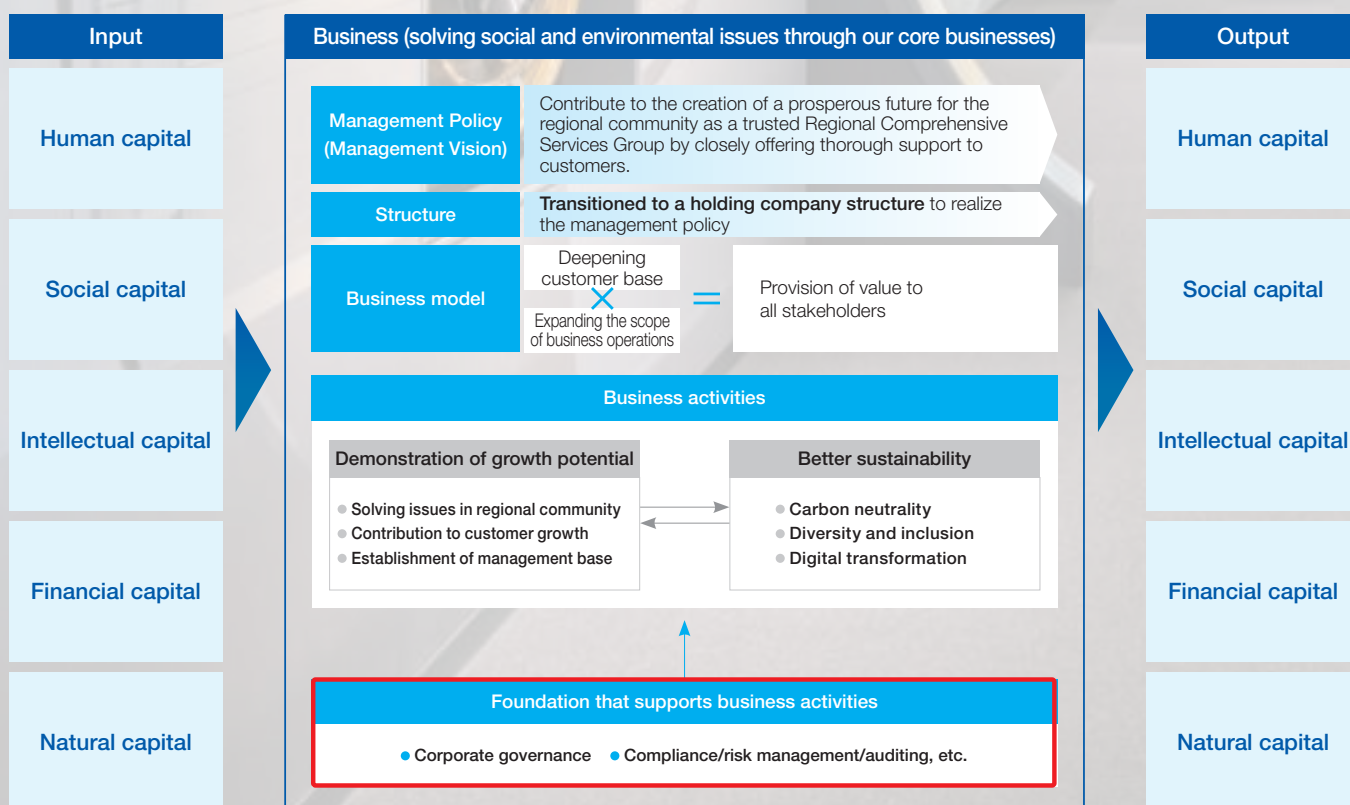


# How We Support Our Management Base

While fulfilling its social responsibility and public mission, Hirogin Group strives to earn a high evaluation and unshakable trust from our stakeholders such as customers and shareholders, by improving the soundness, efficiency, and transparency of management, and thereby works to achieve sustainable growth and improvement of corporate value over the medium- to long-term.

## Value Creation Process Map





### Memory Vault Museum (Archive Room)

This exhibition room preserves and displays the historical materials of Hiroshima Bank. Designed in the motif of the basement vault of the former head office business department, it exhibits historical materials and video content showing how the bank overcame hardships and shared joys with people in the region.





## Board of Directors

The Company's Board of Directors consists of nine members, including three external Directors. The board convenes once a month, in principle, and is responsible for making management decisions and overseeing business execution. The Board of Directors determines the basic management policy, management strategy, and management planning of the Group (including responses to issues surrounding sustainability and important

matters relating to strategies utilizing digital technology, etc.) and important matters relating to risk management, compliance and internal audits and other matters. It also stipulates "Basic Policy on the Establishment of Internal Control System," develops an internal control structure based on the policy, etc. and supervises the status of business execution.

## Audit and Supervisory Committee

The Company has four Directors who are Audit and Supervisory Committee Members, three of whom are external Directors. They are tasked with auditing the execution of duties by Directors, and hold a meeting of the Audit and Supervisory Committee once a month in principle. Each of the Directors who are Audit and Supervisory Committee Members actively utilizes the

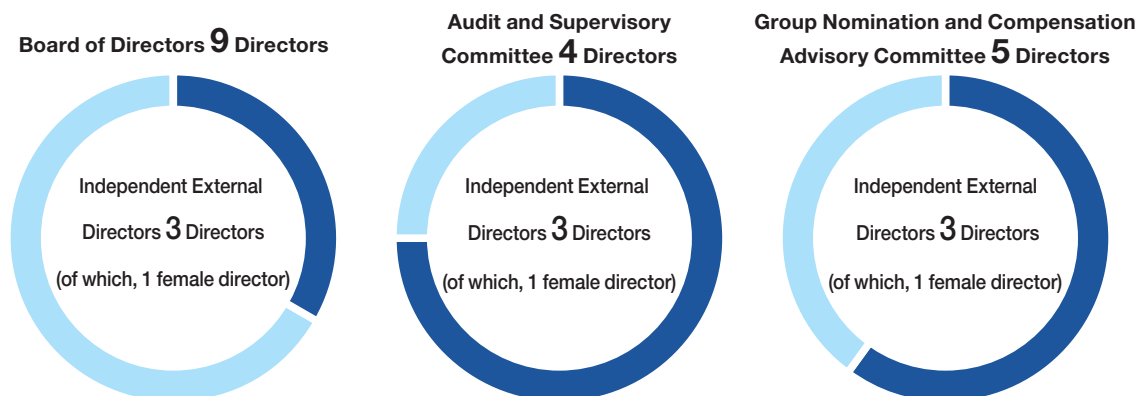
information and knowledge acquired through the execution of audit and other duties for the deliberations and other discussions at the Board of Directors, thereby ensuring the effectiveness of the supervisory functions of the Board of Directors and promoting appropriate decision-making on business matters.

## Group Nomination and Compensation Advisory Committee

To ensure the transparency and objectivity of the decision-making process for nomination and compensation of Directors, Audit and Supervisory Board Members, and executive officers of the Company and major Group companies, the Board of Directors of the Company has established the Group Nomination and Compensation Advisory Committee comprised of Representative Directors and independent external Directors. Regarding

matters relating to the election of and the amounts of compensation, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members) and executive officers, the Company makes decisions by resolutions at the Board of Directors meeting, based on deliberations and reports at the committee.

