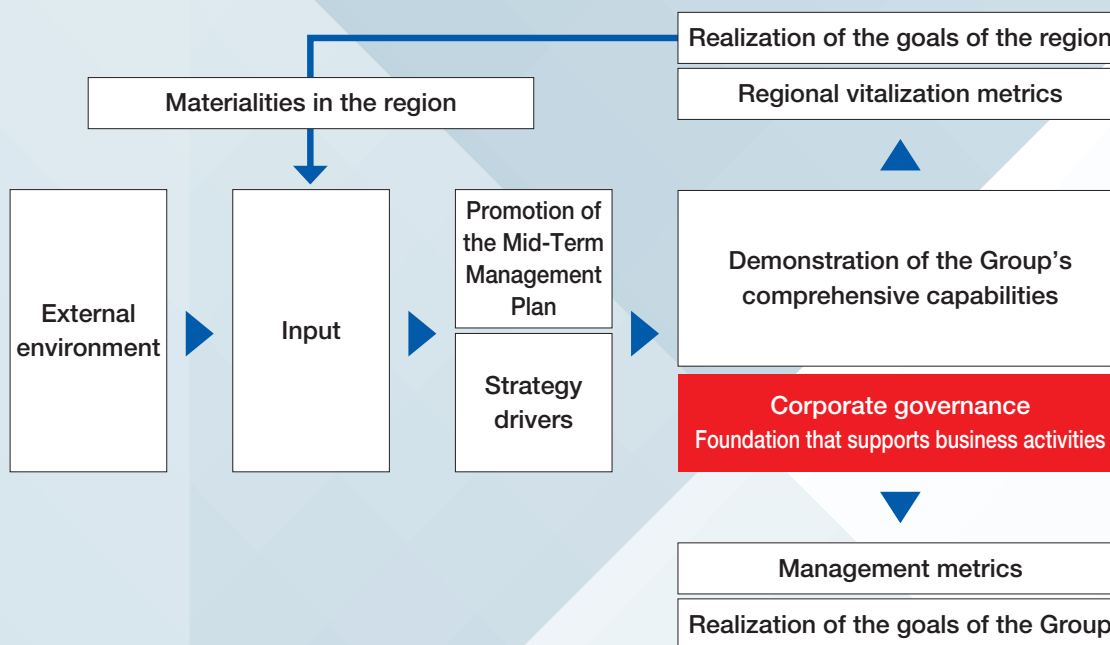


How are we Strengthening

Positioning within the value creation story described in this section



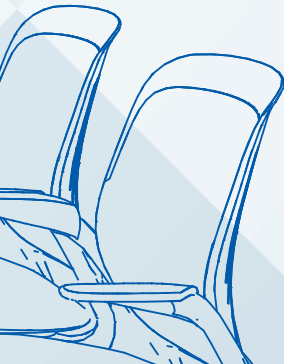
our Management Base?

What we want to communicate in this section

- | Approaches and initiatives for sophistication of governance
- | Various risks and IT-related strategies and security
- | Dialogue and communication with stakeholders

Contents

Interview with an External Director	105-108
Corporate Governance	109-116
Risk Management	117-118
IT Strategy (Building a Next-Generation Backbone System)	119
Cybersecurity	120
Compliance	121
Respect for Human Rights	122
Customer Protection Management.....	123
Internal Audits	124
Communication with Stakeholders	125-126
Third-Party Assurance	127-128



A portrait of Yoshinori Shinmen, an External Director, smiling. He is wearing a dark suit, a light blue shirt, and a blue tie. The background is a blurred office setting with windows.

Enhancing value of the ever-evolving Hirogin Group together with the local community

Yoshinori Shinmen

External Director

Q1 Please share the story behind the formulation of the Group's Purpose and the Mid-Term Management Plan 2024.

The actual formulation took about a year, but there were a few years of preparation before that during which various discussions were held and concepts evolved.

When I assumed my role of external Director at Hiroshima Bank in 2020, it seemed that local community issues were primarily handled by government bodies, with the bank responding accordingly. However, what has significantly changed in the latest mid-term management plan is that the Hirogin Group has clearly taken the lead in proactively addressing and solving such issues.

Our Purpose contains the slogan "Expanding the horizons of the future." These words express our management philosophy's emphasis on sustainability and our future-oriented stance. In the Mid-Term Management Plan 2024, we look 10 years into the future and backcast

from that point to develop our plan for the first five years. Of particular note is the establishment of a task force composed of young employees from Generation Z, and a working group composed of members ranging from young people to mid-career and core personnel, all of whom provided proposals on the theme of creating the future. External Directors received these proposals directly from members and exchanged opinions. We also held open discussions with executives from Hirogin Holdings and the Group companies, as well as employees from various generations, about the way a company, workplace, and work ought to be. The opinions exchanged provided insights into the frontline operations of the Group, serving as reference for assessing the direction and feasibility of the mid-term management plan.

Q2 From your perspective as an external Director, what are some of the issues that should be prioritized?

From the perspective of shareholders and investors, I think it is important to improve our performance figures. We have established various companies to expand the scope of our business, but the biggest challenge remains how to monetize results of group management and further increase business performance. For the time being, we will leverage the Group's proven collaboration to refer customers among Group companies, primarily Hiroshima Bank, Hirogin Securities, and Hirogin Lease, to enhance overall Group business results. Eventually, we envision reaching a phase where each Group company independently generates revenue.

We are focused on expanding and strengthening our core businesses, and while monetization is naturally a priority, we have companies such as Hirogin Area Design—a consulting firm for regional vitalization involved in the upstream aspects of businesses—that prioritize planting seeds in the community from the medium- to long-term perspective, rather than chasing profits from the short-term perspective. While it remains to be seen just how those seeds will grow in the future, we external Directors emphasize that the profitability of individual companies should not be of immediate concern when it comes to “expanding the horizons of the future” for the local community and the Group as a whole. When we

examine the strategies and plans actually presented by these companies (including Hirogin Area Design), we find proposals that reflect a clear understanding of the potential to generate revenue both independently and in synergy with the Group. I believe that the Group's expansion will proceed with a focus on organic growth.

Diversity issues are also extremely important. A few years ago, the figures proposed by the executives on issues such as the ratio of women in managerial positions, differed from our expectations as external Directors in terms of levels and speed of introduction. However, after discussions at the Board of Directors meetings, the targets were boldly raised.

The Hirogin Group has the agility to dynamically review these issues and integrate changes into its operations. However, as making changes to the personnel affairs as a long-term matter is rather challenging, we, the external Directors, were eager to see how it would be done. Subsequent changes in personnel management have resulted in an obvious increase in the number of female managers and the appointment of the first female executive officer, which indicates the Group's stable implementation of the measures. We will continue to observe the progress in this area.

Q3 From the perspective of your field of expertise, are there any particular aspects of the changing environment surrounding the financial industry that you are concerned about?

Regional financial institutions directly impacted by population decline must evolve their business models. Rather than relying solely on traditional banking services, they need to build new business portfolios and form an ecosystem of mutual support with the local community, positioning themselves as regional comprehensive services providers. The Hirogin Group has both the determination and capability for transformation to do so. This is evident not only from their move to become a holding company with only one bank under its umbrella—a pioneering move within the regional banking industry—but also through their strategic establishment of Group companies, each with a clear vision.

Addressing digital transformation (DX) is also a challenge. The financial business is highly compatible with digital technology, leading to diversification in forms such as online banks and securities firms. We must continue to be prepared for further competition from other sectors. While monitoring the rapid changes in megabanks and major and medium-sized securities firms, we are carefully considering what we should and can do as a regional financial institution, and are collaborating as a group to devise strategies for further development that leverage our strength of being deeply rooted in the community.



