opinions, we focus on dialogues with the employees union. The dialogues were held 33 times in fiscal 2020 at Hiroshima Bank, the major subsidiary of the Group. In this connection, 59% of employees of Hiroshima Bank are members of the employees union as of the end of March 2021.

Furthermore, as we raise employees’ sense of participation in management, we also introduced Employee Stock Ownership Plans (the “Plan”) to help employees’ asset formation through regular announcements about the Plan and payment of incentives in accordance with the amount accumulated in the Plan.



8. Human rights

The Group has deep relationships with customers through daily transactions.

With such relationships, words and behaviors of the Group's employees may significantly influence customers and society. Therefore, the Group considers execution of management and operations in respect for human rights as one of the corporate social responsibilities (CSR).

Furthermore, the Group positions the anti-discrimination and human rights issue as an important issue when considering relationship between corporations and human rights.

(1) Development of Group Ethics Regulations

- The Group formulated Group Ethics Regulations for the purpose of clarifying the code of conduct expected of the Group and our employees by society, establishing corporate ethics that are the base of trust, fulfilling social responsibility and public missions of the Group, as well as promoting response to the recently increasing attention to SDGs and ESG.
- Companies are required to take steps to eliminate violations of human rights from a wider viewpoint and Hirogin Holdings is also required to respect broader human rights. Therefore, we stipulated in the regulations that "the Group respects the human rights of all people."

(2) Periodic awareness-raising activities

- The Group has actively conducted awareness-raising activities by, for example, giving a lecture on the anti-discrimination and human rights issue during training programs on timing of milestones such as joining the Group and promotion to a higher position or rank as well as training programs provided to staff and mid-career hires just after they are employed.

(3) Anti-discrimination measures

- The Group regards anti-discrimination measures as a particularly important theme among awareness-raising activities for human rights.

- For the purpose of deepening a proper understanding and recognition of the anti-discrimination issue and executing the Group's social responsibility, we renamed the Anti-discrimination Issue Awareness Raising Promotion Committee, established in 1977 at Hiroshima Bank, as the Group Anti-discrimination Issue Awareness Raising Promotion Committee, chaired by General Manager of Business Management Division, upon establishment of the Company, in an effort to eradicate prejudice and discrimination.

(4) Prevention of sexual, power and other harassment

- The Group is striving to prevent sexual, power and other harassment behaviors as they must be strictly forbidden.
- Specifically, to prevent harassment behaviors in advance, the Group conducts awareness-raising at the Meeting of All Group Companies held at the beginning of every six months ending September and March and conducts a periodic anonymous questionnaire survey for all employees to detect such behaviors at their early stage.
- In addition, we set up hotlines in the Risk Coordination Group and an external law firm for consultation and complaints about harassment and any perpetrators are strictly punished.

(5) Fair screening for employment

- The Group recruits employees based on their personality rather than their gender, educational backgrounds, and nationality. The ratio of females among hires of new graduates for the whole Group is approximately 50%. In fiscal 2020 and 2021, at Hiroshima Bank, foreign nationals with expertise were hired as mid-career employees and foreign students joined the bank as new graduates.

Restructuring

Through various reforms as a unified Group, we will implement strategic cost management from a medium to long term perspective, aiming to establish a stable management base that supports our growth strategies.