### ■ Composition of Independent External Directors in each organization



### ■ Efforts to enhance corporate governance

Hiroshima Bank	
FY2015	<ul style="list-style-type: none"> <li>One external director (woman) was appointed</li> <li>Reduced the number of directors and the term to one year</li> <li>Review performance-linked compensation for directors</li> <li>Review the executive officer system</li> <li>The Nomination and Compensation Advisory Committee was established</li> </ul>
FY2016	<ul style="list-style-type: none"> <li>One external director was added</li> </ul>
FY2017	<ul style="list-style-type: none"> <li>Introduced the stock compensation scheme (BIP trust) for directors and executive officers</li> </ul>

Hirogin Holdings	
FY2020	<ul style="list-style-type: none"> <li>Transition to a holding company structure through sole-share transfer of Hiroshima Bank</li> <li>Adopted the "company with an audit and supervisory committee" organizational format under the Companies Act</li> <li>Established Basic Policy for Corporate Governance</li> <li>Established policies regarding decisions on the details of individual compensation of directors</li> </ul>
FY2021	<ul style="list-style-type: none"> <li>Established a skills matrix of directors</li> </ul>

## Initiatives to enhance effectiveness of the Board of Directors

For the purpose of strengthening its functions, the Board of Directors of the Company strives to further enhance the effectiveness of the Board by analyzing and evaluating its effectiveness every fiscal year in regards

to the composition and operational status of the Board of Directors, based on Directors' self-appraisal, and examining and implementing improvement measures for identified issues.

### Plan (Examination and response policy for FY2021 based on the results of analysis and evaluation for FY2020)

1. Measures to sophisticate the deliberations at Board of Directors meetings
2. Measures for streamlining the operation of the Board of Directors

### Do (Implementation of measures to enhance effectiveness of the Board of Directors based on the examination and response policy for FY2021)

#### 1. Measures to sophisticate the deliberations at Board of Directors meetings

- In order to deepen strategic discussions on Group management in the Board of Directors, the Board of Directors reviewed the process to formulate a management plan and made free discussions on "important themes in management" after setting the annual schedule.
- In order to promote discussions on the direction of management strategies at Group companies in the Board of Directors, the Board of Directors organized execution presentations delivered by the presidents of Group companies (except for Hiroshima Bank)

Discussion themes of the Board of Directors	
May 2021	Human resource strategies
July 2021	IT strategy
August 2021	Sustainability
	Regulatory easing
October 2021	DX strategy
December 2021	Direction of the management plan for the next year

Execution presentations of Group company presidents	
October 2021	Hirogin Securities
November 2021	Hirogin Lease
	Hirogin IT Solutions
December 2021	Hirogin Capital Partners
	Shimanami Servicer
February 2022	Hirogin Area Design
	Hirogin Human Resources

#### 2. Measures for streamlining the operation of the Board of Directors

- In order to allocate time especially to important issues, the Board of Directors streamlined its operation by separating regular report on business execution, important managerial proposals and other matters and simplifying the briefing of regular report on business execution using a document.

### Check (Evaluation and analysis of the Board of Directors' effectiveness in FY2021)

#### 1. Status of maintenance and operation of internal control systems

- Regarding the status of maintenance and operation of internal control systems for FY2021, the Board of Directors received a report at the Board of Directors meeting held in March 2022 and confirmed that there were no issues with effectiveness.

#### 2. Evaluation and analysis of effectiveness of the Board of Directors

- The Board of Directors evaluated and analyzed its effectiveness for FY2021 at the Board of Directors meeting held in April 2022 based on Directors' self-appraisal surveyed in a questionnaire, and confirmed that effectiveness has been secured in the Board of Directors of the Company.
- Regarding issues recognized in the effectiveness evaluation of the Board of Directors in FY2020, in particular, the Board of Directors confirmed that measures to improve them taken throughout FY2021 were all appreciated positively, and that its effectiveness was enhanced throughout FY2021.
- For further enhancement of effectiveness of the Board of Directors for the future, the Board of Directors confirmed that the Board of Directors would continuously take actions to sophisticate the deliberations and streamline the operation of the Board of Directors, and shared the acknowledgement that further initiatives would be required to strengthen dialogues with shareholders and enhance officer training.

### Action (Examination and response policy for FY2022 based on the results of analysis and evaluation for FY2021)

1. Measures to sophisticate the deliberations at Board of Directors meetings (continued from FY2021)
2. Measures for streamlining the operation of the Board of Directors (continued from FY2021)
3. Measures to further strengthen dialogues with shareholders (new item to be addressed from FY2022)
4. Measures to further enhance officer training (new item to be addressed from FY2022)

## Skills matrix of Directors

In order to identify skills, etc. owned by Directors based on the management strategies of the Company, the Board of Directors of the Company establishes and discloses the skills matrix of Directors based on the de-

liberations at the Group Nomination and Compensation Advisory Committee, and utilizes it when nominating candidates for Directors.

### Skills matrix of Directors

Directors					
Name	Position	Experience and expertise			
		Management strategy	Legal affairs/risk management	Business strategy	DX/IT/System
Koji Ikeda	Representative Director and Chairman	●	●	●	●
Toshio Heya	Representative Director and President	●	●	●	●
Kazuo Kiyomune	Director & Senior Managing Executive Officer	●		●	
Akira Ogi	Director & Senior Managing Executive Officer	●		●	●
Fumitsugu Kariyada	Director & Managing Executive Officer	●		●	
Yuji Eki	Director (Audit and Supervisory Committee Member)		●		

External Directors				
Name	Position	Areas of expertise particularly expected		
		Corporate management	Finance/accounting	DX/IT/System
Satoshi Miura	Director (Audit and Supervisory Committee Member)	●		●
Hiroko Tani	Director (Audit and Supervisory Committee Member)		●	
Toshiaki Kitamura	Director (Audit and Supervisory Committee Member)			●

(Note) The above lists do not show all knowledge, experiences, capabilities, etc. possessed by each Director.

## Development of successors to management

The Group has put in place a rank-based training system and clarifies the standards and abilities required for each job position and rank in order to develop human resources systematically. The training system includes the “Hirogin Management School” aimed at developing management personnel from a medium- to long-term

perspective. The Hirogin Management School provides a program in which selective employees who are expected to undertake future management of the Bank learn to demonstrate the “ability of thinking befitting of a corporate manager (management strategy, business reform, etc.).” (See page 91 for details.)

## Roles of external Directors and their support system

At the Board of Directors meetings, external Directors provide advice on decision-making by the Board of Directors and overall management, based on their knowledge and ideas different from those of internal Directors. They also receive reports on the results of internal audits and accounting audits, as well as reports on the state of internal controls from the division in charge of internal controls. The external Directors have the role of supervising management from a neutral, fair, and objective perspective outside the Company.

We have introduced a system for external Directors to review and check in advance the agenda items

of a meeting of the Board of Directors and its reporting materials even from outside the Company, and we provide them with devices for reviewing purposes. Furthermore, the secretariat and various departments responsible for administrative work for Board of Directors meetings hold advance explanatory meetings on documents for external Directors, and there is also a support system put in place such as developing an environment to review the Company’s internal information such as internal regulations and notices as well as Hiroshima Bank’s internal rules and notices.

## Officer compensation system

The Company has stipulated policies regarding decisions on the details of individual compensation of Directors based on resolutions at Board of Directors meetings, in light of the results of deliberations at the Group Nomination and Compensation Advisory Committee (the majority members being independent external Directors), which is comprised of Representative Directors and independent external Directors.

Regarding matters relating to the amounts of compensation, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members) and executive officers, the Company makes decisions by resolutions at the Board of Directors meeting, based on deliberations and reports at the Group Nomination and Compensation Advisory Committee described on the left.

### ■ Policies regarding decisions on the details of individual compensation of Directors

#### a. Basic policy

Compensation, etc. of Directors (excluding Directors who are Audit and Supervisory Committee Members; hereinafter the same shall apply) of the Company shall be determined based on a compensation system that is linked to shareholder interests so as to fully function as an incentive to work for the sustainable growth and enhancement of the corporate value of the Group, and the basic policy is to determine compensation of individual Directors at an appropriate level from the perspectives of transparency, objectiveness and fairness.

Specifically, compensation, etc. of Directors excluding external Directors shall consist of fixed-amount compensation, performance-linked compensation, and stock-based compensation. For the sake of neutrality in view of responsibilities, compensation for external Directors is only composed of fixed-amount compensation.