Creating chemistry by bringing an external perspective and stimulating each other through communication

Q4 | What are your thoughts on offensive and defensive corporate governance?

We often hear terms like “offensive governance” and “defensive governance,” but basically I think it is important to consider sources of revenue. In order to nurture and protect these sources of revenue, it is important to thoroughly consider the kind of initiatives that are necessary, and then implement them. Since revenue is generated through transactions with customers, it is only natural that our approach should put customers first, and it is also important to enable the Group companies and employees that do business with them to sufficiently demonstrate their abilities. We believe the key is to maintain this perspective when conducting evaluations, and implement governance consistently without bias.

At Hirogin Holdings, a survey is conducted each year among the Board members to assess the effectiveness of the Board of Directors as part of our corporate governance review. The results of this survey are submitted to an external organization, which then provides us with feedback, including comparisons with other companies.

Incorporating views from specialized reference material and discussions with external Board members from other companies, I strive to thoroughly assess the necessary aspects of governance and provide candid recommendations. Taking these opinions into account, the Group has enabled external Directors to access the minutes of management meetings. This has allowed external

Directors to better understand the actions and perspectives of management.

The day before a Board of Directors meeting, an advance explanatory meeting is held to present the agenda and report items, incorporating discussions from the Group Management Board meetings and various committees, which helps to develop a deeper understanding of individual matters. Major topics are brought up as report items at the Board of Directors meeting multiple times from different perspectives, allowing for more comprehensive discussions and thorough examination before any decisions are made. This ensures that there is ample opportunity to repeatedly consider agenda items. So it is fair to say that there are systems and procedures in place that allow the Board of Directors to function effectively as a monitoring board.

The transition to MEJAR banking system, which will be Hiroshima Bank’s next-generation backbone joint system, is a long-term, large-scale project that we aim to follow closely. While joint systems pose inherent challenges in terms of collaboration, the benefits they offer can be substantial. While ensuring a safe transition is of course our top priority, as part of our governance, we also plan to monitor whether efforts are being made to fully leverage the benefits of this system with the other participating banks that are welcoming us as a new member.

Q5 | There seem to be various opinions on the earning power of Japanese companies. What are your thoughts on this matter?

When it comes to the earning power of regional financial institutions, the source is none other than the local community. The Purpose of Hirogin Group is “expanding the horizons of the future alongside the regional community through wide-ranging services.” The phrase “alongside the regional community” signifies our commitment to mutual growth, recognizing that the Group cannot grow unless the local community develops. It underscores our resolve to stimulate regional vitalization and create business opportunities for our Group, thereby achieving mutual prosperity. If we leverage the Hirogin Group’s management capabilities and the potential of each employee, surely we can make this vision a reality.

In our mid-term management plan, we outline how we will grow and enhance our value as a group together with the local community. An equity story that depicts the improvement of corporate value is essential for deepening investor understanding and raising their expectations. The issue of improving corporate value is seriously considered on a daily basis not only by the executive management, but also by each department. However, many initiatives cannot be implemented or publicly disclosed without going through the Board of Directors. Given that fact, we recognize the significant responsibility we have of ensuring that discussions held in Board of Directors meetings are meaningful.

Q6 | How do you view your own responsibilities?

In addition to predictable yet challenging issues like the decrease in population, we are witnessing generational differences in terms of awareness and problem perception, as well as unimaginably rapid technological advancements, notably AI. Given this context, I find myself asking “What actions we should take as a corporate entity?” “How can I personally contribute?” At the very least, it seems that conventional cognitive skills and conventional communication may not be sufficient to adapt to these changes in awareness and technology.

Within the Hirogin Group, there is a palpable enthusiasm from the top management to the younger employees about changing one’s mindset and business practices to confront these changes. To effectively respond to the stream of new changes, it is more essential than ever for every Group member to engage in open and candid discussions and share ideas. This will foster a dynamic workplace and organizational culture where progress and profitability are sustained, enabling the Group to grow, prosper, and become a leading force in the community. I hope to act as a catalyst to facilitate this process. By bringing an external perspective and stimulating each other by means of dialogue with Group members through direct interaction and via communication tools, I will endeavor to create chemistry.

My primary role, needless to say, is to contribute as much as possible to the discussions of the Board of

Directors from my position as an independent external Director. I fully recognize the intentions behind each proposal presented to the Board to grow the Hirogin Group and contribute to the local community, and I constantly ponder how best to support them in a way that will build a group with the resilience to thrive amid these changes while creating future possibilities for the community.



Board of Directors

The Company's Board of Directors consists of 11 members, including five 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.

Specific details considered by the Board of Directors (FY2023)

(1) Matters relating to the basic management policy, management strategy, and management planning of the Group

- Next mid-term management plan (Mid-Term Management Plan 2024)
- Group management plan/sales plan
- Hiroshima Bank's next-generation backbone system
- Management development of the Group companies, etc.

(2) Responses to issues surrounding sustainability and matters relating to strategies for utilizing digital technology, etc.

- Carbon neutrality strategies
- Human resource strategies
- Human rights
- DX strategies
- Cybersecurity, etc.

(3) Matters relating to risk management, compliance and internal audits

- Group Risk Appetite Statement
- Group compliance program
- Group's basic plans for internal audit, etc.

(4) Matters relating to corporate governance

- Evaluation of effectiveness of the Board of Directors
- Status of maintenance and operation of internal control systems
- Status of compliance with the Corporate Governance Code of the Tokyo Stock Exchange
- Status of the Company's shares and IR implementation
- Cross-shareholdings, etc.

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 Committee 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 two Representative Directors and five 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

Board of Directors
11 Directors




Independent external Directors
5 Directors
(of which, 2 female directors)

Audit and Supervisory Committee
4 Directors



Independent external Directors
3 Directors
(of which, 1 female director)

Group Nomination and Compensation Advisory Committee
7 Directors



Independent external Directors
5 Directors
(of which, 2 female directors)

Sophistication of corporate governance through evaluation of 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.

In FY2023, based on the analysis and evaluation of the effectiveness of the Board of Directors in FY2022, the Company worked on enhancing the effectiveness of the Board of Directors as described below.

The Company will continue to promote efforts to further enhance the effectiveness of the Board of Directors through evaluations of its effectiveness, with the goal of realizing effective corporate governance.

Plan: Examination and response policy for FY2023 based on the results of analysis and evaluation for FY2022

- | | |
|--|--|
| <p>(1) Measures to sophisticate the deliberations at Board of Directors meetings</p> <p>(2) Measures to streamline the operation of the Board of Directors</p> | <p>(3) Measures to sophisticate the management personnel development process</p> <p>(4) Measures to ensure the diversity of core human resources</p> |
|--|--|

Do: Implementation of measures to enhance effectiveness of the Board of Directors based on the examination and response policy for FY2023

(1) Measures to sophisticate the deliberations at Board of Directors meetings

- In order to deepen strategic discussions in the Board of Directors, the Board of Directors made free discussions on "important themes in management" from a medium- to long-term perspective 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) regarding self-analysis (issue recognition and growth strategies) from a medium- to long-term perspective, etc.