As a bank holding company, the Company will establish and operate a compensation plan in an integrated manner with The Hiroshima Bank, Ltd., which is a subsidiary bank of the Company, and in the event that concurrent positions are held at the Company and the Bank, compensation, etc. shall be prorated at a fixed rate.

#### b. Policy regarding the determination of the amount of individual compensation, etc. as fixed-amount compensation (monetary compensation) (including the policy regarding the determination of the timing, etc. of the compensation, etc.)

Fixed-amount compensation shall be monthly basic compensation and shall be determined based on job titles and paid on a regular basis during the term of office after comprehensively taking into consideration factors such as the compensation and salary levels of officers and employees of Group companies under the Company and the status of officer compensation at other companies of a similar scale.

#### c. Policy regarding the determination of the amount of individual compensation, etc. as performance-linked compensation (including the policy regarding the determination of the timing, etc. for payment of the compensation, etc.)

Performance-linked compensation shall be monetary compensation (paid at a certain time each year) that reflects performance indicators and is calculated each business year according to the degree of achievement of those performance indicators, and shall be determined based on job titles with the aim of raising awareness of the contribution to improved business performance.

Specifically, from the perspective of ensuring transparency, objectivity, and fairness and fully fulfilling accountability to shareholders and other stakeholders, the Company's "net profit attributable to owners of the parent" shall be used as a performance indicator and the performance-linked compensation, which is calculated by multiplying the job title-based standard amount established by resolution of the Board of Directors by the payment ratio linked to said performance indicator, is paid after the end of each business year.

The performance-linked coefficients are as follows.

#### (Coefficients used in the calculation of performance-linked compensation)

[Net profit attributable to owners of the parent] (yen)	[Performance-linked coefficient]
More than 33 billion	1.500
More than 30 billion – 33 billion or less	1.375
More than 27 billion – 30 billion or less	1.250
More than 24 billion – 27 billion or less	1.125
More than 21 billion – 24 billion or less	1.000
More than 18 billion – 21 billion or less	0.875
More than 15 billion – 18 billion or less	0.750
More than 12 billion – 15 billion or less	0.625
More than 9 billion – 12 billion or less	0.500
More than 6 billion – 9 billion or less	0.375
6 billion or less	—

#### d. Policy regarding the determination of individual compensation, etc. as stock-based compensation (non-monetary compensation) (including the policy regarding the determination of the timing, etc. for payment of the compensation, etc.)

Stock-based compensation shall be calculated and paid based on an amount obtained by multiplying the fixed-amount compensation determined based on job titles by a certain percentage with the aim of clarifying the link between officer compensation and the Company's share price. The stock compensation plan is managed by the officer compensation BIP trust. During the trust period, certain points are granted, and Directors will receive the delivery of the shares in accordance with the number of points accumulated at the time Directors retire from both the Company and The Hiroshima Bank, Ltd.

However, in the event of non-conformity as stipulated separately, the Company may request the refund of the amount equivalent to the share delivery.

#### e. Policy regarding the determination of the ratio of monetary compensation, performance-linked compensation, and non-monetary compensation to the amount of individual compensation, etc. of Directors

The ratios of compensation by type for Directors shall be determined by comprehensively taking into consideration matters such as the status of officer compensation at other companies of a similar scale from the perspective of providing an incentive to aim for the sustainable growth and enhancement of corporate value of the Group and an increase in the share price of the Company while emphasizing the stability and soundness of management as a bank holding company.

#### f. Matters regarding the determination of details of individual compensation, etc. for Directors

Details of all individual compensation, etc. for Directors shall be determined by the Board of Directors based on deliberations and findings of the Group Nomination and Compensation Advisory Committee, which is composed of Representative Directors and independent external Directors (the majority of the Committee members are independent external Directors).

### ■ Officer compensation system

	Fixed amount compensation	Performance-linked compensation	Non-monetary compensation (stock-based compensation*)
Directors (excluding Directors who are Audit and Supervisory Committee Members)	●	●	●
Directors who are Audit and Supervisory Committee Members	●	—	—
Executive officers	●	●	●

\* A system that utilizes a framework known as an officer compensation board incentive plan (BIP) trust. Utilizing compensation amounts for eligible officers as funds contributed by the Company and its consolidated subsidiary Hiroshima Bank, the trust acquires shares of the Company, and provides the shares and cash equivalent to disposal of the Company's shares upon officers' retirement from both the Company and Hiroshima Bank.

## Cross-shareholdings

As shown below, the Group has established the policies regarding cross-shareholdings of listed shares and the exercise of voting rights in order to ensure the appropriateness of cross-shareholdings.

As a result of evaluations on cross-shareholdings carried out at the Board of Directors meeting in March

2022, approximately 80% of the companies in which the Group holds shares satisfy these standards. For shares in companies that fail to satisfy these standards, the Group is currently holding discussions to improve profitability in transactions with the company in question or reduce shareholdings.

### ■ Policies regarding cross-shareholdings of listed shares and the exercise of voting rights

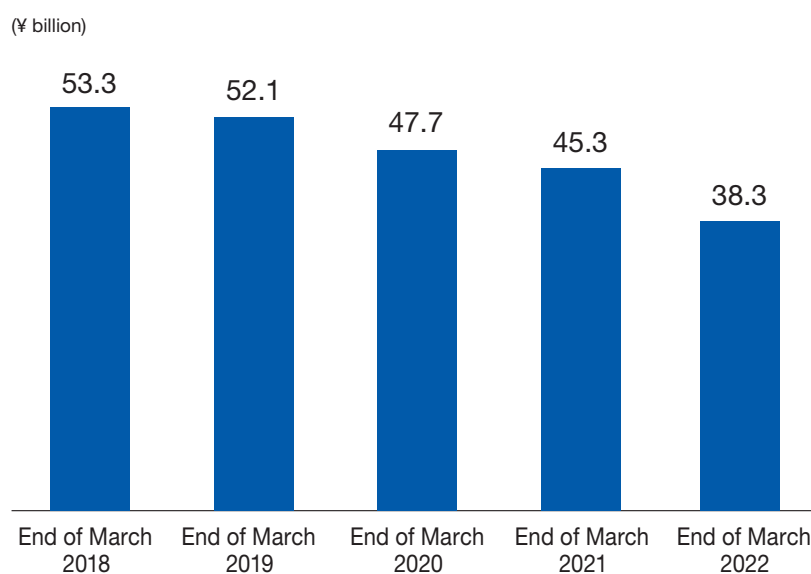
#### (1) Policies regarding cross-shareholdings of listed shares

- (a) 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.
- (b) As for shares held, the Board of Directors periodically evaluates capital cost against returns, level of contribution by the issuing company to the regional economy, growth potential and future prospects in light of ESG elements, and medium- to long-term profitability of transactions with the Group.

#### (2) Standards for exercise of voting rights for cross-shareholdings

- (a) In exercising voting rights, the Group determines the exercise of voting rights after examining the management principles and the status of maintenance of corporate governance at the company in question, in addition to the policies described below.
  - Whether or not the company is conducting appropriate decision-making that will lead to medium- to long-term increases in corporate value and improvement of shareholder value
  - Whether or not there is any possibility that it inflicts damage upon the Group as a shareholder
- (b) In particular, the following items shall be examined regarding any potential impacts on corporate value and shareholder value:
  - Proposals for appropriation of surplus that potentially have a significantly detrimental effect on financial soundness
  - Proposals for election of directors and Audit & Supervisory Board members and provision of retirement benefits at companies where misconduct or antisocial behavior incidents occurred or that have recorded losses or paid no dividends for a certain period of time
  - Proposals for anti-takeover measures, among other items

### ■ Cross-shareholdings of listed shares (based on acquisition cost)







#### Profile

Born in Onomichi, Hiroshima Prefecture. After serving as Director and Head of Personnel at Nippon Telegraph and Telephone Corporation (NTT), he devoted his efforts toward the reorganization of that company into a pure holding company, and was appointed President of Nippon Telegraph and Telephone East Corporation in 2002. From 2005, he served as Vice President & Representative Director of NTT and Head of its Medium-Term Management Plan Promotion Office and was subsequently appointed as President & CEO in 2007. He was instrumental in achieving Japan's first transition of a company to a holding company structure through large-scale reorganization. He was appointed Chairman of the Board of NTT in 2012 and Special Advisor in 2018, a position he still holds today. He was appointed as an External Director of Hiroshima Bank in 2016, and has served as Director (Audit and Supervisory Committee Member) of Hirogin Holdings since October 2020.