Implementation status of free discussions at Board of Directors meetings (FY2023)

1. Free discussions on "important themes in management"

- Direction of carbon neutrality strategies in the next mid-term management plan (Mid-Term Management Plan 2024) (September 2023)
- Direction of human resource strategies in the next mid-term management plan (Mid-Term Management Plan 2024) (October 2023)
- Direction of DX strategies in the next mid-term management plan (Mid-Term Management Plan 2024) (November 2023)

2. Execution presentations by Group company presidents

- | | |
|--|---|
| <ul style="list-style-type: none"> Management development of Hirogin Human Resources (August 2023) Management development of Shimanami Servicer (August 2023) Management development of Hirogin Capital Partners (August 2023) Management development of Hirogin Lease (September 2023) Management development of Hirogin IT Solutions (September 2023) | <ul style="list-style-type: none"> Management development of Hirogin Area Design (September 2023) Management development of Hirogin Business Service (September 2023) Management development of Hirogin Credit Service (September 2023) Management development of Hirogin REIT Management (September 2023) Management development of Hirogin Securities (October 2023) |
|--|---|

(2) Measures to streamline the operation of the Board of Directors

- In order to allocate time to important agenda items, the Board of Directors has continued to hold the advance explanatory meetings for the external officers as usual, on the day before the Board of Directors meeting. In addition, the Board of Directors has implemented measures to ensure substantial discussion time for important agenda items, such as deciding in advance which agenda items should be deepened in particular for discussion and allocating more discussion time to those items at the Board of Directors meeting.

(3) Measures to sophisticate the management personnel development process

- In order to enhance the exchange of opinions and dialogues between external officers and the executive side, the Board of Directors newly established the Meeting for Exchange of Opinions with External Officers. It held meetings for the President of the Company and the President of Hiroshima Bank, a subsidiary of the Company, to exchange opinions with external officers on the theme of selection and development process of management personnel / management personnel candidates. The Board of Directors has also implemented measures to sophisticate the management personnel development process, such as holding meetings for external officers and management personnel / management personnel candidates to exchange opinions between them.

Implementation status of exchange of opinions and dialogues between external officers and the executive side (FY2023)

1. Meetings for exchange of opinions with external officers

- The President of the Company and the President of Hiroshima Bank (August 2023)
- Young and mid-career employees (September 2023)
- Management personnel and management personnel candidates (November 2023)
- Mid-career employees at headquarters (March 2024)

2. Lunch meetings with external officers

- Department General Managers and Associate General Managers at headquarters (July 2023)
- Chief Area Officers, General Manager of Business Planning Division (September 2023)
- Female employees at headquarters (October 2023)
- Full-time employees at Group companies (January 2024)
- Presidents of Group Companies (March 2024)



(4) Measures to ensure the diversity of core human resources

- The Company has enhanced and strengthened measures to provide Directors with further knowledge and information for ensuring diversity in core human resources and to improve the effectiveness of the Board of Directors, such as holding an officer training seminar in December 2023 on the theme of women's active participation.
- The Sustainability Management Division was newly established in April 2024. In addition, the Sustainability Coordination Group was established within the Division and the DE&I (Diversity, Equity & Inclusion) Management Office was established within the Group to expand and enhance initiatives related to DE&I.
- In April 2024, the Company appointed the first female executive officer from among the personnel on professional career track who had played the core role in the DE&I departments.

Check: Evaluation and analysis of the effectiveness of the Board of Directors in FY2023

(1) Status of maintenance and operation of internal control systems

- The Board of Directors received a report at the Board of Directors meeting held in March 2024 on the status of maintenance and operation of internal control systems for FY2023 and confirmed that there were no issues with their effectiveness.

(2) Evaluation and analysis of the effectiveness of the Board of Directors

- From February to March 2024, the Company, with the advice of an external organization, conducted a questionnaire survey for all Directors who are members of the Board of Directors to evaluate and analyze the effectiveness of the Board of Directors. The responses were submitted directly to the external organization, thereby ensuring anonymity.
- The Board of Directors evaluated and analyzed its effectiveness for FY2023 at the Board of Directors meeting held in May 2024 based on the report on the survey results compiled by the external organization, and confirmed that effectiveness has been secured in the Board of Directors of the Company.
- The Board of Directors confirmed that its effectiveness was enhanced throughout FY2023. In particular, the measures taken throughout FY2023 to improve the issues recognized in the effectiveness evaluation of the Board of Directors in FY2022 were all appreciated positively.
- 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 operation of the Board of Directors, and shared the acknowledgment that further initiatives would be required to sophisticate the management personnel development process.

Action: Examination and response policy for FY2024 based on the results of analysis and evaluation for FY2023

(1) Measures to sophisticate the deliberations at Board of Directors meetings

(3) Measures to sophisticate the management personnel development process

(2) Measures to sophisticate the operation of the Board of Directors

Progress in strengthening corporate governance

	FY2020	FY2021	FY2022	FY2023	FY2024
Purpose / Management Policy	• Reviewed the Management Policy			• Established the Purpose	
Basic policy for Corporate Governance	• Newly established	• Amended based on revisions in CG Code			
Strategy	• Formulated the Mid-Term Management Plan 2020			• Formulated the Mid-Term Management Plan 2024	
Organization	• Transitioned to a holding company structure (established Hirogin Holdings)				
Separation of supervision and execution	• Adopted the organizational format of a "Company with an Audit and Supervisory Committee"			• Abolished the concurrent post of holding company president and bank president	
Nomination and compensation	• Established the Group Nomination and Compensation Advisory Committee	• Newly established a skills matrix	• Revised the skills matrix		
	• 3 external Directors (of which, 1 female director)			• 4 external Directors (of which, 1 female director)	• 5 external Directors (of which, 2 female directors)
	• Established policies regarding decisions on the details of individual compensation of Directors				• Reviewed the monetary performance-linked compensation system
Sophisticating the deliberations and streamlining of the operation of the Board of Directors		★ Introduced free discussions on "important themes in management" ★ Introduced execution presentations by Group company presidents			
		★ Reviewed the process of formulating the management plan ★ Reviewed the operation of advance explanatory meetings ★ Categorized agenda items into regular reports on business execution, important proposals and other matters, and allocated discussion time according to the importance of each category	★ Enhanced information sharing with external officers on the preliminary review process by the executive side (shared in advance materials and minutes of the Group Management Board meeting, etc.)	★ Presented in advance agenda items that should be deepened in particular for discussion (marked those items as [Special] on the agenda of Board of Directors meetings)	★ Strengthened explanations to external officers on the preliminary review process by the executive side (posted materials on key points of opinions expressed at the Group Management Board meeting, etc.)
Strengthening dialogues with shareholders			★ Strengthened and enhanced IR activities by the President and Director & Senior Managing Executive Officers, etc. ★ Enhanced feedback to the Board of Directors on opinions and requests from investors and other stakeholders		
Enhancing officer training			★ Held two officer training seminars annually		
Sophisticating the management personnel development process				★ Strengthened discussion on the management personnel development process ★ Newly established the Meeting for Exchange of Opinions with External Officers	
Ensuring the diversity of core human resources			• Set targets for the ratio of women in managerial positions	★ Raised the targets for the ratio of women in managerial positions, etc.	★ Appointed the Company's first female executive officer ★ Newly established the DE&I Coordination Office

★ mark indicates major measures for improvement and sophistication to address issues identified in the evaluation of effectiveness of the Board of Directors.