**Satoshi Miura** External Director

## Message from an External Director

**Praise for the smoother-than-expected transition to a holding company structure. Toward further common value creation capabilities through the thorough practice of customer-oriented business operations**

### Effectiveness of Board of Directors

Even viewed from my experience of management to date, I consider Hirogin Holdings' Board of Directors to be highly effective. The composition and specializations of the External Directors are extensive, they offer a wide range of characteristics, and discussions are frank and open, with even the Chair and the President expressing their own opinions.

In terms of involvement in strategies and the like, the Medium-term Management Plan and business plans go through many discussions from the initial drafting stages before they are decided. In addition, we are given opportunities to discuss the individual topics that are set, such as carbon neutrality, human resources strategy, and DX, and the content of those discussions has become extremely profound.

The responsible director or top executive of the Group companies concerned provides briefings on each agenda beforehand, and the detailed contents given at those briefings are conveyed directly at the Board of Directors meetings. I commend the Company for this system, which allows us to debate the agenda items promptly.

As befitting a company with audit and supervisory committee, the reference materials for Board of Directors meetings are prepared in an ingenious way to allow us to confirm the processes to facilitate monitoring, and with key points narrowed down in a concise manner, the materials encourage discussion.

### Perceived future issues viewed from the transition to a holding company structure

My view is that the transition to a holding company structure was an excellent opportunity to invigorate discussions from a Group governance perspective and to enhance governance effectiveness. In terms of the effectiveness of business strategies, progress is being made in banking-securities collaboration, cooperation with other subsidiaries, establishment of new subsidiaries, reorganization of intra-Group functions, and personnel exchanges, and the transition has been much smoother than I expected.

As someone who has experience of a transition to a holding company as a management executive, my greatest concern was the balance in the relationship between the holding company and the Group companies. That balance can be difficult to achieve in that, while maintaining a position of fundamentally respecting the independence of the subsidiaries on the one hand, it can be easy to fall into a controlling attitude due to a consciousness of Group governance. Creating new companies within the Group will naturally involve viewpoints different from the bank; indeed, that is the way it should be.

In addition, while there is a tendency to believe that the business domains of the individual subsidiaries should be segregated and not overlap, I personally feel that a slight degree of overlap is just right.

For Hirogin Holdings to maximize its effectiveness, while the companies should all be moving in the same

direction, there is no doubt that it will be crucial to maintain a balance between the subsidiaries' independence and unity within Hirogin Holdings.

To this end, instead of directions coming from foregone conclusions, it is important that the top executives of the companies be willing to talk to each other and communicate as they make and act on decisions. I believe that exchanges of human resources who can come and go between the holding company, the bank, and the various operating companies will be critical.

One day, the directors of the holding company, perhaps even the top executives, may herald from one of the operating companies other than the bank. When that happens, it will be a testament to the way in which Hirogin Holdings has established itself as the Regional Comprehensive Services Group that it aims to become.

The decision to have separate people in the posts of President of the holding company and President of the bank symbolizes the Hirogin Holdings' transition to Phase 2 of its evolution, and it is a manifestation of its consciousness. I hope that the President, Mr. Heya, will take ample time to exchange opinions with the top management of the subsidiaries as he looks toward an appropriate vision for the new era and engages in the development of business.

## Roles to be played in the region and perceived issues

The economic scale of the region of Hiroshima and other three prefectures (Okayama, Yamaguchi and Ehime), which is the Group's main sales base, has allowed it to maintain a greater economic strength compared with the national average, and I believe it to be a region with high potential for growth and development. In terms of the region's economic characteristics, given the predominance of manufacturers, which are easily affected by business conditions, in this day and age, it would be impossible to contribute to the region without extensive consulting capabilities. Moreover, Hirogin Group itself needs to take the initiative as a leading company in the region and present highly effective examples, including in areas such as social contributions to the region, including responses to energy issues, and sustainability-oriented management.

The many small and medium enterprises in the region also face issues, such as difficulties in finding successors and recruiting IT experts and other specialist human resources. There are also more problems for retail customers to face in this era of the 100-year life as the birthrate declines and society ages.

For this very reason, the role that Hirogin Holdings must fulfill is the even more thorough pursuit of customer-oriented business operations. It needs to expand its operations base to add more depth to its business and develop human resources who are able to provide consulting services for many different customers. Beyond that, I hope that it will become a company that will produce the kind of people that the region needs, a corporate entity that will be a source of supply of such people.

It is precisely at times of great change that the diversification of human resources is essential. Already in the IT industry, some engineers are earning more than corporate officers, and human resources whose value lies in their specialization are becoming increasingly mobile. To strengthen consulting operations, we need a perspective of developing and recruiting specialists in each area, and there are still many issues that need to be considered, including working styles. There is also a need to open up paths in which specialist human resources can participate actively as generalists. Once these kinds of progressive human resources emerge, it is certain to lead to the leveling up of the company as a whole. As a result, as the saying goes, "A company is its people," Hirogin will develop a corporate character that is able to respond to various changes itself and engage in the creation of new value, which will inevitably lead to the enhancement of corporate value.



## Roles of External Directors

I have no objection whatsoever to the Company's current endeavors and aims, but if I may be so bold, there are two issues I would like to see addressed. They are increasing execution speeds and promoting diverse talent to the executive level to work together and proceed with that execution. Companies are living creatures, and there is no one absolute way that organizations or systems should be. For this very reason, so they can change in the optimal way at that time to adapt to their current stage and situation, flexible thinking on the part of the management team, the corporate strength to withstand that change, and shared agreement about the change are all essential. I hope that the Company will take matters forward with decisions that are at once bold and cautious.

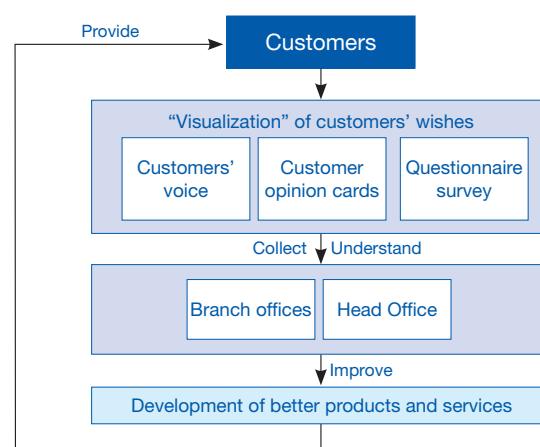
In terms of my own role, first, as I watch over the Company's efforts in its holding company structure, more than my successful experiences in my career in corporate management to date, I believe that my role is to share my failures. In particular, in my experience of involvement in group management, there are many challenges that I left unmet and many causes for reflection. Therefore, I hope to participate seriously in discussions on each occasion from those kinds of perspectives, so that I may contribute to the Company's growth and to the enhancement of its corporate value.

## Communication with Stakeholders

### Communication with customers

In addition to customers' voice sent to branch offices and the call center mainly of Hiroshima Bank, the Group receives numerous opinions and wishes via customer opinion cards placed at each branch office. In addition, we carry out regular questionnaire surveys aiming at "Visualization" of customers' wishes.

In order to utilize customer feedback to improve satisfaction, we try to identify points for improvement in products and services based on customers' opinions and requests, and make every effort to provide better products and services with branch offices and the headquarters working together to consider counter-measures.

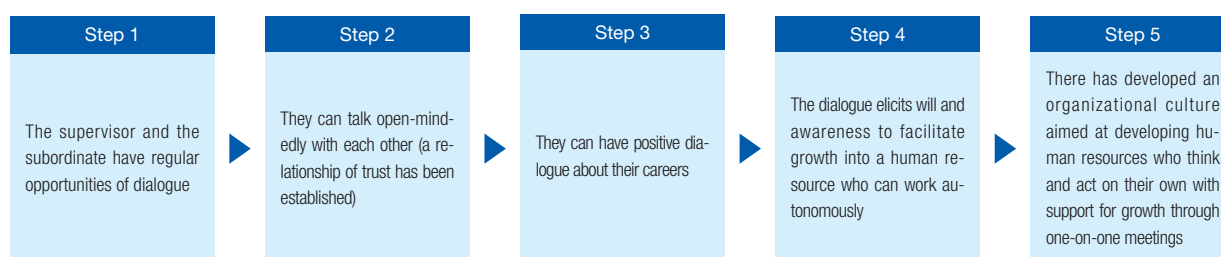


### Communication with employees

The Group aims to create a lively organization where all employees can autonomously develop their own careers, demonstrating their abilities and expertise to the fullest while being fully engaged and highly motivated.

As part of these efforts, Hiroshima Bank is promoting interactive communication between supervisors and subordinates to build relations of trust and support their growth, for example, by introducing one-on-one meetings to stimulate communication focused on the ideas and values of individual employees.

#### Steps for raising the level of communication in one-on-one meetings



## Communication with shareholders and investors

### Strengthening and enhancing IR activities

We recognize that constructive dialogue with our shareholders is essential for sustainable growth and increasing corporate value over the medium to long term. As part of our efforts to strengthen and enhance our IR activities in view of our shareholder composition, we hold company briefing sessions for institutional investors and individual investors, as well as individual meetings with shareholders in Japan and overseas.

The comments and requests from shareholders, other market participants and stakeholders are

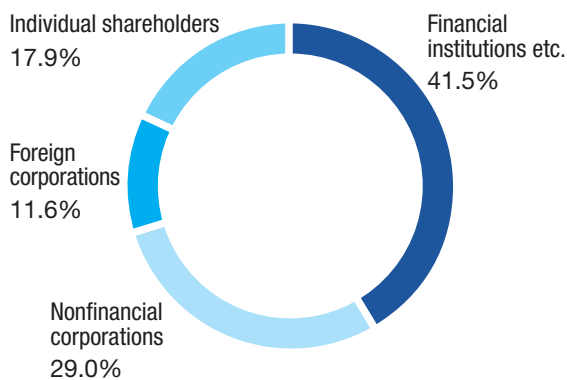
appropriately fed back to the Board of Directors and senior management as input for business management, and are also shared widely within the Group to improve our services and performance.

### IR activities in FY2021

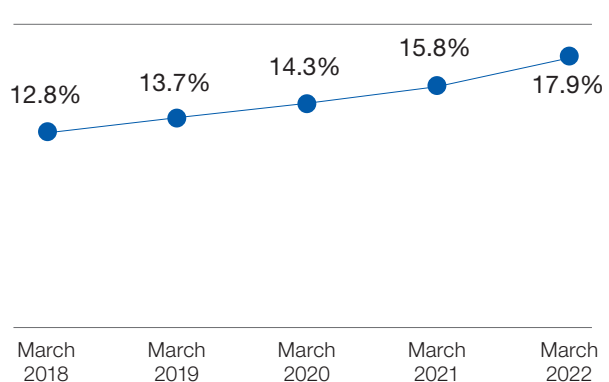
Briefing sessions for institutional investors	2 sessions
Individual meetings with institutional investors	13 meetings (including one with an overseas investor)
Briefing sessions for individual investors	2 sessions (web live)

### Distribution of shares (end of March 2022)

[Percentage of shares held by unit shareholders]



[Percentage of shares held by individual unit shareholders]



### Shareholder benefits

To express appreciation for our shareholders' support as well as to increase the attractiveness of investing in our shares to invite more people to hold our shares, the Company offers a shareholder benefit system.

Shareholders who have 100 shares or more of the Company's common shares as listed on the Company's register of shareholders as of the reference date

of March 31 every year are eligible to choose from the following benefit options: (1) Time deposit course/catalog gift of local products/gift card, (2) two tickets for Hiroshima Museum of Art, and (3) the right to participate in the drawing to win tickets for the three major professional sports events and concerts in Hiroshima.

### Time deposit course/catalog gift of local products/ gift card (reference date: March 31, 2022)

Name of course		Number of shares held			
		100 shares – below 500 shares	500 shares – below 1,000 shares	1,000 shares – below 5,000 shares	5,000 shares or more
Time deposit course	Details of privileges* <sup>1</sup>	—	—	Additional 0.10% to the interest rate presented at branches	Additional 0.30% to the interest rate presented at branches
	Length of time-deposit	—	—	One year	One year
	Upper limit	—	—	¥5 million	¥5 million
Catalog gift of local products/ Gift card	Details of privileges* <sup>2</sup>	Gift card worth ¥500	Gift card worth ¥1,000	Catalog gift equivalent to ¥5,000	Catalog gift equivalent to ¥15,000

\*<sup>1</sup> Products eligible for additional interest rates are Super Time Deposit and Super Time Deposit 300. The additional interest rates listed are per annum rates before tax.

\*<sup>2</sup> The privileges for the catalog gift of local products include shipping and other miscellaneous fees.



## Communication with regional community

### Contribution to the peace city

We constructed “Inori-no-izumi (fountain of prayer)” in the Hiroshima Peace Memorial Park in November 1964 and presented it to Hiroshima City in order to console the souls of the victims, who passed away while feeling thirsty for water in a town burnt by the atomic bomb, and wish everlasting peace. The fountain of prayer was completely renovated as part of our 140th anniversary business in 2018.

At the new Head Office building, we installed a monument to the atomic-bomb victims as well as a bombed column capital, the remains of former Head Office of Hiroshima Bank, in order to pass down Hiroshima Bank’s DNA, which overcame the atomic bomb and continued its business to this day, to all employees of the Group and to continue to get across the message of eternal peace to people in Japan and overseas, as a company based in Hiroshima.

### Welfare activities

The Company gives Christmas presents to children’s homes in Hiroshima Prefecture every year from 1994.

Furthermore, we, together with MetLife, Inc., donate money to children’s homes, infant homes, and foster parent organizations organized as a social welfare

corporation from 2007, to create an environment where children who will lead the next generation can grow healthily by equally receiving education and participating in communities.

### Hiroshima Museum of Art

The Hiroshima Museum of Art was established in November 1978 by Hiroshima Bank in commemoration of the 100th anniversary of its foundation as we move through history together with the region. In the hope that the museum would bring peace of mind to the people of Hiroshima, the city once reduced to ruins

by the atomic bomb on August 6, 1945, the museum came into being as a magnificent edifice of art on the theme of love and peace of mind. It was also built to pray for the repose of souls of the victims that laid the foundation of today’s Hiroshima and to express wishes for peace.

### Support for three Hiroshima-based professional bodies

The Company supports three professional sports and cultural organizations in Hiroshima, the Hiroshima Toyo Carp baseball team, the Sanfrecce Hiroshima (FC) football team, and the Hiroshima Symphony Orchestra. We join hands with local companies to cheer the teams, hold games sponsored by us, and hold Hirogin Holdings Tomorrow Concert performed by the Hiroshima Symphony Orchestra.

In FY2019, from a viewpoint of developing the next generation, we started to hold the Hirogin Holdings Dream Future Concert to provide an opportunity at which high school students can perform with Hiroshima Symphony Orchestra.

## Basic approach

Based on our Group Comprehensive Risk Management Regulations laid down by the Board of Directors, the Group decides on a detailed risk management policy for each fiscal year, and manages all categories of risk on an integrated basis.

regular audits through the Business Audit Group into the appropriateness and effectiveness of our risk management systems.