Board of Directors and Executive Officers (As of June 26, 2024)

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



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, the Company (current position)
President (Representative Director), Hiroshima Bank (current position)



Shinichi Yokomi
Director & Senior Managing Executive Officer

April 1989 Joined Hiroshima Bank
October 2010 General Manager, Private Banking Department of Personal Sales Division, Hiroshima Bank
April 2017 Deputy General Manager, Asset Management Division, Hiroshima Bank
April 2018 General Manager, Asset Management Division, Hiroshima Bank
October 2018 General Manager, Management Planning Division, Hiroshima Bank
April 2020 Executive Officer, General Manager, Management Planning Division, Hiroshima Bank
October 2020 General Manager, Management Planning Group of Management Planning Division, the Company
November 2021 General Manager, Management Planning Group of Management Planning Division, the Company
April 2022 Managing Executive Officer, the Company
June 2022 Managing Executive Officer, Hiroshima Bank
April 2024 Director & Managing Executive Officer, Hiroshima Bank
June 2024 Senior Managing Executive Officer, the Company
Director & Senior Managing Executive Officer (Representative Director), Hiroshima Bank (current position)
Director & Senior Managing Executive Officer, the Company (current position)



Yuji Hiroe
Director & Senior Managing Executive Officer

April 1989 Joined Hiroshima Bank
April 2011 General Manager, Yoshijima Branch, Hiroshima Bank
April 2013 General Manager, Loan Business Planning Department of Loan Business Planning Division, Hiroshima Bank
April 2016 General Manager, Fukuyama Ebisumachi Branch, Hiroshima Bank
April 2018 General Manager, Personnel & General Affairs Division, Hiroshima Bank
April 2020 Executive Officer, General Manager, Kure Branch and Kure City Hall Sub-branch, Hiroshima Bank
April 2022 Managing Executive Officer, Hiroshima Bank
June 2022 Director & Managing Executive Officer, Hiroshima Bank
April 2024 Director & Senior Managing Executive Officer, Hiroshima Bank (current position)
Senior Managing Executive Officer, the Company
June 2024 Senior Managing Executive Officer, the Company (current position)



Tatsuro Kumano
Director
(Audit and Supervisory Committee Member)

April 1988 Joined Hiroshima Bank
October 2011 Associate General Manager, Personnel Planning Department, Personnel & General Affairs Division, Hiroshima Bank
April 2014 General Manager, Furuichi Branch, Hiroshima Bank
April 2016 General Manager, Official Business Sales Department, Hiroshima Bank
April 2019 General Manager, Yokogawa Branch, Hiroshima Bank
April 2021 Senior General Manager, Risk Management Division, Hiroshima Bank
June 2021 Full-time Audit & Supervisory Board Member, Hiroshima Bank
June 2023 Director (Audit and Supervisory Committee Member), the Company (current position)

External Directors



Yoshinori Shinmen
Director

April 1980 Joined Bank of Japan
March 2007 General Manager, Kyoto Branch, Bank of Japan
July 2009 Internal Auditor, Bank of Japan
November 2010 Consultant, The Securities Analysts Association of Japan
October 2011 Director-General, The Securities Analysts Association of Japan
August 2015 Chair, The Securities Analysts Association of Japan
August 2017 Director, The Securities Analysts Association of Japan
June 2020 External Director, Hiroshima Bank
June 2023 External Director, the Company (current position)



Harumi Matsumura
Director

April 1976 Joined Seibu Department Stores, Ltd. (currently Sogo & Seibu Co., Ltd.)
June 2004 Representative Director, HENRI CHARPENTIER Co., Ltd. (currently SUZETTE Co., Ltd.)
July 2011 Senior Executive Officer, JS Group Corporation (currently LXIL Corporation)
November 2016 Senior Executive Officer, LXIL Corporation
Executive Officer, Executive Vice President, LXIL Group Corporation (currently LXIL Corporation)
Director and Senior Managing Officer, LXIL Corporation
July 2019 Outside Director, Rock Field Co., Ltd. (current position)
June 2022 External Director, Kamigumi Co., Ltd. (current position)
June 2023 External Company Auditor, Hiroshima Bank
June 2024 External Director, the Company (current position)



Hiroko Tani
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
June 2020 External Member of the Board of Directors (Audit & Supervisory Committee Member), Kyushu Electric Power Co., Inc.
June 2022 External Director (Audit and Supervisory Committee Member), the Company (current position)



Toshiaki Kitamura
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)
April 2016 Fellow, Oscar Technology Corporation
July 2016 Professor emeritus, Hiroshima City University (current position)
June 2022 External Director (Audit and Supervisory Committee Member), the Company (current position)



Yuji Okuma
Director
(Audit and Supervisory Committee Member)

April 1982 Joined TOKYU LAND CORPORATION
June 2011 Director, TOKYU LAND CORPORATION
October 2013 Director, Tokyu Fudosan Holdings Corporation
April 2015 President and Representative Director, Tokyu Fudosan Holdings Corporation
April 2017 President & CEO, TOKYU LAND CORPORATION
June 2020 Representative Director and Vice Chairman, Tokyu Fudosan Holdings Corporation
Chairman, TOKYU LAND CORPORATION
April 2021 Vice Chairman, Tokyu Fudosan Holdings Corporation
June 2022 Director, Tokyu Fudosan Holdings Corporation
April 2022 Representative Director and President, Tokyu Research Institute, Inc. (current position)
July 2022 Special Advisor, TOKYU LAND CORPORATION (current position)
June 2024 External Director (Audit and Supervisory Committee Member), the Company (current position)

Executive Officers

Minoru Fujihiro
Managing Executive Officer

Kenichiro Fujii
Managing Executive Officer

Susumu Kodama
Managing Executive Officer

Toshihide Horii
Executive Officer

Kazuyuki Ishihara
Executive Officer

Asako Kinoshita
Executive Officer

Skills matrix of Directors

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

matrix of Directors based on the deliberations at the Group Nomination and Compensation Advisory Committee, and utilizes it when nominating candidates for Directors.

Directors						
Name	Gender	Position	Experience and expertise			
			Management strategy/sustainability	Legal affairs/risk management	Business strategy	DX/IT/System
Koji Ikeda	Male	Chairman (Representative Director)	●	●	●	●
Toshio Heya	Male	President (Representative Director)	●	●	●	●
Kazuo Kiyomune	Male	Director & Senior Managing Executive Officer	●	●	●	
Shinichi Yokomi	Male	Director & Senior Managing Executive Officer	●		●	
Yuji Hiroe	Male	Director & Senior Managing Executive Officer	●		●	
Tatsuro Kumano	Male	Director (Audit and Supervisory Committee Member)		●	●	

External Directors						
Name	Gender	Position	Areas of expertise particularly expected			
			Corporate management/sustainability	Economy/finance	Financial affairs/accounting	DX/IT/System
Yoshinori Shinmen	Male	Director		●		
Harumi Matsumura	Female	Director	●			
Hiroko Tani	Female	Director (Audit and Supervisory Committee Member)			●	
Toshiaki Kitamura	Male	Director (Audit and Supervisory Committee Member)				●
Yuji Okuma	Male	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.)." (Please see page 75 for details.)

In addition, from FY2023, in order to enhance the exchange of opinions and dialogues between external officers

and the executive side, the Board of Directors newly established the Meeting for Exchange of Opinions with External Officers. It held meetings for the President of the Company and the President of Hiroshima Bank, a subsidiary of the Company, to exchange opinions with external officers on the theme of selection and development process of management personnel / management personnel candidates. The Board of Directors has also implemented measures to sophisticate the management personnel development process, such as holding meetings for external officers and management personnel / management personnel candidates to exchange opinions between them.

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 training

The Company provides appropriate training opportunities for external Directors to ensure that they can effectively fulfill their roles and responsibilities, such as by arranging and providing training for newly appointed Directors through outside institutions and organizations, as well as by holding presentations on the governance structure and management strategies and policies of the Group.

Furthermore, the Company has enhanced and strengthened measures in FY2023 to provide Directors with further knowledge and information and to improve the effectiveness of the Board of Directors, such as holding officer training seminars on the themes of human rights in June 2023 and women's active participation in December 2023 as part of initiatives to enhance the effectiveness of the Board of Directors.

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 above.

■ 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 improve business performance.

Specifically, from the perspective of ensuring transparency, objectivity, and fairness and fully fulfilling accountability to shareholders and other stakeholders, the Company's profit attributable to owners of 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)

[Profit attributable to owners of parent] (yen)	[Performance-linked coefficient]
More than 45 billion	1.500
More than 40 billion – 45 billion or less	1.375
More than 35 billion – 40 billion or less	1.250
More than 30 billion – 35 billion or less	1.125
More than 25 billion – 30 billion or less	1.000
More than 20 billion – 25 billion or less	0.875
More than 15 billion – 20 billion or less	0.750
More than 10 billion – 15 billion or less	0.625
10 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	●	—	—
External Directors	●	—	—
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 2024 based on the review and deliberations by the Group Cross-shareholdings Review Committee, 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.

In the event that a company holding the Company's shares as cross-shareholdings expresses an intention to sell or otherwise dispose of the Company's shares, the Group will not prevent them from doing so by implying a reduction in transactions with the Group or by any other means.

In addition, as a near-term shrink target of cross-shareholdings, the Group aims to reduce the total market value of shareholdings of shares other than unlisted shares and deemed shareholdings to "less than 20% of the Group's consolidated net assets" by the end of March 2025.

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

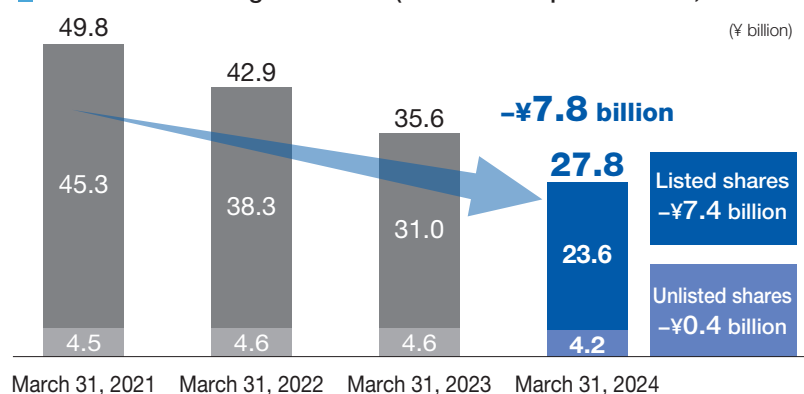
(1) Policies regarding cross-shareholdings of listed shares

- (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 reviews the significance of holding them periodically by evaluating 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.

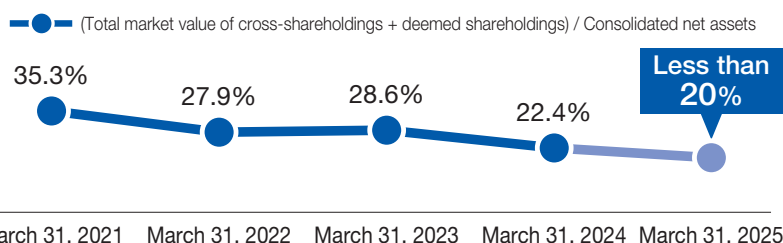
(2) Standards for exercise of voting rights for cross-shareholdings

- (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 shares (based on acquisition cost; excludes deemed shareholdings)



Shrink target of cross-shareholdings



Risk Management

Basic approach

In order to fully justify the trust of customers and shareholders, the Group must be able to ensure appropriate levels of earnings and stable operations, by dealing appropriately with various kinds of risk its operations are subject to, while remaining a soundly managed institution.

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 appropriately manages all categories of risk on an integrated basis.

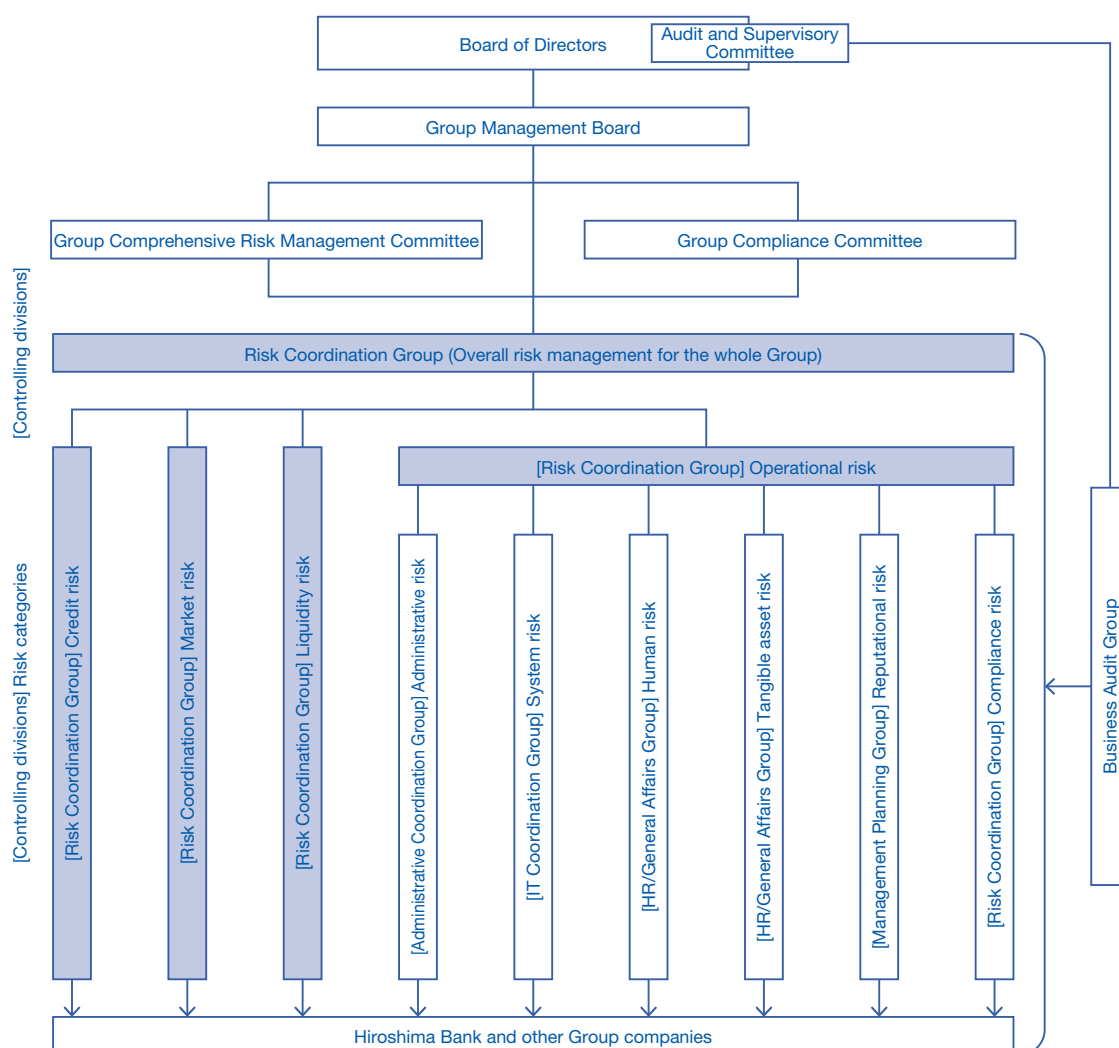
Risk management framework

For management of major categories of risk—credit, market, liquidity and operational risks—we have dedicated offices. The Risk Coordination Group manages risks centrally and comprehensively. To position us to deal appropriately with the increasing diversification and complexity of risk, we have established a Group Comprehensive Risk Management Committee and carry out 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.