Under this risk management regime, we aim to ensure sound, profitable operations, while striking an ideal balance between capital adequacy, risk management and earnings imperatives.

```

graph TD
    Board[Board of Directors] --> GMB[Group Management Board]
    Board --> ASC[Audit and Supervisory Committee]
    GMB --> GRCMC[Group Comprehensive Risk Management Committee]
    GMB --> GCC[Group Compliance Committee]
    GMB --> RCG[Risk Coordination Group Overall risk management for the whole Group]
    RCG --> CRG[Risk Coordination Group Credit risk]
    RCG --> MRG[Risk Coordination Group Market risk]
    RCG --> LRG[Risk Coordination Group Liquidity risk]
    RCG --> ORG[Operational risk]
    ORG --> ARG[Administrative risk]
    ORG --> SRG[System risk]
    ORG --> HRG[Human risk]
    ORG --> TAGR[Tangible asset risk]
    ORG --> MPRG[Reputational risk]
    ORG --> CRG2[Compliance risk]
    CRG --> HBC[Hiroshima Bank and other Group companies]
    MRG --> HBC
    LRG --> HBC
    ARG --> HBC
    SRG --> HBC
    HRG --> HBC
    TAGR --> HBC
    MPRG --> HBC
    CRG2 --> HBC
    BusinessAudit[Business Audit Group] --> HBC
    BusinessAudit --> RCG
    BusinessAudit --> ORG
    BusinessAudit --> CRG2
    BusinessAudit --> MRG
    BusinessAudit --> LRG
    BusinessAudit --> ARG
    BusinessAudit --> SRG
    BusinessAudit --> HRG
    BusinessAudit --> TAGR
    BusinessAudit --> MPRG
    BusinessAudit --> CRG2
  
```

## Risk appetite framework

### Risk governance

In order to establish robust risk governance, the Group has introduced a risk appetite framework, prepared a risk appetite statement describing the risk appetite framework and risk appetite to make them well understood within the Group.

In addition, to ensure that the risk appetite framework functions effectively, we are working to foster a sound risk culture that encourages everyone in the Group to behave in accordance with the Group's values regarding risk-taking and risk appetite.

### Risk culture

In order to realize the sustainable development of local communities and the sustainable enhancement of the corporate value of the Hirogin Group, it is essential for each employee to make decisions and act not only in compliance with laws and regulations but also in accordance with the expectations and requests of all stakeholders, including customers, and the Group's management policy.

The Group recognizes that risk culture is the fundamental concept for organizational and individual

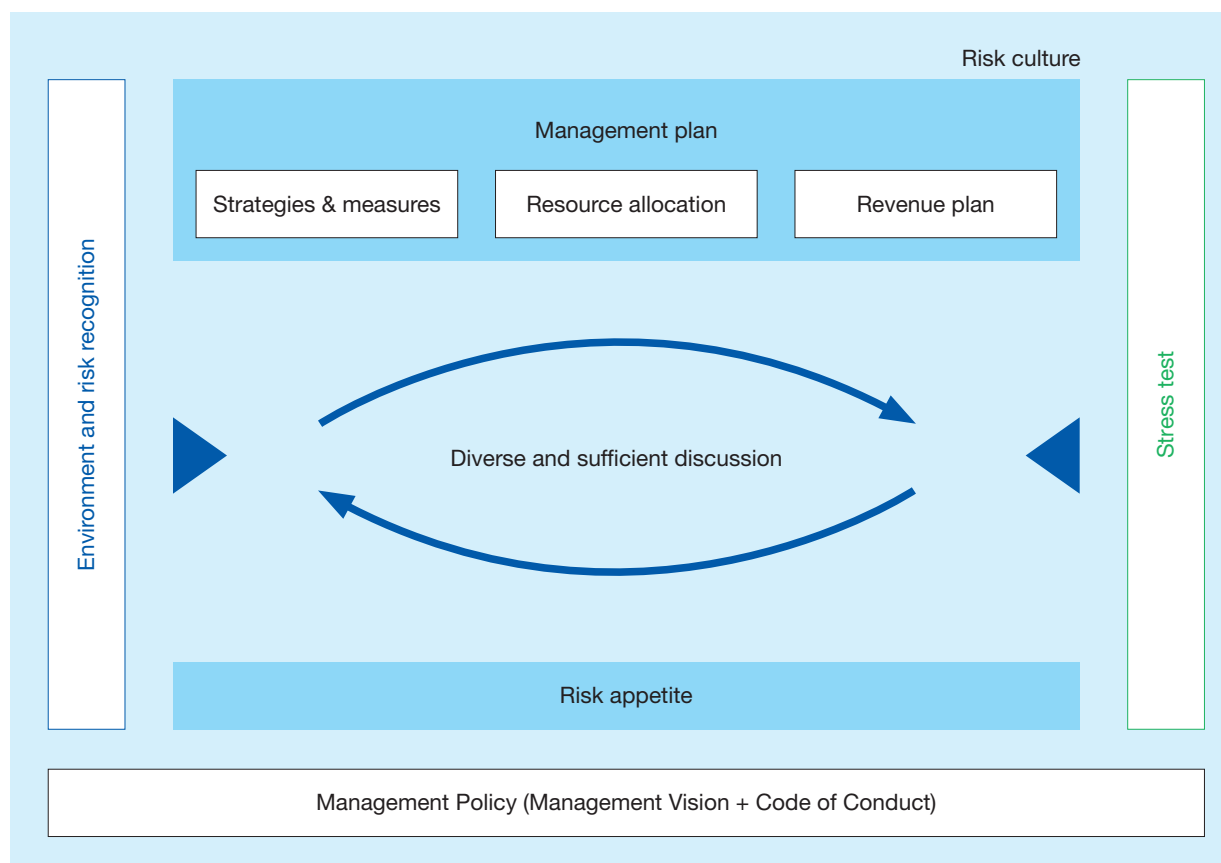
decision-making related to risk recognition, risk-taking, risk management, etc., and that it is a factor to base for building strong risk governance. Based on that recognition, the Group has established the Hirogin Group's Risk Culture, while ensuring consistency with its Code of Conduct.

In addition, in order to foster and disseminate the risk culture within the Group, we share and spread it through such means as sending messages from management and conducting training.

### Risk appetite

The risk appetite framework is positioned as a framework that supports the management of the Group as a whole to "promote risk-taking and control risk," based on the appropriate recognition of the environment and risks.

The introduction of the risk appetite framework clarifies the risk appetite (the type and level of risk that the Group is prepared to accept) for achieving the management plan and enables the Group to pursue more profit opportunities and promote appropriate risk-taking.



# Compliance

## Basic approach

In order for the Group to secure unwavering trust from our shareholders, investors, and customers, we believe it is important to build a stronger management base and execute compliance-oriented business by further deepening relations with regional community and customers, working thoroughly to address their respective needs and solve their issues, and providing reliable solutions.

In this regard, the Group considers compliance as one of the top priorities of management and has made utmost efforts for establishing a compliance system and encouraging each and every employee to understand the system so that corporate ethics will take root as a culture.

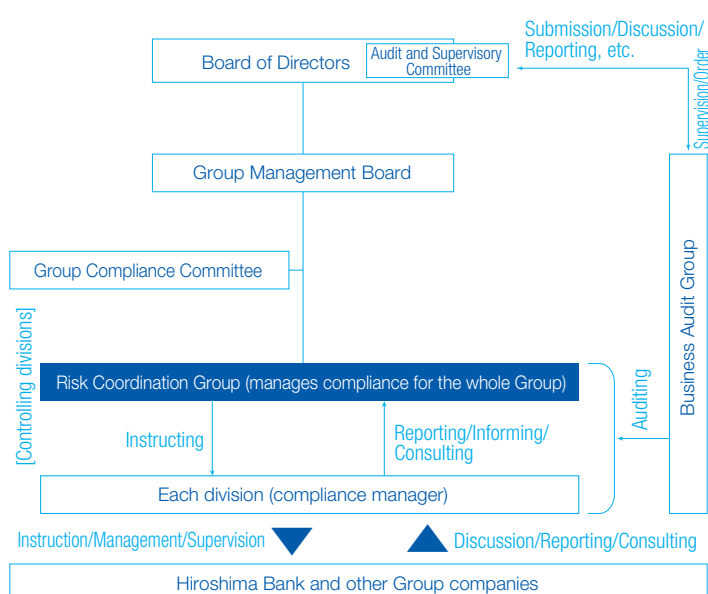
## Compliance structure

The Group has established a Group Compliance Committee to follow laws and regulations as well as social norms thoroughly and build corporate ethics, and the committee deliberates and considers matters relating to compliance. In this and other ways, we ensure that we never commit violations of compliance.