► Risk management framework (as of April 1, 2024)



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 Purpose / Management Policy.

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

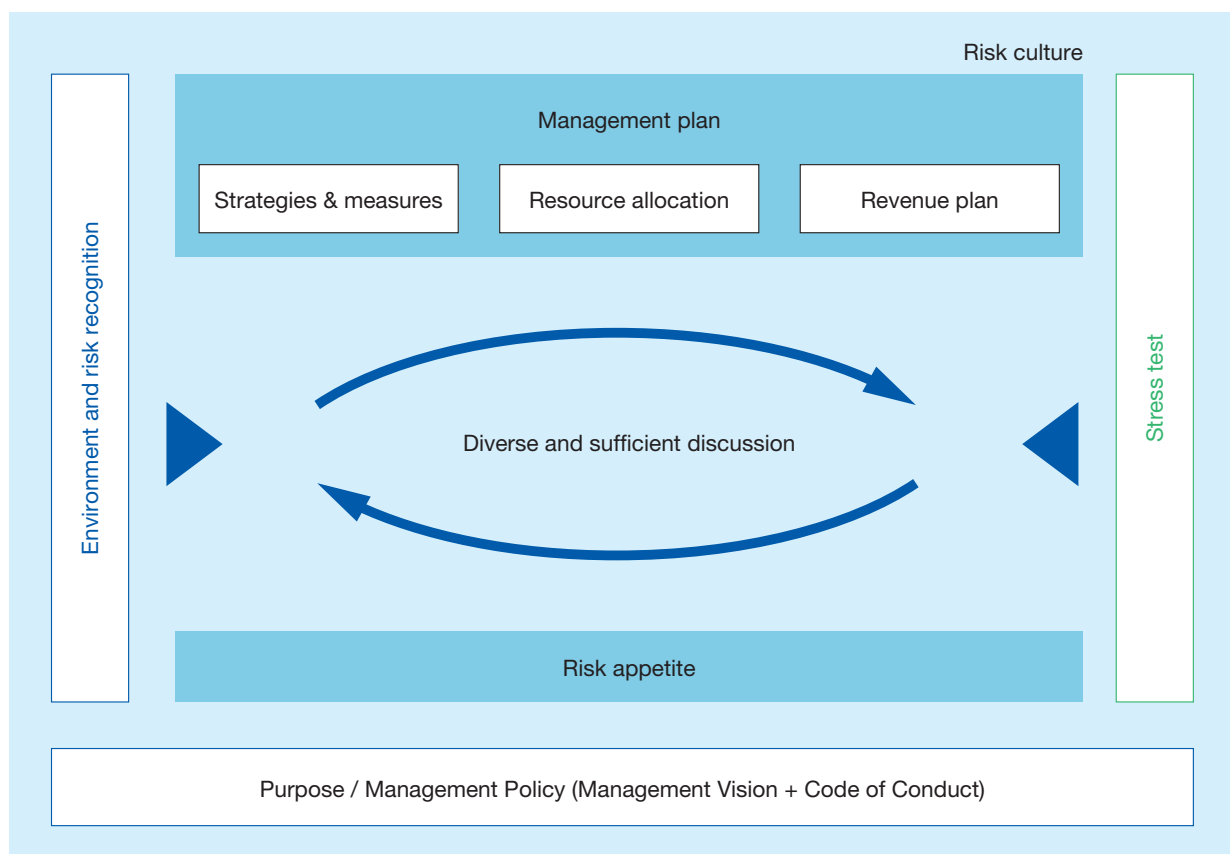
decision-making related to risk recognition, risk-taking, risk management, etc., and that it is a factor to the base for building strong risk governance. Based on that recognition, the Group has established the Hirogin Group's Risk Culture, while ensuring consistency with its Code of Conduct.

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.



IT Strategy (Building a Next-Generation Backbone System)

Preparation for a next-generation backbone system (participation in the MEJAR system and the basic agreement on detailed study)

Hiroshima Bank aims for the migration from a main-frame-based system to a cloud-based system, a next-generation backbone system, by 2030.

In order to achieve the migration, Hiroshima Bank participated in the shared system (MEJAR*), which had been operated by the Bank of Yokohama, Ltd., the Hokuriku Bank, Ltd., the Hokkaido Bank, Ltd., the 77 Bank, Ltd., and the Higashi-Nippon Bank, Limited since January 2010. We also concluded the basic agreement

* MEJAR stands for Most Efficient Joint Advanced Regional banking-system.

to conduct a detailed study toward sharing the system among the six banks.

By participating in the MEJAR scheme, we will realize a next-generation backbone system based on a cloud platform, which enables the flexible provision of financial services and the reduction of IT investment. At the same time, we will promote the DX strategies to achieve the growth of the core business.

Arrangement during the period until migration to a next-generation backbone system (from FY2022 to FY2030)

Hiroshima Bank has extended the operation of backbone system Flight21 until FY2030, which has been shared with Fukuoka Financial Group, Inc. (Fukuoka FG), IBM Japan Ltd. (General Manager: Akio Yamaguchi) and Kyndryl Japan KK (President: Takashi Uesaka). At the same time, we started the core banking system modernization for the period from FY2022 to FY2026. Through the modernization, we will work with Fukuoka FG to (1) improve efficiency in the accounting and information systems by renewing of the structure and transitioning to open architecture and (2) newly establish a channel

integration infrastructure and sophisticate it by enhancing the API infrastructure.

Hiroshima Bank and Fukuoka FG have been working together as important partners both in system and business activities, from the go-live in 2003 of the current backbone system (through system sharing) up until now. As a result of Hiroshima Bank's migration to the next-generation backbone system, the two banks will operate systems separately from FY2030 onward. However, we will maintain the business partnership even after FY2030.