In addition, compliance managers have been placed in divisions and branches of each Group company to exchange legal information and monitor daily compliance status. The Group is also continuously striving to strengthen a central management system relating to compliance and management functions through the Risk Coordination Group.

Furthermore, the Business Audit Group reinforces the internal check and balance system by implementing monitoring from an independent perspective.

### ■ Compliance structure (as of April 1, 2022)



## Compliance program

The Board of Directors resolves on the Group compliance program every half fiscal year as a practical plan for realization of desired compliance. Based on the Group compliance program, we carry out relevant measures steadily.

Specifically, the Group has formulated and disclosed the compliance manual on the company intranet, etc., and strived to ensure that all employees are familiar with this manual, through various activities such as rank-based training sessions and training

sessions for compliance managers. Also, the Group has been promoting initiatives including the development of a check system by involving executive members actively in compliance and strengthening a central compliance management system.

Progress and achievements of the Group compliance program are reviewed by the Board of Directors every quarter. While striving to identify and solve problems, the Group has been making persistent efforts for putting high-level compliance into practice.



# Customer Protection Management

## Basic approach

Fully aware of its social responsibility and public mission, the Group strictly observes all laws, regulations, and rules, and conducts its business honestly and fairly

from the customers' viewpoint in accordance with social norms to protect customers and provide greater convenience to them.

## Structure of customer protection management

The Group has established the Group Customer Protection Management Regulations at the Board of Directors as a guideline to secure a structure aimed at protecting and enhancing convenience for customers.

In the Group Customer Protection Management Regulations, we formulate policies and management matters regarding explanation to customers, customer support (consultation and complaints), customer information, outsourcing, and conflict of interests, making these known to all of the Group's employees.

In addition, we have designated the Risk Coordination Group as the controlling division and established the Group compliance program at the Board of Directors meeting on a semiannual basis as basic procedures to be performed to ensure customer protection, and status of progress in the plan is reported to the Board of Directors on a regular basis.

## Information management

Based on our published Privacy Policy, the Group acquires or provides personal information prudently and strives to continuously improve safety control measures including strengthening system protections against cyber-attacks.

In order to manage customers' valuable information assets in an appropriate and prudent manner, all employees regularly receive training for information security to ensure a high level of awareness when handling information.

We conduct thorough internal audits on handling personal information to improve the effectiveness of information management.

If notification of the purpose of use of personal data, disclosure (including disclosure of records of provision to third parties), correction, or suspension of use of personal information is requested by a customer, the Group responds to the request after verifying the customer's identification.

## Solicitation policy

In the solicitation of financial products, Hiroshima Bank complies with the rules below.

1. The Bank endeavors to solicit customers for suitable products in consideration of the customer's knowledge of the product, experience, asset composition, and investment purpose.
2. The Bank endeavors to provide the customer with adequate information on important matters such as the content of the product and details of risks to

enable the customer to carry out transactions at their own discretion.

3. The Bank does not solicit customers by providing misleading statements, such as arbitrary decisions or false information.
4. The Bank does not solicit customers in a time or a place causing inconvenience to them.
5. The Bank continues to develop knowledge of products to make sound and appropriate solicitations that satisfy customers.

# Internal Audits

## Basic approach

The Group believes it is necessary and crucial to construct an effective internal audit system within the Group for the purpose of contributing to achieving our

management plan by adding values to and improving the Group's operation.

## Internal audit system

The Group has established internal audit departments independent of audited departments, which perform appropriate checks and balances, in the Company and our major Group companies. They evaluate the appropriateness and effectiveness of each process

of governance, risk management, and risk control at departments under audit, while adopting an attitude of compliance with rules. They also express objective opinions and request improvement on issues identified, or recommend corrections and provide advice.

### Hirogin Holdings

The Company has established the Business Audit Division, which is independent from audited departments and reports to the Board of Directors and the Audit and Supervisory Committee, and its collaboration with the Board of Directors and the Audit and Supervisory Committee as well as role sharing and cooperation with internal audit departments of Group companies enhance supervision and checks and balances (governance) on management and audited departments.

The Business Audit Division is responsible for the overall coordination of basic plans for the Group's internal audit. The Group's basic plans for internal audit in light of important risk items across Group companies are determined at the Board of Directors and the Audit and Supervisory Committee. Regarding the results of internal audit, the Business Audit Division summarizes the results

of internal audits by the Group's internal audit departments and the status of improvements and corrections, and reports to the Board of Directors and the Audit and Supervisory Committee on a regular basis.

Furthermore, acting as a controlling division responsible for the Group's internal audit function, the Business Audit Division receives reports on basic plans for internal audit from Group companies and confirms consistency with the Group's basic plans for internal audit. While conducting internal audits in cooperation with Group companies' internal audit departments, the Business Audit Division also receives reports on internal audit results from Group companies, monitors and examines internal control systems and the status of internal audits of Group companies, and gives instructions or takes other measures if necessary.

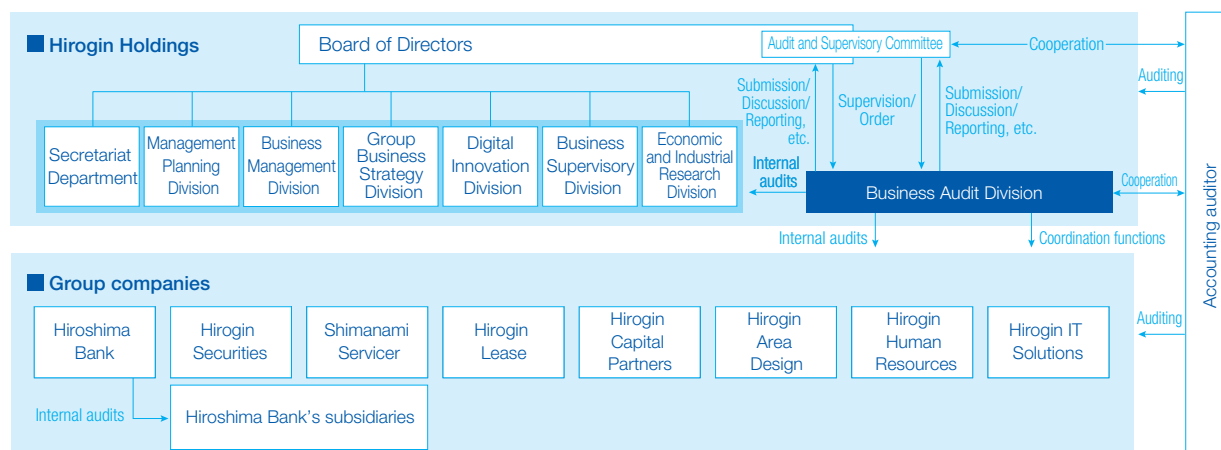
### Group companies

At the Group's major subsidiaries such as Hiroshima Bank as well, internal audit departments independent from audited departments are established to conduct internal audits. Each of these Group companies formulates basic plans for internal audit in accordance with the Group's basic plans for internal audit, and the plans

are determined by the Board of Directors and other organs.

Internal audit results are reported to each president and the Company without delay, while also being reported to the Board of Directors and other organs of the Company and other Group companies on a regular basis.