► Roadmap for building a next-generation backbone system

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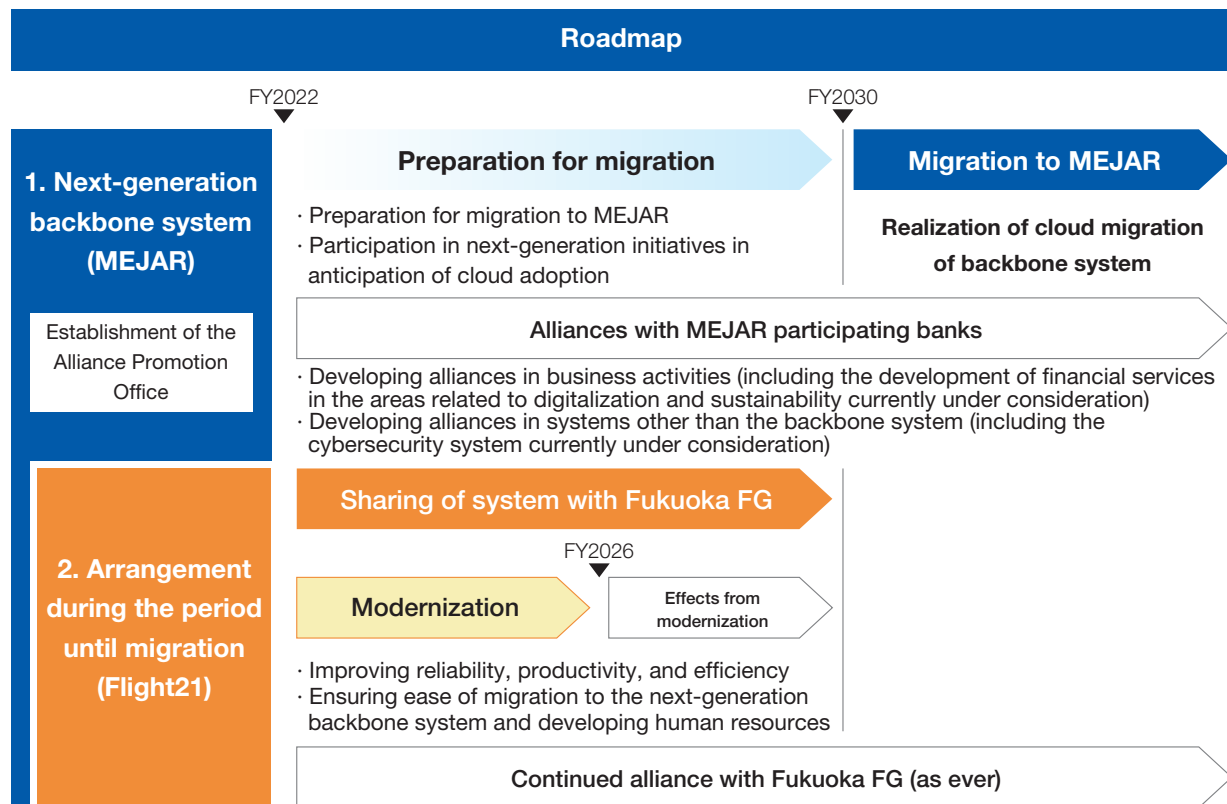
Preparation for a next-generation backbone system (participation in the MEJAR system and the basic agreement on detailed study)

- Preparation for migration to a cloud-based system in FY2030
- Establishment of the Alliance Promotion Office in the Management Planning Division of Hiroshima Bank toward enhancing the cooperation with MEJAR participating banks

2

Arrangement during the period until migration to a next-generation backbone system (from FY2022 to FY2030)

- Continued operation and modernization of the current core banking system (Flight21)



Cybersecurity

Establishment of specialist division

In April 2024, the Group newly established the Security Coordination Department at the Company and Hiroshima Bank in order to advance IT governance, including

security measures against increasingly sophisticated cyber-attacks.

Joint establishment of CMS-CSIRT

Given the recent increase in cyber-crimes, cyber-attacks, and other threats to the financial industry, many regional financial institutions recognize the need for further security enhancements. MEJAR participating banks (Hiroshima Bank is scheduled to share the MEJAR system from FY2030) and NTT Data Regional Banks Joint Center

participating banks have cooperated to establish the CMS-CSIRT, an organization to promote mutual assistance in cybersecurity and to enhance security measures such as facilitating exchanges among security divisions, planning joint security response drills and exercises, etc.

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.

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.

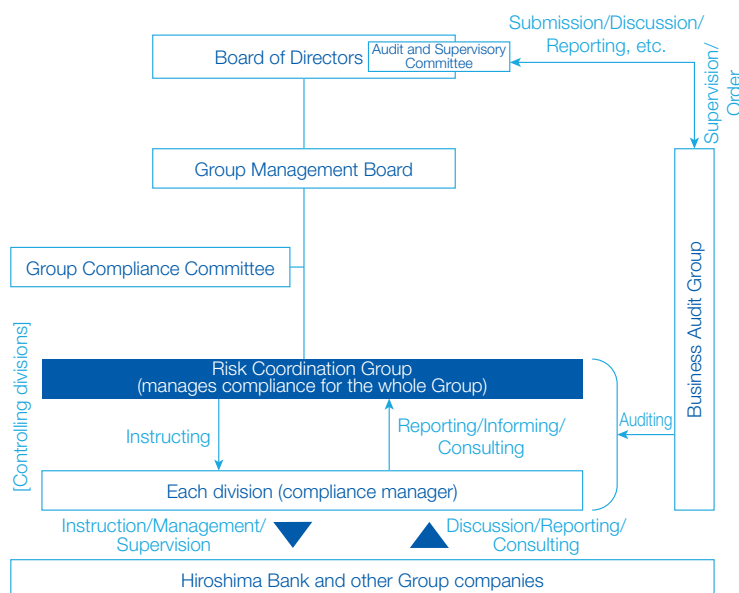
Compliance program

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

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 (as of April 1, 2024)



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.

Respect for Human Rights

Human rights policy

Given that the situation surrounding human rights is increasingly diverse and complex day by day, and that corporations are increasingly responsible for respecting human rights both domestically and internationally, the Group established its human rights policy in May 2023.

Based on this policy, we will respect the human rights of our various stakeholders, including customers and employees, and thereby contribute to building a society in which everyone can engage in their work with satisfaction and lead fulfilling lives.

We are also attentive to the negative impact on human rights of corporate activities of our customers (including investees and borrowers) and suppliers (procurement and outsourcing partners). If our customers or suppliers have negative impacts on human rights, the Group will take appropriate measures to address such impacts.

Prevention of 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.

Anti-discrimination and human rights initiatives

Amid the growing demand for corporate responsibility to respect human rights, the Group positions the anti-discrimination and human rights issue as an important issue that we should proactively address in the course of our corporate activities. In particular, we recognize that the anti-discrimination issue is the source of various human rights issues. For the purpose of deepening a proper understanding and recognition of the anti-discrimination issue and executing the Group's social responsibility, we

established the Anti-discrimination Issue Awareness Raising Promotion Committee in 1977. The committee has been restructured into the Group Human Rights Issue Awareness Raising Promotion Committee and has been working to raise awareness not only of the anti-discrimination issue but also of various human rights issues through anti-discrimination and human rights training in order to accurately address such issues.

Implementing anti-discrimination and human rights training

We believe that promoting respect for human rights necessitates an accurate recognition and deepened understanding and concern for a wide range of human rights issues, including anti-discrimination issues, among our employees. Based on this understanding, we have been

proactively engaging in regular awareness-raising activities, such as conducting lectures on anti-discrimination and human rights issues during training sessions for staff upon joining the company, being promoted and other occasions.

Results of training on anti-discrimination and human rights issues for FY2023

Program	Target	
Training for new employees	New employees	108 persons
Training for new supervisors	New supervisors	79 persons
Training for new managers	New managers	40 persons
Training for new branch managers	New branch managers (bank)	19 persons
Training for mid-career hires at the time of being hired	Newly hired mid-career hires (bank)	19 persons
Training for staff at the time of being appointed	Newly appointed staff (bank)	73 persons
Workplace training on anti-discrimination and human rights issues	All employees	

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 value 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 of 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 by 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.

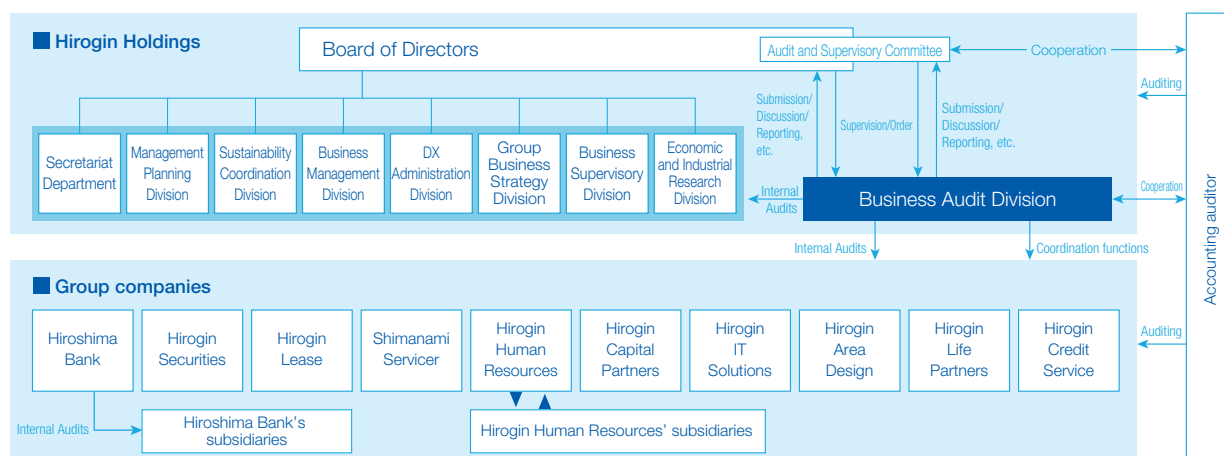
Furthermore, acting as a controlling function responsible for the Group's internal audit function, the Business Audit Division receives reports on basic plans for internal audit from Group companies and confirms consistency with the Group's basic plans for internal audit. While conducting internal audits 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 audit system (as of April 1, 2024)

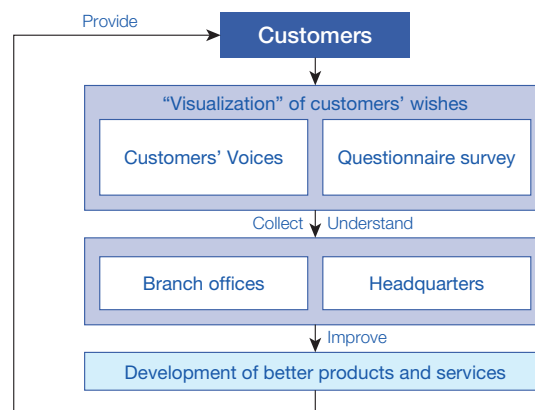


Communication with Stakeholders

Communication with customers

The Group receives numerous opinions and wishes via customers' voices sent to branch offices, the call center, and the website mainly of Hiroshima Bank. 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 headquarters working together to consider countermeasures.

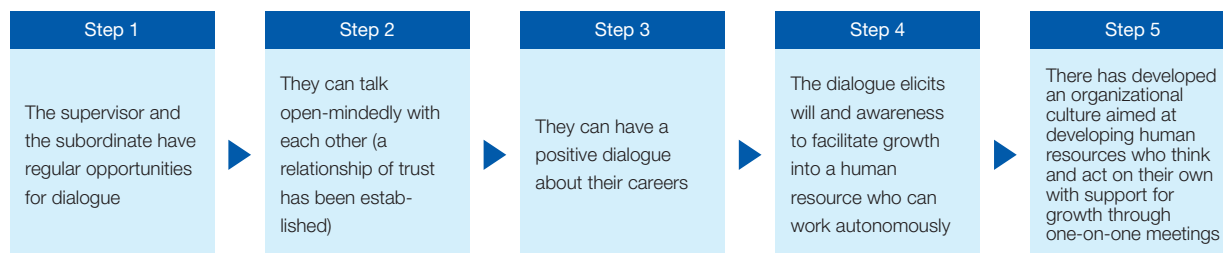


Communication with employees

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.

Hiroshima Bank is promoting interactive communication between supervisors and subordinates, 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.

In FY2023, we developed the measures to further strengthen dialogues with shareholders as part of initiatives to enhance the effectiveness of the Board of Directors. We strengthened and enhanced IR activities such as increasing contact points with analysts and institutional investors by the Representative Director and President and Director & Senior Managing Executive Officers and

strengthening the provision of information. At the same time, we made efforts to enhance feedback to the Board of Directors on opinions and requests from shareholders, other market participants, and related parties.

The comments and requests received are used as input for business management and also shared widely within the Group to improve our services and performance.

IR activities in FY2023

Briefing sessions for institutional investors	3 sessions
On-on-one meetings with institutional investors	31 meetings (including meetings with overseas investors)
Briefing sessions for individual investors	3 sessions (on-site: 3)

Examples of dialogues that have generated awareness from shareholders and investors

Dialogue theme	Opinions of shareholders and investors obtained through dialogues	Measures by the Group
Governance	Please break down the skills matrix of Directors (adding sustainability, etc.).	Based on the direction of our medium- to long-term management strategy and considering investors' opinions, we revised the skills matrix of Directors (adding sustainability to necessary skills to promote and strengthen sustainability management).
Strategy	Please indicate measures to improve RORA through the use of risk assets and other measures to improve ROE.	We enhanced the disclosure of future RORA improvement measures to improve ROE in IR materials (such as "business development utilizing risk assets" and "profit accumulation without utilizing risk assets").
Capital policy	Regarding the consolidated capital adequacy ratio, it is better to indicate at what level the Company will purchase its own shares. If it is shown, even if the Company's shares are not purchased every fiscal year, the market will fully evaluate it.	We enhanced the disclosure of our approach to shareholder returns in IR materials, such as indicating that we will aim for a consolidated capital adequacy ratio of approximately 11% and develop capital policies (capital utilization to enhance profitability, shareholder returns, etc.) in line with the level of the capital adequacy ratio.
Dialogue with shareholders	Contact with investors should be expanded to hear more from institutional investors.	We increased opportunities for individual meetings with analysts and institutional investors by the Representative Director and President, etc., as well as holding briefings focused on themes of particular interest to institutional investors.

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 (record date: March 31, 2024)

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*1	—	—	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*2	Gift card worth ¥500	Gift card worth ¥1,000	Catalog gift equivalent to ¥5,000	Catalog gift equivalent to ¥15,000

*1 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.

*2 The privileges for the catalog gift of local products include shipping and other miscellaneous fees.

Third-Party Assurance

Independent Assurance Report

August 20, 2024

To Representative Director and President of Hirogin Holdings, Inc.

KPMG AZSA Sustainability Co., Ltd.
3-5-29 Kitahama, Chuo-ku, Osaka, Japan
Keisuke Inoue, Director

We were engaged by Hirogin Holdings, Inc. (the “Company”) to undertake a limited assurance engagement of the environmental performance indicators marked with “★” (the “Indicators”) for the period from April 1, 2023 to March 31, 2024 included in its Integrated Report 2024 (the “Report”) for the fiscal year ended March 31, 2024.

The Company’s Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the “Company’s reporting criteria”), as described in the Report.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the “International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information” and the “ISAE 3410, Assurance Engagements on Greenhouse Gas Statements” issued by the International Auditing and Assurance Standards Board.

The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company’s responsible personnel to obtain an understanding of its policy for preparing the Report and reviewing the Company’s reporting criteria.
- Inquiring about the methods used to collect and process the Indicators and the design status of internal control.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company’s reporting criteria, and recalculating the Indicators.
- Visiting the Company’s headquarters selected on the basis of a risk analysis.
- Evaluating the overall presentation of the Indicators.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report.

Our Independence and Quality Management

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

In accordance with International Standard on Quality Management 1, we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Notes to Readers of the Independent Assurance Report: This is a copy of the Independent Assurance Report (available in Japanese only). The original copies are kept separately by the Company and KPMG AZSA Sustainability Co., Ltd.