### Internal control system (as of April 1, 2022)



# Board of Directors and Executive Officers (As of June 24, 2022)

## Directors



### Koji Ikeda

Representative Director and Chairman

April 1977 Joined Hiroshima Bank  
April 2006 Executive Officer; General Manager, Fukuyama Sales Division, Hiroshima Bank  
April 2008 Managing Executive Officer; General Manager, Fukuyama Sales Division, Hiroshima Bank  
April 2009 Managing Executive Officer; General Manager, Management Planning Division, Hiroshima Bank  
June 2009 Managing Director; General Manager, Management Planning Division, Hiroshima Bank  
April 2011 Managing Director, Hiroshima Bank  
June 2012 President (Representative Director), Hiroshima Bank  
June 2018 Chairman (Representative Director), Hiroshima Bank  
October 2020 Chairman (Representative Director), the Company (current position)  
April 2022 Chairman, Hiroshima Bank (current position)



### Toshio Heya

Representative Director and President

April 1983 Joined Hiroshima Bank  
April 2008 General Manager, Hiroshima-Higashi Branch, Hiroshima Bank  
April 2011 General Manager, Management Planning Division, Hiroshima Bank  
April 2013 Executive Officer; General Manager, Head Office Business Department, Hiroshima Bank  
April 2015 Managing Executive Officer; General Manager, Head Office Business Department, Hiroshima Bank  
April 2016 Managing Executive Officer, Hiroshima Bank  
June 2016 Director & Managing Executive Officer, Hiroshima Bank  
June 2018 President (Representative Director), Hiroshima Bank  
October 2020 President (Representative Director), the Company (current position)  
April 2022 Director, Hiroshima Bank (retired on June 24, 2022)



### Kazuo Kiyomune

Director & Senior Managing Executive Officer

April 1986 Joined Hiroshima Bank  
October 2008 General Manager, Loan Business Planning Department of Banking Business Planning Division, Hiroshima Bank  
April 2010 General Manager, Loan Business Planning Department of Loan Business Planning Division, Hiroshima Bank  
April 2013 General Manager, Honkawa Branch, Hiroshima Bank  
April 2015 General Manager, Otemachi Branch, Hiroshima Bank  
April 2018 Executive Officer; General Manager, Kure Branch and Kure City Hall Sub-branch, Hiroshima Bank  
April 2020 Managing Executive Officer, Hiroshima Bank  
June 2020 Director & Managing Executive Officer, Hiroshima Bank  
October 2020 Director & Managing Executive Officer, the Company  
April 2022 Director & Senior Managing Executive Officer, Hiroshima Bank (current position)  
President (Representative Director), Hiroshima Bank (current position)



### Akiraa Ogi

Director & Senior Managing Executive Officer

April 1986 Joined Hiroshima Bank  
April 2008 General Manager, Business Planning Department of Banking Business Planning Division, Hiroshima Bank  
April 2013 General Manager, Hiro Branch, Hiroshima Bank  
April 2015 General Manager, Personnel & General Affairs Division, Hiroshima Bank  
April 2016 General Manager, Management Planning Division, Hiroshima Bank  
April 2017 Executive Officer; General Manager, Management Planning Division, Hiroshima Bank  
October 2018 Managing Executive Officer, Hiroshima Bank  
June 2019 Director & Managing Executive Officer, Hiroshima Bank  
April 2020 Director & Senior Managing Executive Officer, Hiroshima Bank  
October 2020 Director & Senior Managing Executive Officer, the Company (current position)  
April 2022 Director & Senior Managing Executive Officer (Representative Director), Hiroshima Bank (current position)



### Fumitsugu Kariyada

Director & Managing Executive Officer

April 1987 Joined Hiroshima Bank  
June 2007 General Manager, Planning Department of Management Planning Division, Hiroshima Bank  
April 2012 General Manager, Furuchi Branch, Hiroshima Bank  
April 2014 Deputy General Manager, Banking Business Planning Division, Hiroshima Bank  
April 2015 General Manager, Banking Business Planning Division, Hiroshima Bank  
April 2018 Executive Officer; General Manager, Tokyo Branch, Hiroshima Bank  
April 2020 Managing Executive Officer, Hiroshima Bank Advisor, Hirogin Securities  
June 2020 President (Representative Director), Hirogin Securities (current position)  
October 2020 Director & Managing Executive Officer, the Company (current position)



### Yuji Eki

Director (Audit and Supervisory Committee Member)

April 1986 Joined Hiroshima Bank  
June 2003 Associate General Manager in charge of Personnel & General Affairs Division, Hiroshima Bank  
October 2007 General Manager, Miyauchi Branch, Hiroshima Bank  
October 2010 General Manager, Itsukaichi-Yahata Branch, Hiroshima Bank  
April 2013 General Manager, Secretariat Department, Hiroshima Bank  
April 2016 General Manager, Hiroshima-Higashi Branch, Hiroshima Bank  
April 2019 Senior General Manager, Risk Management Division, Hiroshima Bank  
June 2019 Standing Audit & Supervisory Board Member, Hiroshima Bank  
October 2020 Full-time Audit & Supervisory Board Member, Hiroshima Bank  
June 2021 Director (Audit and Supervisory Committee Member), the Company (current position)



### Satoshi Miura

External

Director (Audit and Supervisory Committee Member)

June 1996 Senior Vice President and Head of Personnel, NIPPON TELEGRAPH AND TELEPHONE CORPORATION  
June 2002 President and Representative Director, Nippon Telegraph and Telephone East Corporation  
June 2007 President & CEO, NIPPON TELEGRAPH AND TELEPHONE CORPORATION  
June 2012 Chairman of the Board, NIPPON TELEGRAPH AND TELEPHONE CORPORATION  
June 2016 Director, Hiroshima Bank  
June 2018 Special Advisor, NIPPON TELEGRAPH AND TELEPHONE CORPORATION (current position)  
October 2020 Director (Audit and Supervisory Committee Member), the Company (current position)



### Hiroko Tani

External

Director (Audit and Supervisory Committee Member)

August 1989 Registered as a certified public accountant  
June 2004 Employee of KPMG AZSA & Co. (currently KPMG AZSA LLC)  
July 2018 Representative, Tani Certified Public Accountant Office (current position)  
July 2019 Representative Partner, Choshu Audit Corporation (retired on June 30, 2022)  
June 2020 External Member of the Board of Directors (Audit & Supervisory Committee Member), Kyushu Electric Power Co., Inc. (retired on June 28, 2022)  
June 2022 Director (Audit and Supervisory Committee Member), the Company (current position)



### Toshiaki Kitamura

External

Director (Audit and Supervisory Committee Member)

April 1983 Joined Fujitsu Limited  
July 2000 Associate Professor, Center for Information and Multimedia Studies, Kyoto University  
April 2002 Professor, Department of Computer and Network Engineering, Faculty of Information Sciences, Hiroshima City University  
April 2014 Guest Senior Researcher, Green Computing Systems Research Organization, Waseda University (Guest Professor, Research Council) (current position)  
June 2016 Fellow, Oscar Technology Corporation  
July 2016 Professor emeritus, Hiroshima City University (current position)  
June 2022 Director (Audit and Supervisory Committee Member), the Company (current position)

## Executive Officers

**Shinichi Fukamachi**  
Managing Executive Officer

**Shinichi Yokomi**  
Managing Executive Officer

**Kenichiro Fujii**  
Executive Officer

**Susumu Kodama**  
Executive Officer

# Website Links

Refer to our website for our corporate profile and IR information.



**Top page**  
(<https://www.hirogin-hd.co.jp>)



**Corporate Information**  
(<https://www.hirogin-hd.co.jp/company/index.html>)



**To Our Shareholders and Investors**  
(<https://www.hirogin-hd.co.jp/ir/index.html>)



**Initiatives for Sustainability**  
(<https://www.hirogin-hd.co.jp/csr/index.html>)